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THE MAGAZINE FOR DEMAND-DRIVEN LOGISTICS • JULY 2015

20TH ANNUAL
3PL ISSUE



THIRD-PARTY
LOGISTICS
PROVIDERS:

THE ORIGIN OF THE SPECIES

NATURAL SELECTION:
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ONLINE EXCLUSIVES



Three Tips for Doing Business in Canada bit.ly/1KPCNIG

Steven Page, President, Stalco

Shippers looking to leverage the Canadian marketplace need to understand the logistics involved with entering the northern border. These three tips can help ease the transition.



Dealing With the Dreaded D-Word: Demurrage bit.ly/1UwEEXI

Karen Folino, Global Commercial Leader, GE Transportation

Rail shippers and receivers need an efficient way to manage and control demurrage costs. Find out how an automated system can capture railcar demurrage events easily and accurately.



Inventory Replenishment: Why Push When You Can Pull? bit.ly/1JOLZ1I

Joe Bellini, Executive Vice President, One Network Enterprises

Modern cloud-based technologies enable a pull-based approach to retail replenishment that uses daily consumer-level demand to generate a true forecast. This article explains how a pull system is key to supply chain savings.

3PL RESOURCES

3PL Decision Support Tool bit.ly/IL3PLDST

Choose the services you need and the Decision Support Tool will find matching providers from our Top 100 3PL database. You can even contact companies directly from the search results using our linked RFP functionality.

3PL Request for Proposal bit.ly/IL3PLRFP

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CHECKING IN

Keith Biondo

by Keith Biondo | **Publisher**



You Say You Want a Co-Evolution?

In human evolution, scientists theorize that primitive man existed 3.8 million years ago. Progress was slow until 200,000 years ago, when modern man made his appearance. Then came a spark of progress: animal domestication, farming, global expansion, refined toolmaking, and more.

What we today call the third-party logistics (3PL) sector followed that same evolutionary process. The concept of having a transportation partner that offers services beyond the move has been around for hundreds of years, and not much changed during those eons. Then, about 20 years ago (when *Inbound Logistics* published its first annual 3PL issue and related research), the 3PL sector experienced a blindingly quick burst of progress in a very short time. Shipper demand ignited a rapid change in 3PL operations, market approach, and solutions.

Manufacturers, retailers, wholesalers, and distributors who partnered with a warehouse, integrator, forwarder, carrier, or truck lease company asked for additional services, which drove the buildout of new solutions, and gradually transformed those single-solution players into full-fledged 3PLs.

Shippers demanded these new services to help them come to terms with and leverage two major changes. First was the idea that you can control the inbound flow of materials from across the country or around the world; speed and reduce inventory, touches, and supporting infrastructure; and better match your demand signals to your supply. Second was the advent of what I call “supply chain impatience” on global business operations and buyer behavior, driven by the Internet and the implementation of true supply chain management operations.

For example, a basic shipper need for vehicles gradually evolved into solutions that provided drivers, technology, and network and load optimization. Or, a contract for warehouse space with basic

in/out transactions, evolved into a complex Vendor Managed Inventory network with total inbound logistics control.

Carriers also evolved to offer 3PL services, driven again by shipper demand. If a shipper had a great relationship with an LTL carrier, and asked for extra capacity or a truckload solution, the carrier built out or acquired what its customer needed. Then, having made the investment in infrastructure and/or equipment, personnel, and technology, the natural progression for the carrier was to offer those new solutions to other customers and prospects. A new 3PL is born.

The business process change dynamic was from shippers to their transportation, forwarder, integrator, or warehouse partner. Shipper demand for more solutions drove the evolution of the transportation partner’s business process. Certainly there was interplay, as shipper and provider sought to leverage new trends, practices, and buyer behaviors. Both worked together to find new solutions and, in the process, changed each other’s business operation...a co-evolution, if you will. Advanced logistics IT used by shippers, working with their transportation and logistics partners, continues to fuel this process.

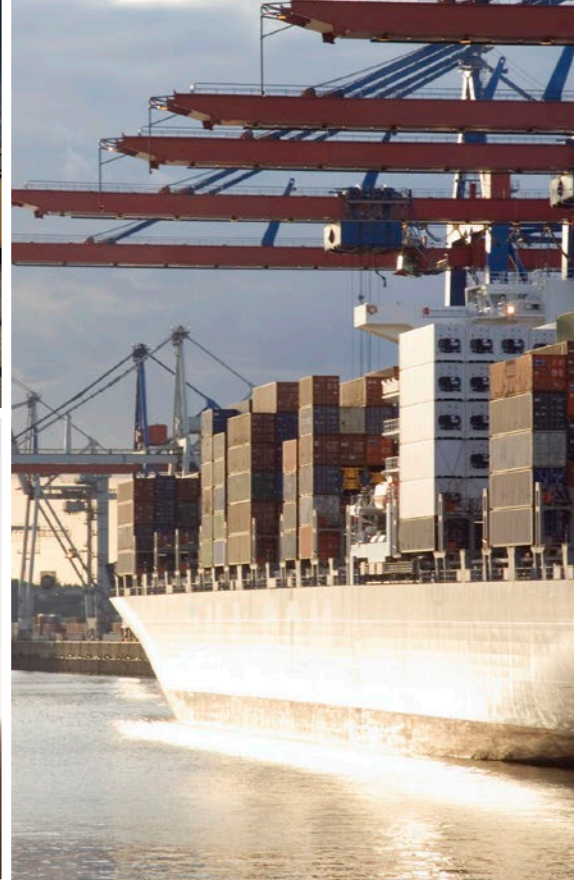
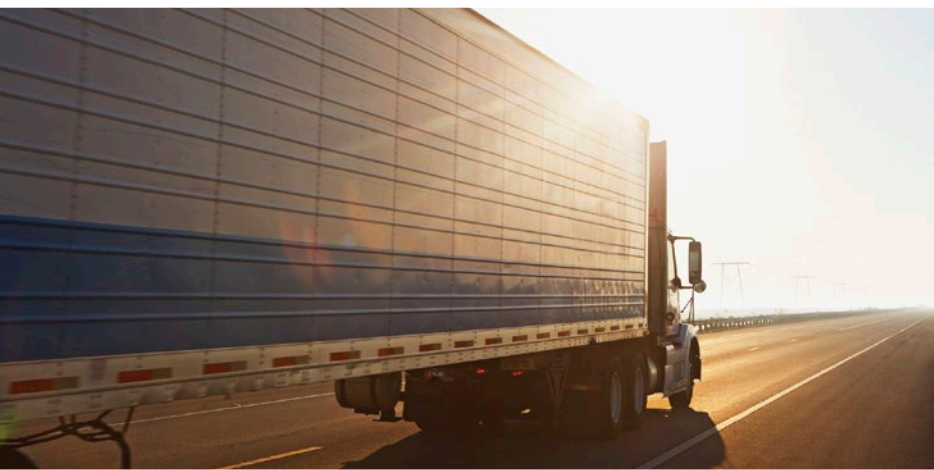
So we have evolved from shippers driving the process based on their needs, to collaboratively working with their 3PLs, creating new solutions. They all want to change the world.

Where do we go from here on the evolutionary time line? The growing complexity of supply chain operations will continue to shift the evolutionary dynamic. 3PL operations and expertise have become so advanced that shippers will welcome more input, and change their business operations to fully leverage their 3PL’s advanced capabilities.

That will be the driving force during the coming years, and the source of the continuing co-evolution of the shipper/3PL relationship. ■

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CHECKING IN

Felecia Stratton

by Felecia Stratton | Editor



Turning Back the Pages: 20 Years of Top 100 3PLs

Where were you in 1996? Working your way up the transportation ladder? Starting a career in the logistics field? On the outside looking in? Still in high school? Grade school?

Every once in a while it's fun to throw it back — #tbt — to an earlier time and reflect on where we come from, where we've been, cause and effect. This is especially relevant in our industry, where the pace of change is swift and abrupt.

While many companies today are fixated on 2020 roadmaps that align objectives, set goals, and guide growth, perfect vision is hard to come by. That's why retrospection is sometimes equally important. In order to move forward you have to understand and remember where you've been. That's the impetus that drives benchmarking and continuous improvement efforts — hallmarks of today's supply chain.

Similarly, this issue turns back the pages. It marks *Inbound Logistics*' 20th-annual Top 100 3PL issue. Way back in 1996, we initiated a recognition program to celebrate third-party logistics (3PL) providers that were pioneering thought leadership and action in an emerging supply chain industry. That first year, we started with 50 logistics service providers, segmented by function: truck-based, brokerage, forwarding, warehousing, air express, ocean, and dedicated contract carriage. By 1997, the list grew to 100 — where it remains today. Those segmentations have long since disappeared.

When you consider the rapid evolution of supply chain management over the past two decades, the 3PL sector has been a featured piece in an increasingly pixelated mosaic. That's why it's worth noting that it has been 20 years. Logistics and supply chain outsourcing isn't a gimmick. Nor is it countercyclical. In good times and bad, supply chain management is enduring.

So is our Top 100 3PL issue.

In *The Evolution of Third-Party Logistics* (pg. 90), we take a look at how the 3PL sector and outsourcing engagements have evolved from 1996 to 2015. You can read about how New Era Cap Co. and Fiat Chrysler partnered with their logistics service providers to help manage change and growth within their respective organizations over the past decade plus.

