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## The Last Mile – History Repeating As Supply Managers Face Peak Season

**N**othing new is ever really created, just updated to meet the current environment or situation. When looking beyond the “hype” of all the new, innovative services and suppliers in the logistics space, we find that delivery service capability has already been efficiently and successfully implemented in the past. We only need to look back to the 1940s and the successes America experienced during World War II.

As the U.S. emerged from World War II, military tacticians credited a majority of the U.S. military’s success to the U.S. capabilities of mass production, enabling the buildup of large inventories of supplies and the ability to combine civilian and military storage and transportation operations to move vast quantities of supplies to the battlefield when and where they were needed, and in the right configuration. These important logistics lessons were quickly forgotten as the war concluded.

Shifting from a wartime to peacetime economy unleashed years of pent-up consumer demand. The mass production processes that were able to produce war supplies were quickly adapted to consumer goods. However, the processes of efficient distribution methods to deliver goods to the point of consumption were not given as much emphasis—even after noted logistician Ohio State University professor Bernard J. (Bud) LaLonde provided research showing the positive impacts efficient delivery methods could have on consumer satisfaction and profitability. Consumers were content to acquire their products wherever they were available, as long as they were purchased at the “right” price.

This situation, while being updated with modern processes and technology, persisted within the retail sector for the next 60 years until the emergence and now dominance of the e-commerce retail channel and delivery of consumer goods. Moving from its status of being a consumer novelty to view goods online, it has rapidly risen to being the preferred shopping channel, enabling

consumers to having virtually 24/7 access to a wide variety of products across domestic and now international geographical boundaries, bringing goods directly to their homes in a matter of days.

The efficient delivery operations that focused on movement of goods from a manufacture to a retail location are being radically redesigned to handle movement of consumer goods from a manufacture, distribution, or retail location. The lessons learned during World War II regarding the importance of being able to deliver goods when and where needed, and in the right configuration, to consumers have now become the guiding concept.

As e-commerce continued to grow throughout the 2000s, consumers continued to demand faster delivery of goods to their homes. As this shopping channel has increased, delivery time requirements have decreased. Today e-commerce business is driving approximately 12 percent of total U.S. retail sales. During 2016, same-day delivery service usage increased over 30 percent from 2015. These rapid changes are severely challenging traditional retail logistics models and operations.

To prepare for this coming shopping season, supply chain managers need to engage key stakeholders (consumers, buyers, manufacturers, procurement/sourcing, service suppliers, etc.) to review current logistics operations and strategically assess whether or not they are prepared to meet existing consumer expectations.

To achieve this goal, supply chain managers and service providers will need greater levels of collaboration and trust, to honestly and openly operate their combined logistics network. Development of a collaborative partnership framework is essential to success in this endeavor.

**To learn more about Crane Worldwide Logistics:**

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## Hazmat 101: Exceeding Safety and Compliance Standards

**H**azmat transportation's multifaceted nature makes logistics particularly complicated, especially when companies don't realize that they're transporting such goods. Even though a manufacturer may be an expert at producing goods, it may not be as well-versed in the intricacies of transporting those materials, including unknowingly offering carriers non-compliant hazmat shipments.

Compliance is a team effort, and shippers, carriers and drivers must work together and play interdependent key roles in ensuring hazmat shipments are transported safely. By shippers giving business only to carriers well-versed in the transportation of hazmat materials, the company can ensure the shipment will remain compliant.

### Defining & Identifying Hazardous Materials

Any company working with hazardous materials of any type must understand the nature of hazardous materials and the steps that should be taken to ship those goods in the safest possible manner.

By definition, a hazardous material is a substance or material that the Secretary of Transportation has determined is "capable of posing an unreasonable risk to health, safety, and property when transported in commerce and has been designated as hazardous under the federal hazardous materials transportation law." The term includes substances, hazardous waste, marine pollutants, elevated temperature materials, and other materials designated as hazardous. There is a distinction between the obvious hazardous materials, such as liquid gasoline, ammunition and explosives, and less obvious hazmat such as Class 9 commodities like lithium batteries and dry ice that don't require the transport vehicle to be placarded for domestic transport.

### Hazmat Transportation "Must Haves"

All hazard classes pose risk of fines, penalties and violations if not transported properly.