Every year, we provide original market research about changing outsourcing dynamics and trends. Our 10th-annual *3PL Perspectives* report (pg. 99) shares insight from both 3PLs and shippers that documents how e-commerce, omni-channel, globalization, and technology are challenging traditional rules of engagement.

Our Top 10 3PL Excellence Awards (pg. 125), as voted on by shippers, celebrates third-party service providers that walk the walk.

Finally, capping this issue is the 20th edition of our Top 100 3PL list (pg. 112) — a compendium of best-in-class logistics service providers as selected by *IL* editors. ■

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DIALOG

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I'm doing research on the 3PL industry, and looking for the total number of 3PL companies in the United States and Canada, specifically those that assist retailers, but I haven't had any luck. Could you direct me toward sources that might have such numbers - either of the total 3PLs or those that do business with retailers?

Andrew Solfest

Editor's note: We don't keep those specific numbers on hand, but our 3PL Decision Support Tool at bit.ly/IL3PLDST may help you narrow down the choices.

I want to express my appreciation for the scholarship *Inbound Logistics* awards in conjunction with AST&L. Penn State students have been recipients of this award a few times, including this year. With the high cost of attending college, the award is of great financial help, in addition to being a high honor.

Evelyn Thomchick, Supply Chain & Information Systems, Penn State University



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2 JULY 2015

@ILMagazine highlights Ford's sustainability initiative at bit.ly/1J1a5QH. Supply chain sustainability is about doing it smarter!

Inbound Logistics

25 JUNE 2015

Supply Chain Education and the Integration of Things - bit.ly/1w4ukfW

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Well said. Building up the skills of your current employees is also crucial.



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5 JUNE 2015

Awake at the Wheel: Delivering Customer Satisfaction - bit.ly/1CWGT1w

Prabhat Tripathi

Good article. Sleepy's has effectively utilized the Descartes software through economic optimization of routes and cost. Furthermore, software utility has provided a value addition to Sleepy's, and improved its bottom line.

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15 JUNE 2015

Improving Shipper/Carrier Relationships - bit.ly/1V37eQh

Ajmal C S

Nice article! I gained some new knowledge today.



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10 TIPS

STEP-BY-STEP SOLUTIONS



Overcoming LTL Shipping Challenges

Less-than-truckload (LTL) transportation involves moving shipments that won't fill a 48- or 53-foot semi-trailer. LTL could be half of a full shipment, a single pallet, or a single box. LTL shipping creates many challenges, and understanding how to overcome them is key to efficiency. Adam Robinson, marketing manager of third-party logistics (3PL) provider Cerasis Inc., offers some advice for tackling common LTL freight challenges.

1 Find a qualified carrier. Not all carriers handle LTL shipments, so finding one can present a challenge. Partnering with a 3PL is one way to secure the best rates and carriers for your LTL freight.

2 Know your freight class. Knowing your freight class is vital to getting an accurate rate, avoiding a re-class, or correcting an invoice after a freight bill audit.

3 Understand your product. Consider transportation accounting before you get the invoice. Keeping documentation on your shipments' classification helps avoid any issues with quote vs. invoice rate discrepancies.

4 Find the best LTL freight rates. Pickup and destination ZIP codes, class, weight, and any additional services determine LTL shipping rates, which can vary. Using a transportation management system (TMS) is one way to find carriers that offer the best rates and meet your service needs.

5 Create a carrier mix. Many shippers give all their inbound and outbound freight to one carrier. But giving multiple shipments to one carrier can hurt you in the long run. Creating a pool of carriers alleviates some risk, and helps increase your on-time delivery efficiency.

6 Review insurance policies. Insurance isn't often an issue because shipping companies offer a variety of policies to cover your freight. However, it is important to pay attention to liability limits on your shipments, and get extra insurance if needed.

7 Determine carrier pricing. To price carriers on your own, it is a good idea to employ a multi-carrier rating TMS that can identify carrier pricing and the lanes a carrier serves.

8 Communicate freight claim procedures. It's a common misconception that freight claim management is confined to the claims department. In reality, departments ranging from receiving to purchasing play an important role in ensuring freight claims are paid and processed properly. Be sure to clearly communicate the role each department plays in freight claim management.

9 Plan in advance. Shippers know how critical it is to get shipments to their destination on time. Be aware of holidays and weather conditions to help make better decisions about which carrier to choose. Also, keep track of time-sensitive shipments so you can select guaranteed service in advance to avoid additional expedited costs.

10 Track transit time. Some carriers give LTL shipments a lower priority than other shipments due to the capacity crunch. As a result, your shipment could take longer to reach its destination. Keep track of your transit times to make sure carriers move your LTL freight expeditiously. ■

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Terri Anderson is production warehouse management systems manager at Houghton Mifflin Harcourt, a global learning company specializing in Pre-K to 12th grade content, services, and technology. She has held this position, based in Indianapolis, since 2004.

RESPONSIBILITIES

Configure, enhance, and test the company's warehouse management system (WMS); liaison between distribution centers and the technology group; oversee WMS security, manage distribution analytics projects.

EXPERIENCE

Office administration clerk, billing clerk, over, short, and damage clerk, Preston Trucking Co.; pension clerk, American United Life Insurance; shipping clerk, administrative assistant to traffic manager, Simon & Schuster.

EDUCATION

AAS, computer information systems, Ivy Tech Community College of Indiana, 2007; certificate, project management and business analysis, Villanova University, 2009; BS, business management, Western Governors University, expected 2018.

Terri Anderson: Care and Feeding of the WMS

MY FIRST FULL-TIME JOBS WERE WITH A TRUCKING company, but I didn't set out to work in logistics. My career has taken shape because of a series of stepping-stones and opportunities. But now that I'm supporting Houghton Mifflin Harcourt's three distribution centers (DCs), coming to work feels good every day. I enjoy finding ways to resolve challenges.

I manage a three-person team that's responsible for configuring, enhancing, testing, and troubleshooting our warehouse management system (WMS). We're always improving the processes in our DCs, which means we're always improving our systems. When it comes time to make a change, my team approves the function specifications, and then represents the production employees in coordinating with the technology group. We also test the system changes.

In addition, my team is responsible for testing the way the WMS integrates with SAP, our enterprise resource planning system, and with other systems. And we've just taken on a new role: performing distribution analytics. This project will bring greater consistency to the reports the DCs pull from our various systems. Executives, managers, and front line employees use those reports, for example, to monitor activity and determine how many workers to assign to a given area each day.

The Big Questions

What do you like to do when you're not working?

I like reading and learning, which is why I'm glad to be back in college. I love swimming, boating, and other water sports, and being with my family. I also enjoy paper craft projects and Ohio State University football games.

What's your alter ego dream job?

I'd like to run a business with my husband. We have such different schedules and we rarely see each other. I think we'd work well together.

What advice would you give to your 18-year-old self?

Invest in yourself now. Start learning early and becoming great at doing one thing.

What's the strangest surprise your career has thrown your way?

I toured so many distribution centers with the Indianapolis Warehouse Education and Research Council — where I wasn't even a member at the time — that they invited me to join their board. I'm now a director-at-large and will coordinate my first event this year.

Right now, different groups within our facilities use different software to generate reports, and they pull those reports in various ways. When we're done, everyone will use the same reports to pull the same information. Eventually, we want to present that information on dashboards, with displays tailored to different users.

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three DCs in Geneva, Ill., Troy, Mo., and Indianapolis. From the DCs, we distribute directly to schools, or to DCs operated by school districts and state education departments, as well as to bookstores and B2C for our trade products.

Along with the distribution analytics project, my team will play a big role in implementing a new version of SAP in the cloud. Our company recently acquired Scholastic's Educational Technology and Services business, and we're going to start the re-implementation with that organization. The first time we implemented SAP,

it took three years. Now the vendor offers solutions for rapid deployment, which should take only one year.

Looking back on my career so far, I'm proud of the way I've been able to balance work, family, and education. I didn't go to college after high school, but when I accepted my current position, I was required to get a degree. So I went back to school while working full time and taking care of a blended family with six children. It was hard work and stressful. But with my wonderful husband's help, I got through it and maintained a 4.0 average. ■



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NOTED

THE SUPPLY CHAIN IN BRIEF

SEALED DEALS



▲ **Saudi Electricity Company (SEC)** signed a five-year Memorandum of Understanding, appointing ocean carrier **Bahri** to transport all equipment, tools, spare

parts, and products imported by SEC.

Snack brand **Utz Quality Foods** deployed logistics IT provider **LeanLogistics'** *LeanTMS*. The software

helps Utz optimize its shipping processes by automating all inbound and outbound transportation execution to reduce distribution costs and increase visibility.

Avianca Cargo, part of the national airline and flag carrier of Colombia, deployed software provider **Descartes' Cargo 2000**. The cloud-based service monitors shipments at a master air waybill level from airport to airport, and provides the metrics and reporting to meet International Air Transport Association Cargo 2000 standards.

m&a

Supply chain software provider **HighJump** acquired cloud-based e-commerce platform provider **Nexternal**. The acquisition allows HighJump to add e-commerce capabilities to its omni-channel offerings.

Reusable packaging solutions provider

IFCO bought reusable plastic crate (RPC) pooling service provider **Rentapack**. The acquisition helps IFCO build on Rentapack's strong presence in the Chilean fresh food supply chain, and boosts IFCO's RPC footprint in Latin America.



recognition

Penske Logistics received a **Special Recognition Award** from Eastman Chemical Company for being a valued supplier. Penske Logistics won the award for assisting Eastman Chemical with domestic moves and supplying additional refrigerated capacity.

SEALED DEALS

Reusable pallet supplier **iGPS Logistics** began providing pet food company **Ainsworth Pet Nutrition** with plastic pallets, which offer cost savings by complying with human and food safety initiatives, and reducing product damage.

Fairmount Santrol, a sand and sand-based products provider, deployed software vendor **Quintiq's** platform to optimize planning and scheduling processes. The solution allows Fairmount Santrol to manage key route and capacity constraints in order to reduce landed costs and lost production time.

Winemaker **Casella Family Brands** deployed software provider **Manhattan Associates'** supply chain commerce solutions. The system optimizes order fulfillment processes across Casella's global service operation, delivers margin improvements via a flexible and streamlined distribution approach,

and enables ongoing business growth.

Orange, a telecommunications operator, selected software provider **E2open's** collaborative, cloud-based supply chain management solutions to enable global supply chain visibility and enhanced supplier collaboration. The new software helps Orange increase planning and execution to enable supply continuity and improve order management and logistics.

Gates Corporation, a power transmission, belts, and fluid power products manufacturer, selected **Arkieva's** suite of sales and operations planning software tools. The suite manages forecasting, demand planning, inventory optimization, and performance tracking.

Indiana Limestone Company selected supply chain consulting and IT services firm **enVista's** Enterprise Solutions team to implement Microsoft

Dynamics AX. As part of the project, enVista utilizes new **Dynamics AX** mobile technology to streamline warehouse management and production operations.

The Trans Anatolian Natural Gas Project (TANAP) selected **3PL CEVA Logistics** to manage logistics operations for the movement of giant pipes, which will transport 16 billion cubic meters of natural gas. CEVA provides ground transportation and contract logistics services for the steel pipes, weighing 1.2 million tons, from Ardahan to Edirne, Turkey.

▼ **TPSC Asia Pte. Ltd. (TPSC)**, a polystyrene resin producer, selected **Suttons**, a chemical logistics and supply chain company, to oversee all inbound and outbound logistics. Suttons manages TPSC's suppliers and works to a strategic set of key performance indicators designed to maximize value and improve service.

GOOD WORKS

DHL Express, pizza supplier **Rich Products Corporation**, and non-profit organization **Pizzas 4 Patriots** took Independence Day celebrations to U.S. servicemen and women overseas. They delivered 5,500 pizza pies to troops located in Afghanistan and Kuwait.

Regional package delivery company **OnTrac** donated to and participated in the fifth annual Yoga for Hope event to benefit the City of Hope, a research and treatment center dedicated to cancer prevention and treatment.



The **UPS Foundation**, the philanthropic arm of UPS, donated more than \$10 million to non-profit, non-governmental, and United Nations agencies organizations in 2015 to increase community safety around the world. Focus areas for donations include emergency preparedness, disaster relief response/recovery, and road safety.



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[INFOCUS] NOTED

THE SUPPLY CHAIN IN BRIEF

UP THE CHAIN

ThermoCeramix Corporation named **Daniel Cyr** vice president, supply chain, and president and general manager of Downtown Grill Inc., a wholly owned subsidiary of the technology company. Cyr is responsible for strengthening the company's network of retail distributors in North America and driving cost efficiencies across its supply chain.

Troy A. Ellis was appointed to **Domino's** global leadership team as executive

vice president, supply chain. Ellis replaces John Macksood, who is retiring after 29 years with the company.



▲ **Jaime Bohnke** was appointed vice president, corporate supply chain for **Northrop**

Grumman Corporation. Bohnke's role includes coordinating supply chain initiatives, processes, and systems across the enterprise, and benchmarking supplier and supply chain performance.

Safelite AutoGlass expanded Senior Vice President **Steve Miggo's** role to include leading supply chain management. His responsibilities include purchasing, materials management, and logistics, as well as manufacturing and distribution functions.

m&a

Marathon Data Systems, a cloud-based fleet management software provider, purchased **Foxtrex GPS**, a cloud-based fleet tracking technology provider, and changed its name to **WorkWave**. WorkWave offers an integrated suite of cloud-based business management and fleet management solutions for field service and last-mile deliveries.

Third-party logistics (3PL) provider **Kuehne + Nagel Group** purchased **ReTrans**, a multi-modal transportation management provider. Kuehne + Nagel's purchase strengthens its overland strategy and position as an end-to-end logistics provider in North America.

recognition

Southwest Airlines was named Hartsfield-Jackson Atlanta International Airport's **Belly Cargo Airline of the Year**. Southwest won the award after handling a nearly 80-percent increase in freight tonnage from 2013 to 2014.

Ocean carrier **Maersk** was presented with the **2015 Ocean Performance Award** from the GT Nexus Shipper Council. The award recognizes Maersk for excellence in customer service and data quality.

Logistics firm **Murphy Warehouse Company** was named to the *Star Tribune's* **2015 Top Workplaces** list. The Minnesota newspaper determined the top workplaces based solely on employee feedback.

► Distribution systems provider **Logistics One** was awarded the New York American Legion's **Employer of Veterans Award**, which acknowledges private sector employers that are committed to hiring and retaining military veterans.



U.S. Navy veterans and Logistics One employees **Jim Bolster (left)** and **John Mooney (right)** with Logistics One President **William J. McNearney, IV (center)**.



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TRENDS

SHAPING THE FUTURE OF LOGISTICS



Amazon (*right*) leads the e-commerce market, while competitors such as Walmart (*left*) try to get into the game.

ShippingPass vs. Prime: The Fight for Last-Mile Rights

Walmart and Amazon are a study in contrasts, from corporate culture to omni-channel strategy. One promises everyday low prices; the other prioritizes selection and speed. But all things being different, they are chasing the same thing — customer satisfaction.

by **Joseph O'Reilly**

Both retail leaders have found a common battleground when it comes to securing last-mile rights. Amazon is leading the way — by far — with an innovative, e-commerce-driven business model that features expedited delivery services such as Prime, Fresh, and Dash. The names alone offer a pretty good clue of where the company sees consumerism trending.

So when Walmart recently revealed that it was testing an unlimited, three-days-or-fewer guaranteed shipping service at half the price of Amazon Prime (\$99), it turned some heads. Originally dubbed Tahoe — now marketed as ShippingPass — the new invitation-only pilot offers users about one million products, from toys to electronic gadgets. By comparison,

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Amazon Prime subscribers have access to more than 20 million SKUs.

It's a compelling gambit for a company that, to date, has largely focused on building innovative retail formats rather than e-commerce volume. But with more than 4,000 stores in the United States, Walmart recognizes that it has a distinct last-mile edge if it can leverage proximity to demand to deliver direct to home.

"A few years ago, 96 percent of the U.S. population lived within 20 miles of

a Walmart store," says Rob Howard, CEO of San Francisco-based Grand Junction, a technology platform that facilitates local deliveries. "Its building spree in places such as California and New York, combined with the introduction of smaller formats, has increased coverage and reduced distances even more."

Amazon has built smaller distribution centers in larger metro areas, but it doesn't have Walmart's national presence. Still, it took 10 years for the big-box retailer to

respond to Prime. It has a lot of catching up to do in terms of building out a network, and investing in technology that will enable it to compete on the same level.

"Amazon has unique experience managing 'fast logistics' at scale, and it has worked hard in the 10 years since Prime's launch to build a high-quality national courier network and fine-tune the customer experience," Howard adds.

Walmart's three-day shipping guarantee puts a unique twist on e-commerce expectations. Will consumers sacrifice one day of speed and fewer SKUs for a cheaper flat rate? That's one risk. But there are others.

"In today's marketplace, you have to offer customers as much as possible. A \$50 annual fee with free shipping is enticing. But I question if Walmart might cannibalize some of its business," says Vic Ricci, executive vice president of Dotcom Distribution, a boutique third-party logistics provider serving high-touch B2B and B2C clients.

For example, Walmart, like other big-box retailers, capitalizes on impulse buys. So providing an easier online option with "free" shipping could erode some in-store sales.

Amazon vs. Walmart: Produce or Else?

The grocery business is one product category where Amazon and Walmart are increasingly competitive. The world's largest retailer has a well-established in-store presence, with 25-percent market share.

But online grocery delivery is a new venture—one where Amazon Fresh has built upon the legacies of Webvan and Publix Direct to deliver a viable service in select U.S. cities.

360pi, an Ottawa, Canada-based company that helps retailers navigate the multi-channel landscape through big data insight and analysis, recently completed a study that compares pricing trends between daily Amazon and Walmart shopping baskets for assorted grocery and non-grocery items. The research was conducted between April 9 and June 9, 2015.

Importantly, 360pi did not include shipping costs in its comparison, given that Walmart only recently announced its trial shipping policy.

Among key takeaways from the report:

- Walmart's grocery basket was initially much more competitive with Amazon than its non-grocery basket. The big-box retailer's average price dipped marginally below Amazon in the middle of April. However, by May, this began to change with the grocery basket price consistently four to six percent higher than Amazon. Walmart's non-grocery basket, on the other hand, became more competitive with Amazon, narrowing the price gap to two to four percent.

- The grocery basket was significantly less price-dynamic than the non-grocery for both Amazon and Walmart. The difference was more pronounced at Amazon. It's still unclear whether both retailers are planning to keep a more "everyday low price" strategy to gain trust among online grocery shoppers, or whether the price dynamism will ramp up in accordance with category maturity.