Shippers that transport hazardous materials must:

- Maintain hazmat authority (either with an Environmental Health, Safety & Security expert or an outside consultant)
- Secure qualified carriers with hazmat-certified drivers

- Ensure that only qualified and trained employees have access to any part of the hazmat operation
- Stay abreast of changing regulations
- Maintain constant vigilance over *exactly* what is being shipped, how it's being shipped, and what entities are handling those shipments

Any business that uses, stores or offers chemicals of any kind should consider bringing in an expert to evaluate their processes. The risk, liability and exposure are too severe to *not* have a clear understanding of how to properly handle the hazardous products.

### How to Qualify a Hazmat Carrier

When selecting a carrier, shippers should seek out one that has a hazmat department that offers high levels of service and either meets or exceeds safety and compliance standards. For insurance and regulatory reasons, many general commodity carriers have moved away from hauling hazmat over the last few years. Shippers should not assume that all carriers *will* haul hazmat or that the carriers they select will look after their best interests by ensuring shipments are compliant.

Companies should really vet the carriers they're working with. A few steps a shipper can take to qualify a hazmat carrier are:

- Verify that the carrier utilizes stringent compliance programs that go beyond what state and federal laws require.
- Request proof of operating authority, permits, safety rating, and years in business providing hazardous materials transportation services.
- Look at the carrier's financial stability, whether they hold appropriate insurance, whether they understand the classes of hazmat and if they employ experienced personnel.
- Meet with a carrier's hazmat experts to discuss processes and to get insight into a carrier's level of hazmat expertise.

Using carriers that scrutinize the hazmat shipments they accept can and does catch shipment discrepancies that could otherwise result in unsafe situations or violations at roadside DOT inspections. Such carriers minimize potential risk and liability of non-compliant shipments to the company.



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## Florida Seaports Weather the Storm and Thrive Through Meticulous Emergency Response Preparedness

**H**urricane Irma tested the emergency response preparedness at every seaport in Florida. This unique hurricane covered the entire state and closed every major fuel and cargo operation at our seaports over several days, and provided us with some keen insights concerning local and state continuity of operations and resumption of business plans.

Many lessons were learned in 2005 from Hurricane Wilma, including the critical securing of infrastructure and terminal power. As a result, the ports sustained minimal damages from Hurricane Irma, kept terminals open as long as possible, and reopened in record time.

Ports worked with the Governor's Office, law enforcement, U.S. Customs and Border Protection, U.S. Coast Guard, U.S. Army Corps of Engineers, harbor pilots, Department of Transportation, and state Emergency Operations Centers. The coordination of these entities secured ports and made allowances for priorities: petroleum, cruise passengers, and perishables.

Coast Guard, U.S. Army Corps of Engineers and the harbor pilots expedited channel surveys so ships could return to port and we could resume normal business activities as soon as possible. The petroleum terminal operators at the ports maintain a storm reserve supply that protects their tanks during the storm, and so that they can begin making deliveries to retail gas stations following the storm before ships are even allowed to re-enter the port.

Off-port staging areas for empty tank trucks away from the coast were established so the truckers could be ready to return to the port as soon as it was safe to resume fuel deliveries. The terminal operators helped us prioritize the reentry of petroleum ships to meet the highest needs after the port re-opened; many ships waited a safe distance offshore for the storm to pass in order to start moving in as soon as the port condition status was decreased.

While fuel was getting on to the ports quickly, there was a problem in the supply chain because distributors and truckers could not possibly keep pace with the demand, and highways were full of evacuees. In some cases, debris was blocking roads and powerlines were down, further prohibiting deliveries.

To solve the issue, Florida Governor Rick Scott directed the Florida Highway Patrol to escort fuel trucks from Florida's petroleum seaports to the gas stations to re-supply the gas stations quickly. He also appealed to the federal government to temporarily lift the Jones Act so non-U.S. petroleum tank ships could enter the ports directly. Governor Scott also waived truck weight limits and engaged other states to do the same.

After the storm passed, the port's highest priority was completing a damage assessment of access roads to the terminals so that they would be clear for trucks to resume operating as soon as the systems at the petroleum terminals were restored. Since having power restored was critical for the petroleum terminals to receive deliveries, ports worked closely with power companies to focus on this critical need.

The preparations done before Hurricane Irma allowed Florida seaports to perform efficiently and safely before, during and after Hurricane Irma. The state's ports are always growing and developing, and will continue to implement emergency preparedness techniques to ensure our practices and equipment are on the cutting edge.