- Even though Amazon made a significant number of price changes in the non-grocery basket, they were largely insignificant. The average price had a two- to three-percent swing respectively in the grocery and non-grocery baskets during the sampled two-month period. This is consistent with 360pi's observations in many other categories over the 2014 holiday period. Walmart's average price on both baskets fluctuated more dramatically during the same period, with a 10-percent and nine-percent swing on the grocery and non-grocery baskets.

Cost Pressure

Another reality is people who sign up for Prime—and likely ShippingPass—tend to take advantage of that service. So over the course of the year, consumers amortize that yearly fee. This places additional burden on Amazon and Walmart to reduce transportation costs.

"Walmart will probably have to go upstream, if it hasn't already, and work with carriers to figure out how to squeeze those costs out of the supply chain," says Ricci.

"Traditionally, companies like to push costs down the supply chain, rather than out," he adds. "So you have to be creative in how you build partnerships with suppliers and carriers so you don't add cost."

Howard contends that three-day shipping gives Walmart appropriate lead time to work out operational kinks, and coordinate a strategy to invest in technology and find courier partners that can deliver optimal customer service without breaking the bank.

If Walmart gets to a point where it can **sense real-time demand** and position inventory accordingly – whether it’s in store, at the DC, or in transit – it has an opportunity to **leverage its brick-and-mortar assets** and engineer a competitive omni-channel strategy.

“It’s a good move for Walmart, and an obvious baby step toward same-day delivery,” he says. The retailer has capital to spend and e-commerce is an area that presents huge growth potential. Still, Howard is skeptical whether or not Walmart can take advantage of its footprint.

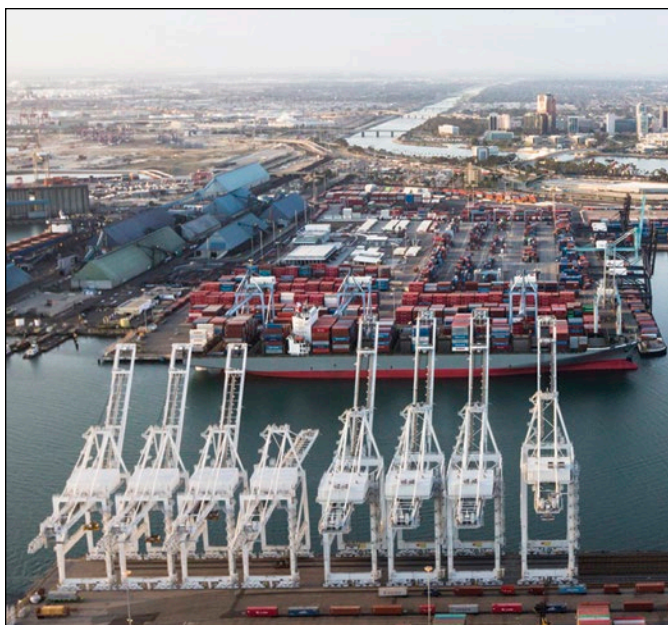
Technology might ultimately be the key that unlocks Walmart’s last-mile strategy. If the retailer gets to a point where it can sense real-time demand and position inventory accordingly – whether it’s in store, at the DC, or conceivably in transit – it has an opportunity to leverage its brick-and-mortar assets and engineer a competitive omni-channel strategy.

It’s not beyond the realm of possibility. While Walmart operates at a different scale, Ricci points to a similar example when he worked at Amazon competitor Barnes & Noble in the U.S. Northeast, which might have one book available at several locations. The company would drive down stock across disparate locations by creating one facility of record. Inventory existed irrespective of location.

While Amazon and Walmart push the envelope to see who can deliver to the customer faster and cheaper, others are knocking on the door, too.

“Amazon does on-demand and am/pm (order in the morning and get it by end of day) same-day, but only Google Shopping Express does a scheduled delivery where the consumer picks a window,” explains Howard. UPS and DHL (with Amazon) are piloting unique services enabling shippers to collect shipments where and when they specify, on demand.

Ultimately it will come down to choice. “Consumers eventually will be able to choose at checkout from one- or two-hour on-demand service, a scheduled window, am/pm, or pickup at a third-party location or 24-7 locker – all of which will have different price points,” says Howard.



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Tesla, Truckee CC Pilot New Logistics Program

While discussions continue about a shortage of skilled labor in the U.S. manufacturing and logistics sectors—reports peg this deficit at anywhere from 500,000 to two million jobs—innovative partnerships between academia and the private sector continue to emerge.

The latest example features Truckee Meadows Community College, in Reno, Nev., which established a new four-year degree in logistics to help meet anticipated demand for skilled workers at Tesla Motors and other high-tech companies locating distribution hubs in the region. The school will offer a Bachelor of Applied Science degree in logistics operations management for the first time in the 2016 fall semester.

The new logistics program will train students for operations planning, warehousing, sustainability, and safety.

In 2014, Tesla announced that it would build a \$5-billion “giga-factory” at the Tahoe Reno Industrial Center along Interstate 80 to manufacture lithium batteries to power its electric cars. The new facility is a major boon for the area, creating 3,600 construction



Truckee Meadows Community College will offer its first degree in logistics operations management to respond to the needs of new industry in Nevada, including Tesla Motors.

jobs and 6,500 factory jobs over the next four years.

In terms of economic development, automotive companies are magnets—often attracting a slew of vertically integrated industries and suppliers. Michael Pender, managing director of Porous Power



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Technologies, a local supplier to the lithium battery industry, calls the coming wave of development an “absolute tsunami.” But companies need to source talent locally.

Applied logistics is an integral part of all distribution hubs, adds Pender, which is why his company located in the Reno area in the late 1990s. “Distribution and logistics are key to so many industries that are here now, and industries that are coming,” he says.

The U.S. community college system has a role to play in helping to devise new curriculums and training that support growth industries.

It’s the responsibility of technical schools to respond to changing economic climates as quickly as possible, says Maria Sheehan, president of Truckee Meadows. “That’s the exciting part—when you can do something that addresses jobs for the future and economic revitalization,” she says.

Ghost Economy Scares Retailers

Logistics experts know missteps at any point along the supply chain can lead to inefficiencies and lost sales. A recent study by research firm IHL Group quantifies the toll overstocks, out-of-stocks, and returns exact on retailers around the world: \$1.75 trillion annually, or about 12 percent of the \$14.5 trillion global retail economy. OrderDynamics, a provider of prescriptive analytics software, commissioned the study.

The researchers use the term “ghost economy” to describe “activities occurring within the enterprise you don’t have a way to see and resolve, yet are eroding the P&L and reducing the enterprise’s value,” says Kevin Sternecker, chief marketing officer of OrderDynamics.

The study examined three areas of

inefficiencies: overstocks, out-of-stocks, and sales returns. Returns account for the largest portion of the ghost economy, at about \$643 billion. Overstocks, in which sales occur, but at a loss, were next, at \$472 billion. Finally, out-of-stocks, in which the customer wants to buy something, but can’t because the merchandise is unavailable, totaled \$634 billion.

While retailers can’t plan for or eliminate all factors contributing to the ghost economy, they can tackle many of them. “Better aligned systems, forecasts, and insight can help recapture 50 to 70 percent of these losses,” according to the study.

This is key, especially as e-commerce accounts for a growing share of retailers’ business. While digital commerce has been shown to grow revenue, it’s not always profitable. “There are a lot of ghosts running around the digital world,” Sternecker notes.



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The biggest drivers of the ghost economy are bad processes that result in, for instance, retailers marketing products that are no longer in stock; data disconnects, which can lead to customers receiving products after the promised due date; and inaccurate forecasting.

To remedy these drivers, “Retailers need to address many systematic issues to alleviate the ghost economy,” Sternecker says. To minimize data disconnects, they need tools that will link systems and information across all channels, including the Web, stores, and call centers. They need technology that will allow them to make near real-time decisions — for instance, letting them know the moment inventory isn’t available, so they can stop marketing the items.

Retailers also need to leverage artificial intelligence (AI). For instance, AI can automatically alert managers when they might want to consider price changes on items with slowing sales. “It’s raising the role of the decision maker and allowing

technology to handle a manual effort,” Sternecker says.

Eliminating disconnects and poor processes can offer retailers the equivalent of an 11.7-percent boost in comparable store sales, the study reports. What’s more, “They don’t need to get new customers or build new stores,” Sternecker says. “They just need to fix the problems contributing to the ghost economy.”

—Karen M. Kroll

DC Locations: How Low Can You Go?

By analyzing trends in the macro economy, taking guidance from large corporate clients, and surveying site operating costs, a consultant has identified the lowest-cost locations for U.S. distribution warehouses.

The report, *Comparative Distribution*

Warehousing Costs in Port and Intermodal-Proximate Cities, from The Boyd Company Inc., a location consultancy in Princeton, N.J., compares the costs of distribution warehouses in real estate markets that Boyd’s clients increasingly ask the firm to evaluate.

“These are the 25 cities you will be hearing about over the next 18 months,” says John Boyd Jr., principal. Costs include labor, real estate, construction, taxes, utilities, and transportation, and are based on a 500,000-square-foot facility with 150 hourly workers. All sites had strong links to global distribution via Class 1 intermodal rail terminals and deepwater container port operations.

The Boyd Company highlights the lowest-cost site in each of the East, West, and Gulf Coasts. “These are smaller cities that are increasingly on the map for new distribution center projects,” says Boyd.

■ **In the East**, Chesterfield, Va., had the lowest annual operating cost of all 25 locations at \$11.28 million. Its proximity

Driver Recruitment Reaches Outer Limits

A lack of qualified truck drivers is forcing carriers to get creative in how they recruit and retain new employees. Nashville, Tenn.-based truckload carrier Western Express is going to the ends of the earth, and beyond.

The trucking company recently announced plans to install premium, in-cab satellite TV systems in more than 1,600 trucks — at no cost to its drivers. Western Express is purchasing the systems from Salt Lake City-based EpicVue, which delivers TV packages designed exclusively for the trucking industry.

Each system includes a satellite dome and local area antenna mounted and aligned outside of the cab; a DIRECTV receiver inside the cab that features more than 100 channels of premium entertainment and DVR capabilities; and a 24-inch flat screen TV. Additionally, an Internet connection will be available with each EpicVue system.

“With most of our drivers on the road for seven to 14 days at a time, we are truly excited about making this investment so they can enjoy two of the creature comforts

from home — cable television and Internet service,” explains Robert Stachura, chief operating officer, Western Express.

The carrier expects to have the full installation completed by September 2015. Then it will evaluate the possibility of outfitting the EpicVue satellite TV systems throughout its remaining fleet of 800 trucks that it uses for regional and dedicated operations.



To attract and retain drivers, Western Express will outfit 1,600 tractors in its truckload dry van and flatbed divisions with EpicVue in-cab satellite TV systems.



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to the Port of Norfolk, which is able to accommodate post-Panamax ships that will be traveling through the newly expanded Panama Canal, makes it a prime location. Chesterfield also is the location of one of Amazon's new state-of-the-art fulfillment centers.

■ **In the West**, Ritzville, Wash., had the second-lowest annual operating cost at \$11.35 million. The city stands to benefit from growth in U.S. exports to China and Southeast Asia.

With more than 60 percent of the world's millennials living in Asia, and a growing middle class demanding more and more U.S. branded food and consumer goods, "We expect companies to begin reconfiguring their supply chain operations so they can ship out of low-cost locations in the Pacific Northwest," says Boyd. "It's an exciting transformation of the global economy."

The Trans-Pacific Partnership agreement is expected to further stimulate that trade. Ritzville also has some of the lowest utility costs in North America, an important consideration for distribution centers as the need for refrigerated goods, including frozen food, beverages and pharmaceuticals, increases. Love's Travel Stops & Country Stores recently built a mega truckstop off I-90 in Ritzville, which Boyd views as a precursor to new distribution projects in Ritzville.

■ **In the Gulf**, Humble, Texas, is well positioned to handle increased Port of Houston traffic expected from new trade with Cuba. The port also has launched a pilot to import summer citrus from South Africa. Humble has the fourth-lowest operating cost of the 25 cities — \$11.66 million — and an Amazon fulfillment center.

Also on the list are Idaho Falls, Idaho, which is the crossroads of the North American oil and gas industry boom, and Fernley, Nev., which is becoming a prime location for suppliers to Tesla's gigafactory, Boyd says.

To get a copy of the full report, email contact@theboydcompany.com.

— Tam Harbert

Unlocking VMI's Potential

Inventory optimization is a focal point as industry looks to keep pace with fast-moving consumer trends. As demand forecasting becomes more sophisticated—and accurate—and supply chains grow increasingly symbiotic through data and communication, manufacturers and retailers have opportunities to leverage vendor-managed inventory (VMI) models and better match supply to demand.

But, though interest is growing in inventory management programs such as VMI, companies continue to face challenges establishing these programs.

For example, of 300 survey respondents to a recent Gatepoint Research study, the majority view information sharing between partners as time-consuming, with fewer than 22 percent using automated B2B technology. More telling, one-third of respondents rate their transparency levels between "average" and "none," while only 26 percent claim "great visibility" into current inventory levels.

Overall, 30 percent of survey respondents do not employ a VMI program. Yet, the opportunity to do so is clear: 36 percent say that their organization has too much cash tied up in inventory; 29 percent report too much excess and/or obsolete inventory. Only 33 percent say inventory levels are adequately optimized.

Gatepoint's latest results summarize separate surveys conducted over the past two years. Three key trends have emerged from this analysis:

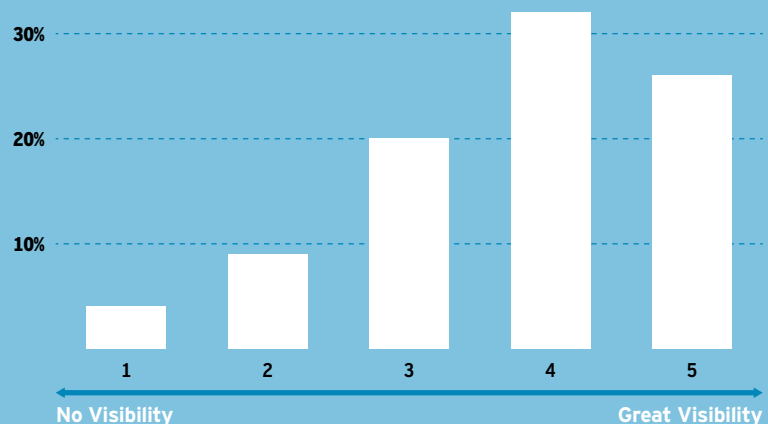
1. Using VMI on both buy-side and sell-side is relatively rare. Only 30 percent of those surveyed report this capability, whereas those implementing solely buy-side VMI programs outnumber those implementing solely sell-side programs by more than two to one.

2. Visibility into time-sensitive supply chain data continues to be a struggle. More than half of those surveyed report that their business cannot share daily forecast information.

3. There is sustained demand for better inventory management collaboration. Among those surveyed, nearly one-third report collaborating "poorly" or "not very well" with trading partners.

HOW DO YOU RATE THE VISIBILITY INTO YOUR CURRENT INVENTORY LEVELS?

33% of survey respondents had zero to average visibility into their current inventory levels.



Source: Gatepoint Research



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Ann Drake
CEO, DSC Logistics

Look for Ann's comments
in *Inbound Logistics'*
article covering logistics
from 1996 to 2015.

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GLOBAL

THE WORLD AT A GLANCE

by Joseph O'Reilly



Marbelize has entered an exclusive partnership with Frequentz to proactively address the coming IUU Task Force seafood traceability action plan.

TPP: Fishing for Accountability

Buried within the controversial Trans-Pacific Partnership (TPP) are provisions that will help protect global fisheries—and consumers—from widespread fraud in the seafood supply chain. It's a pet project of the Obama Administration, which specifically created the Presidential Task Force on Illegal, Unreported, and Unregulated (IUU) Fishing and Seafood Fraud in June 2014 to expand partnerships around the world that would strengthen enforcement against nefarious activities.

There's also a supply chain impact as it relates to information and traceability

requirements. That's why Ecuadorean tuna supplier Marbelize recently entered an exclusive partnership with U.S. tracking firm Frequentz to proactively address looming traceability requirements. Examples of the types of information that may be collected include who harvested the fish, type of species, and location of harvesting.

As one of the largest tuna suppliers in the world, Marbelize will use track-and-trace technology to develop a fully integrated supply chain visibility solution from sea shelf to store shelf.

"The industry is adapting to the

ever-changing demands of consumers while also remaining true to social responsibility and sustainability objectives," says Andres Cuka, chief operating officer of Marbelize.

Mandating transparency in the seafood supply chain has another upside. Better information and reporting from suppliers also helps identify and expose fisheries that commit human rights abuses.

The Thai fishing industry, in particular, is rife with slavery—which led the United States to downgrade the country's human trafficking status. Thailand is the world's third-largest seafood exporter. Forty percent of its seafood exports go to the United

States and the European Union. So it's a legitimate concern.

The problem is companies that source from these areas do not have proper visibility to or information about suppliers. Consequently, they unknowingly enable continuing labor abuses.

As supply chains across all industries embrace sustainability mandates, and as social media holds brands accountable, companies face even more pressure to comply. The threat of sanctions from countries such as the United States only ups the ante.

Port of Hamburg Greenlights New Traffic System

Port congestion is an inevitable problem in Europe, given space constraints and container volumes in urban areas. But a new solution at the Port of Hamburg may alleviate some of these bottlenecks.



The first intelligent traffic light for the Port of Hamburg optimizes the flow of truck traffic through the heavily used port.

Working in concert with Dutch manufacturer NXP Semiconductors, Siemens, and other vendors, the Hamburg Port Authority (HPA) unveiled an intelligent traffic light system—smartPORT Traffic Light—that optimizes the flow of truck traffic, steers drivers to and from terminals safely and quickly, and reduces idling carbon emissions.

African Investment Heats Up

Africa is the last frontier of the global supply chain. As the continent opens up, it will become a magnet for manufacturing and consumption. To date, infrastructure development has been sporadic, fractured, and often exploitative. But new data from Ernst & Young (EY) suggests more sustained investment.

Capital investment into Africa surged to \$128 billion, a year-on-year increase of 136 percent, according to the EY 2015 *Africa Attractiveness Survey*. Perhaps more telling, the average investment increased to \$174.5 million per project, up from \$67.8 million in 2013.

Although the number of foreign direct investments (FDI) fell by 8.4 percent in 2014, activity is driven by fewer megadeals as opposed to numerous smaller deals, explains Charles Brewer, managing director of DHL Express Sub-Saharan Africa (SSA).

"The perception of investing in Africa has traditionally been rather negative, coupled with the fear of the unknown," he says. "However, in 2014, traditional investors refocused their attention on the continent, attracted by its strong macroeconomic growth and outlook, improving business environment, a rising consumer class, abundant natural resources, and infrastructure development. These factors have resulted in global capital investment and job creation hitting an all-time high during 2014 on the continent."

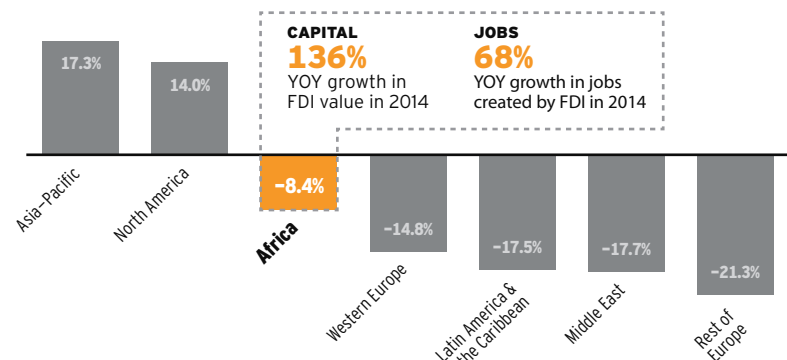
Infrastructure investment is critical to further economic development. Africa generally struggles with a fractured transportation network that makes it difficult to achieve economies of scale, and thereby reduces costs. Corruption and civil war have similarly stifled progress.

"Supply chain costs are up to nine times more expensive in Africa compared to other regions in the world," Brewer adds.

Accordingly, Africa's supply chain competitiveness is very much tied to regulatory standardization and infrastructure improvement—whether it's roads, ports, or utilities. As investment builds, more multinationals will take notice.

FDI PROJECTS BY WORLD REGION

(% change, 2014 vs. 2013)



Source: FDI Markets, January 2015



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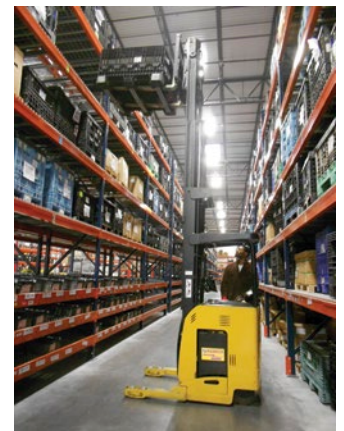
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A special automotive wireless LAN communication system called Vehicle-to-X (V2X) enables vehicles to communicate securely and wirelessly with infrastructure elements such as traffic lights and road signs. For example, an approaching line of vehicles can communicate with the intelligent traffic light to turn it green or keep it green, allowing the vehicles to pass the

light without stopping. Additionally, the traffic light utilizes RFID technology to identify vulnerable road users in the vicinity, and send automatic hazard warnings to approaching trucks via V2X.

“The intelligent port is a key component of the Digital City Strategy adopted by Hamburg’s Senate at the beginning of the year,” says Frank Horch, Hamburg’s

Minister of Economy, Transport, and Innovation. “The innovations currently being tested in the port by HPA and NXP will play an important part in making the port even more competitive, and will add to the location benefits for the city of Hamburg. We need intelligent traffic solutions that improve both the safety and quality of life of the people who live here.”

Sector-specific Collaboration Shaping the Future of Italy’s Supply Chain

Supply chain collaboration has reached the point where competitors are sharing resources and costs on the back end. Third-party logistics (3PL) providers are making introductions by devising creative vertical-centric solutions.

CEVA Logistics, for example, recently opened a TireCity hub in Somaglia, Italy. The 540,000-square-foot distribution center is specifically purposed for warehousing and crossdocking tire products. TireCity is not alone. CEVA has also established a City of Books, City of Pharma, and TechCity.

The 3PL believes that supply chain collaboration within verticals is the future as shippers become more receptive to sharing infrastructure, networks, people, and processes. Sector-focused multi-user hubs help customers absorb market

fluctuations, reduce costs, and increase service levels.

“We are now able to create economies of scale and learning, sharing knowledge, best practices and innovation, optimizing transport flows, and increasing productivity for our customers,” explains

Giuseppe Chiellino, CEVA’s managing director, Italy.

“This hub is also the beginning of a strategic course of growth in the automotive sector in Italy that starts from tires as a key and vital element for vehicles such as cars, motorcycles, and industrial

and agricultural vehicles,” Chiellino adds. “In the current economic climate, CEVA’s collaborative approach can be an opportunity for innovative processes, improving supply chain responsiveness to meet user demand and reducing costs.”



CEVA says the future of the supply chain in Italy is focused on a collaborative approach. Its City of Books, for example, is a green warehousing multi-user hub dedicated to the publishing sector.

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Pole Position

Poland is one of the European Union's rising stars in terms of economic performance—in large part due to its proximity to Germany, cheap wages, and sound fiscal

policy. Inland transportation infrastructure has long been a problem, inflating total logistics costs. But signs of improvement are evident.

G6 Alliance members—APL, Hapag-Lloyd AG, Hyundai Merchant Marine,

Mitsui O.S.K Lines, Nippon Yusen Kaisha, and Orient Overseas Container Line—recently decided to extend their Asia-North Europe Loop 7 service to include a call at Gdansk. The deep-water Polish port just began construction on a second container terminal in early 2015.

The new Asia-Europe loop rotates between Qingdao, Shanghai, Hong Kong, Shenzhen-Yantian, Singapore, Rotterdam, Hamburg, Gdansk, Southampton, Singapore, Shenzhen-Yantian and Qingdao. The alliance dropped a west-bound call to Port Said in favor of Gdansk.

The Polish port city is an obvious outlier among the usual Eurasian suspects. But it reflects a major vote of confidence in Poland's economy. Asian imports to Europe have been drying up, and Polish consumers are a new target for Chinese producers.



G6 Alliance members, including APL, are extending their Asia-North Europe Loop 7 service to include a call at the Polish hub port of Gdansk.



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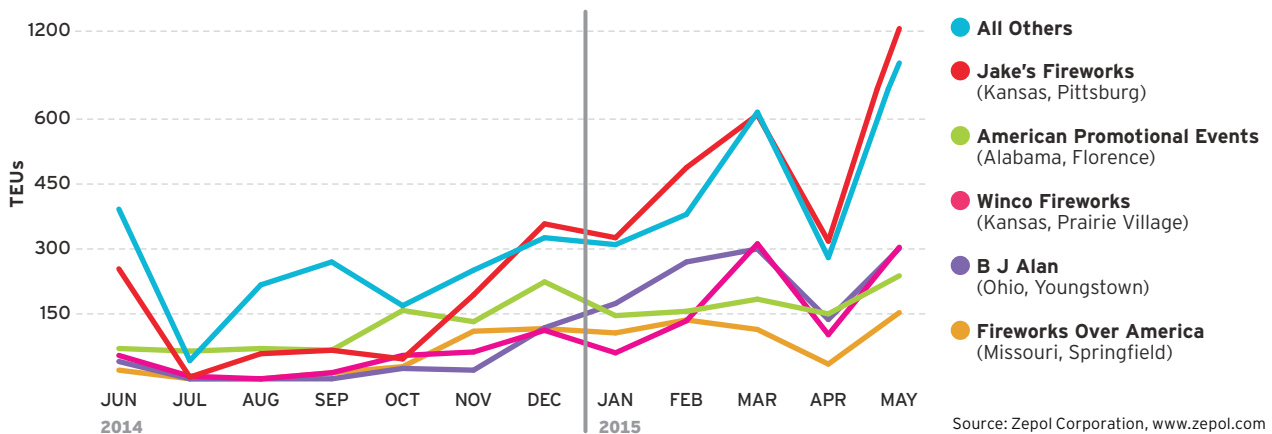
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U.S. Firework Imports Go Boom (by TEU)

Did the firework displays seem larger this Fourth of July? In May 2015, U.S. firework imports were the highest for one month since 2011. This graph shows the top five leading fireworks importers, which together make up nearly 70 percent of all firework imports. The biggest by far is Jake's Fireworks in Kansas, which already imported more than 2,900 TEUs in 2015.



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Logistics Learning Inside the Box

In the 1950s, containerization made global shipping easier. Today “the box” lends itself to global learning.

Mumbai, India-based third-party logistics provider Safexpress is remodeling containers to use as mobile classrooms for logistics education. Safeducate, the provider’s skills training arm, opted for the 40-foot variety because they are inexpensive and can be easily moved to remote locations. The company runs 20 learning centers located within logistics parks across the country, and plans to educate more than 10,000 people over the next decade.

Containerized classrooms afford similar efficiencies as cargo: They are low-cost, mobile, environmentally friendly, and quick to set up anywhere with land availability and electricity.

Support for AGOA Renewal Still in Fashion

While the Trans-Pacific Partnership has dominated much of the recent debate over U.S. trade agreements, U.S. fashion and retail organizations are bullish about Congressional support for an extension to the African Growth & Opportunity Act (AGOA).

AGOA, which was first enacted in 2000, allows Sub-Saharan African countries to have duty-free access to the U.S. market, provided they abide by the law, support human rights, promote poverty reduction, and do not engage in corrupt activities.

The U.S. Senate recently passed the Trade Preferences Extension Act of 2015 (TPEA), as well as the Trade Facilitation and Trade Enforcement Act of 2015, and approved a motion to start debating trade promotion authority. The TPEA includes a 10-year renewal of AGOA. Now it

Intel Processes Asian IoT Ecosystem

The Internet of Things (IoT) is taking industry by storm. A future where integrated machines and products automatically communicate with one another holds few bounds. But it also raises fresh concerns about how supply chains will ramp up to meet demand. IoT requires more sophisticated components - chipsets - which places greater pressure on supply sources. Intel knows this well.

Intel expects 50 billion devices to be connected with each other by 2020, compared to 15 billion today. The Santa Clara, Calif.-based global technology company recently hinted at its strategy. Intel has created an IoT Solutions Group to help integrate hardware, software, services, and platforms. It’s looking to integrate supply chain partners and create an IoT ecosystem. China is the likely offshore target, according to Taiwanese semiconductor trade publication *DigiTimes*.

China’s low-cost, efficient manufacturing pedigree, and growing middle-class consumption, make it an ideal location for production. As the country’s economy matures, and costs rise, manufacturing is moving upstream to more

value-added activities. The “red supply chain” as it has been termed, is a major threat to high-tech manufacturing countries such as Taiwan. Intel is keeping its options open. The company has also courted Indian states to facilitate digitalization efforts - a move that no doubt will help spur demand. All-India household PC penetration hovers around 17 percent, and Internet penetration is at 15 percent, which indicates ample room for growth.



Intel’s Gateway Solutions for IoT enable companies to seamlessly interconnect industrial devices into an IoT-ready system of systems.

needs approval from the U.S. House of Representatives to move forward.

“Our members tell us they want to continue sourcing from the AGOA region, and even place more orders,” explains Julia K. Hughes, president of the United States Fashion Industry Association, a Washington, D.C. lobby that represents the fashion industry. “But without duty-free treatment, sourcing apparel from the region is cost-prohibitive.

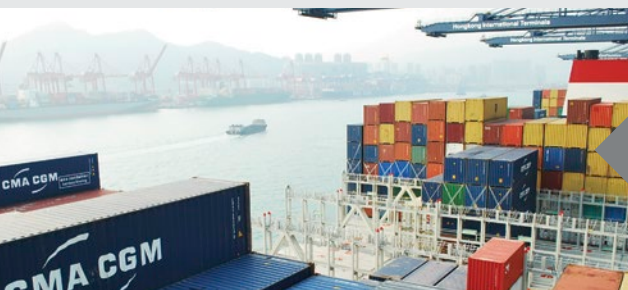
“Since companies plan their sourcing at least six to 12 months in advance, many

companies are planning their final orders from the AGOA region, or have already left because they cannot afford the cost increase that would result if AGOA is not renewed in time,” she adds.

A 10-year renewal is important because it provides adequate time for Africa’s burgeoning textile industry to make the necessary investments in infrastructure and resources to keep pace with demand. It also creates a foundation for further trade agreements between the United States and Africa. **[]**



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Working With the Right Enterprise Logistics Provider Makes Good Companies Significantly Better

In any economy, the key for manufacturers, distributors or retailers is competitive advantage. When companies lack competitive advantage—or worse yet, experience competitive disadvantage—a difficult economic environment amplifies the pain. Principal reasons many good companies have struggled with this issue are limited exposure to best practices, technology, tools, training and internal resource capacity.

Companies are increasingly turning to Enterprise Logistics Providers who are uniquely qualified to help them overcome these limitations of “insourcing.” The right logistics partner can also serve as a business strategist to show companies better ways to achieve competitive advantage and, ultimately, dominance in their market sector. Leading Enterprise Logistics Providers deploy technology, leverage carrier relationships across multiple modes and apply an engineering mindset to evaluate core data. These tools can make a transformative impact on waste elimination and process change, resulting in a more competitive organizational framework.

Why is this so important right now? The pace of change, competition and customer demands are continuously increasing. Service requirements are reaching unprecedented levels as the “Amazon effect” takes hold across all markets, setting expectations for ever-tightening delivery windows. Add in pricing pressure from the declining supply of truck drivers and the shakeout of companies since deregulation, and you have a “double whammy” of reduced capacity that challenges shippers to successfully navigate the supply chain. Further, the proliferation of mergers, acquisitions and consolidation in North American manufacturing and distribution is increasing the complexity of engineering the supply chain network, prompting many companies to ask:

- Where do we locate facilities for optimal service?
- How do we best consolidate facilities?
- How do we re-engineer the go-to-market process to deliver product?

To help shippers find optimal solutions to questions like these, the right Enterprise Logistics Provider will deliver customized applications of its myriad tools to improve market advantage. Before Transportation Insight prescribes solutions, we fully assess the current state of the client’s value stream, from the point of order placement to when cash is received. We then map an opti-

mized “order to cash” future state, but instead of dictating the road ahead, we show the delta between current and future states: This is where you are today, and this is where you can be if you partner with us.

It may be a journey of a few months or multiple years, but an effective Enterprise Logistics partnership shows clients where waste disappears, where true process change occurs and where clients see the most total impact.

The Picture of True Optimization

For many shippers, optimization often is limited to carrier management, making sure they are selecting the right carriers, so that they get fair, value-based pricing rather than what their “limited” market will bear. To see more substantial improvements, though, companies should consider examining and redesigning their network. For example, a company may have their Dallas hub serving the West Coast when significant efficiencies could be achieved by relocating that hub in Chicago, or they should combine several facilities into one to serve another region. Effective network redesign can shave significant dollars from the bottom line, while improving service for your end clients.

A great deal of Transportation Insight’s optimization toolkit involves technology, especially execution technology such as Insight TMS®, our system that improves everyday operations by streamlining the process of data collection, tendering loads and choosing carriers. Another aspect of optimization occurs through business insight. Our suite of business intelligence tools collects supply chain data and delivers it to corporate decision-makers in Insight Fusion®, our proprietary interactive portal. This actionable information shows positive and negative organizational trends through KPIs, location-specific metrics or simple reporting. The information details the facilities that are using the roadmap from current to future state (and in many cases saving millions of dollars) and those that are still ingrained in their past practices.

Whether you ship products to a jobsite, a loading dock, a retail store or someone’s front porch, visibility to overarching trends is key to improving a company and establishing competitive advantage. An Enterprise Logistics partnership that makes good companies better—significantly better—maximizes that advantage to help you dominate your market.



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Cloud Inspections: Improving Productivity, Safety, and Reducing Costs

How important are inspections to your business? Does your business need to track the condition of materials moving through a process to avoid disputes over who might have damaged what? Do you have a private fleet that requires vehicle inspections? Or do you need to inspect finished products, either at the factory, or when they are being delivered?

Keeping up with inspections for a private fleet produces a large burden of paperwork. Not just to create the forms, it's also important to be able to quickly find the completed forms. Physical documents are cumbersome to distribute to fellow employees near and far, susceptible to misplacement, and simply take up office space. Many companies complete paper inspections, and then scan them. There can be a big increase in operational productivity when all these inspection documents can be accessed through one streamlined location. That's the promise of new cloud-based inspection systems available today, which improve productivity by simplifying the traditional inspection method and compiling important data to be accessed at any time and any place.

Here's how cloud inspection works: log in to an inspection app via a smartphone or tablet to view your company's lists and check boxes for what needs inspecting, whether it's a shipment of specialty lumber, a backhoe, truck, trailer, or container. After the inspection is completed and documented with photos or notes, the system securely saves the finished inspection data to the cloud.

Following completion, a copy of the inspection is automatically forwarded to the point person in your organization, repair shop, or state agency to be viewed at their convenience. Faster

information processing and the ability to see uploaded photos of defects leads to reduced time to get your fleet or product back on the road. Necessary parts for repairs or maintenance can also be automatically ordered, thereby reducing costs and providing faster time-to-value.

Cloud inspection data drives optimization by improving internal information flow, as inspection records can be accessed by anyone in the organization, and at any place. Thus, cloud inspections are a solution particularly useful for commercial fleet vehicles spread out around the country. Daily DOT inspections are required for every truck, bus, and utility-truck. Now companies can easily keep track of these records no matter the location of the vehicle, and produce documentation quickly on demand.

"We love having cloud inspections," says Angie Dunavant, operations manager of Joetex USA, an over-the-road carrier based in Mt. Vernon, Texas. "It doesn't matter where a driver is, as soon as he inspects, we know what the problems are, and we can jump right on it, which helps us keep our CSA Scores up."

"This new technology based solution saves a lot of time and improves efficiency," says Steve McBride, CMO of cloud inspections company Inspection Data Systems. "Because all documents reside in the cloud, inspectors can quickly pull up current and past due projects, and coordinate across teams due to widespread accessible information."

"Ease of communication improves transparency, as the modernized system diminishes the chances of manual error. Lastly, automated regular backups to the cloud ensure version control and privacy of company data with full reporting capabilities," says McBride.

Inspection Data Systems provides electronic fleet inspection solutions for public and private fleets. Inspection Data Systems was founded to support the growing demand for fleet inspection solutions through the utilization of cloud based technology combined with the power of "smart" mobile devices. For more information, go to www.inspectiondatasystems.com.

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What 'Digital Business' Means for Your Business

Q: You recently attended your 11th Gartner Supply Chain Executive Summit. This year the key theme was Digital Business, a core ingredient for supply chain transformation success. What is Digital Business?

A: Digital Business is a concept that encompasses the people, processes, and enabling technologies of the supply chain of the future. It all starts with the right data foundation, and since 80 percent of the data required to effectively manage a supply chain originates outside your company, it is also about establishing effective supply and logistics networks. These networks offer visibility that is par for the course nowadays, and increasingly support advanced collaborative processes with your partners to improve product design, address quality issues, eliminate bottlenecks, and lower cost to serve.



Chief Product Officer
Amber Road

NATHAN
PIERI

Collaborative applications define new business models and can unlock new sources of value in areas like agility, cost reduction and risk management. Digital Business is all about integrating the value chain to realize a constant stream of operational data and transform it into balanced, end-to-end metrics that improve decision making. Success in the future is not about applying the same old ERP batch process mentality to every new supply chain challenge. Instead, companies are leveraging cloud technologies to build the right foundation for innovation.

Q: What collaborative applications are being prioritized?

A: Companies are increasingly focused upstream—to address design and quality issues at the source and ensure alignment with supply chain segmentation models. Supply chain strategy starts with the customer and this alignment is critical to producing a product that meets customer needs, with an efficient innovation cycle and low total landed cost.

A collaborative supplier portal is a cornerstone capability that should expand far beyond visibility to goods ready to ship. Suppliers are increasingly integrated into the design process to leverage their expertise, even across multiple tiers. This ability to work across tiers is

also critical in the order cycle to identify potential supply constraints or raw material shortages. Additionally, leading companies today are integrating their facility compliance efforts (social compliance and EH&S) with product testing to have a full view of their supply partner's capabilities.

Q: Who will lead these Digital Business initiatives?

A: From many of the case studies presented at the Gartner Summit, I can see a new focus on business leadership and innovation over IT standardization and “good enough” solutions. Successful companies are looking for leaders who know their business—the operational technology—and can effectively digitize with information technology. In fact, Gartner reports that investment will shift to business-led initiatives from 38 percent to 50 percent in the next two years, and that CEOs are looking for talent that can drive innovation with the right mix of business and technology smarts.

At Amber Road, Digital Business is in our DNA. Our collaborative platform enables supply chain transformations, and I look forward to hearing from readers about your projects in the Digital Business arena.

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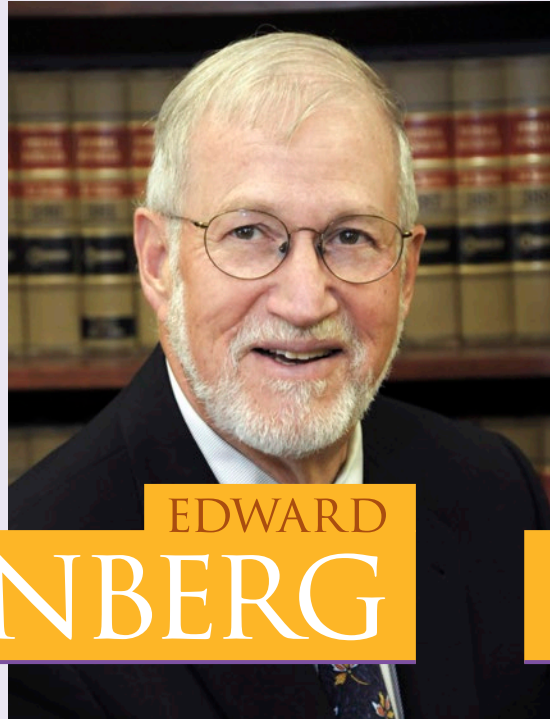
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Demurrage and Detention Charges: Are They Equitable?

Q: Given recent port congestion, stoppages, and increasing vessel sizes, what impact does that have on the equitable assessment of demurrage and detention charges?

A: It is the responsibility of the carriers and the ports to make cargo available to the shipper before there should be any consideration of beginning the free time clock and assessing demurrage and detention charges. It appears, however, that the carriers and ports have seemingly tended to automatically assess demurrage and detention without regard to whether congestion, labor slowdowns, shortage of chassis, shortage of truckers, or carrier operating practices have made it difficult or impossible to move containers into or out of the port area. Yet these problems are largely attributable to the



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actions or inefficiencies of the carriers and the ports rather than cargo interests, so that there is little that is equitable concerning this issue at many ports.

Q: What action can Washington take to address these issues?

A: The Federal Maritime Commission (FMC) has significant authority to address these issues. And, the National Customs Brokers and Forwarders Association of America recently called for the agency to initiate a Fact Finding Investigation, and that would be a good start to dealing with the problem.

Under the Shipping Act, carriers and the ports are required to establish and observe reasonable practices. It is hard to see how publishing tariffs that purport to abdicate carrier responsibility for delay is anything but unreasonable. Even assuming demurrage and detention is appropriate under circumstances of this nature, the levels of demurrage being assessed are often unconscionably high and appear to serve primarily as an additional revenue source for the carriers. In short, while demurrage and detention charges are intended to encourage the efficient use of carrier assets, today this seems

primarily to be used as an additional source of carrier and port revenues. Worse, their inefficiencies are actually rewarded. The FMC has the authority to look into this, and issue orders that stop or at least ameliorate these problems. Indeed, the agency can order carriers to pay reparations back to those shippers that paid charges that are ultimately found to be unreasonable.

Q: What can the shipper community do to address this continuing and growing challenge?

A: Just as the shipper community got together to push Congress and the White House to intervene in the West Coast labor issues, they should make their views known to the FMC so that this is not treated as a “business as usual” type of issue. Otherwise, the carriers and ports will have no incentive to deal with their inefficiencies and vessels will continue to get larger without any rational plan on how to ensure that the cargo can efficiently move on and off the ships without unduly taxing cargo interests.

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BY ADAM BROSCH

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6 Global Supply Chain Challenges To Ignore at Your Own Risk

Along with the many benefits that come from sourcing outside the United States, such as low-cost manufacturing, several issues must be properly managed to ensure a successful supply chain. Finding a rock-bottom price in China or India is not the problem, but landing great costs while avoiding distance, timing, quality, and language problems can be challenging.

If you ignore or mishandle these risks, they can result in cost penalties and distracting inefficiencies. Identifying the risks up front, so you know what to look for, can be the key to success. The following six risks can easily have a negative impact on your business:

1. Quality levels and defects. Manufacturing processes aren't perfect, so the industry typically accepts a certain quality level for products. Complexity and variability are part of any production process, and unfamiliar sources might not adhere to accepted U.S. defect levels. Choosing a non-U.S.-based sourcing firm can open up questions and disputes about which party is liable for defect percentages that rise above normal.

2. Time zones. Some U.S. firms experience issues when dealing with companies on the other side of the country—and never mind the 13-hour time difference between the United States

and Asia. Waking and working hours do not coincide, which can be a challenge when a pressing issue arises. Waiting one day to clarify a product question or process change can often simply be too long for companies that are trying to run nimble operations.

3. Long-range logistics. Purchasing items at a delivered price is easy, but the shipment can be delayed. Whether it is a factory hold-up or transit problem, ignoring the complexity of long-range logistics can be a risk.

4. Accountability and compliance. Companies should consider social compliance every time they look at global sourcing. They need to conduct due diligence about child labor practices, acceptable working conditions, forced labor, and fair compensation practices. Barring the hiring of local staff members, however, there isn't a surefire way to ensure social compliance from across

the globe. Risk comes in the form of severe brand damage due to unfair or illegal practices that come to light.

5. Delays. To receive on-time product delivery, it is vital to have firm completion dates and shipping timeframes. An item that is globally sourced, however, is often just a piece of a bill of materials that must be on hand for product completion. Delays from a non-U.S. source can derail production and drive up related costs.

6. Language barriers. Global partners offer competitive pricing and efficiencies, but still often conduct day-to-day business in a different language. Managers will likely speak English, but their directions must be relayed to line staff, and your own words might be lost in translation. Errors are bound to happen when communications aren't translated and interpreted perfectly.

These six factors present mighty risks, but they are not insurmountable. Companies looking to take advantage of global sourcing opportunities can build their own teams located in the United States or abroad, or work with experienced partners to mitigate and remove these risks. The benefits of sourcing from outside the country can be great when handled properly. ■

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BY MIKE GRAYSON

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3PLs Can Deliver Big Benefits to Small Companies

No group has benefitted more from the explosion of e-commerce than small and mid-sized businesses (SMBs). Still, the perception is often that SMBs deal only in personal, face-to-face interactions between customers and business owners in a brick-and-mortar store.

While that personal touch is still very much alive, e-commerce has fundamentally changed and expanded the number of customers SMBs can reach. No longer limited to foot traffic and phone calls, SMBs with a vibrant online presence can just as easily sell to folks who live hundreds or thousands of miles away as they can to customers who stroll in off the sidewalk.

But how can SMBs compete with larger retailers when it comes to delivering a seamless shopping experience?

The popular buzzword for this is “omni-channel,” but all consumers, including those purchasing from SMBs, want the same experience whether they’re buying products on their tablet, over the phone, or in person. How quickly e-commerce customers expect to receive the products they order online can be particularly challenging for SMBs.

For huge companies such as Walmart and Amazon that have significant logistics expertise, customer demand for

fast or even same-day delivery is by no means insurmountable. But for SMBs with fewer resources, the challenge is hardly insignificant. The reason big companies devote so much money to honing their logistics operations is because it is extremely complicated.

For SMBs focused on developing and improving their product lines and the effectiveness of marketing and sales teams, the expertise, staff time, and money necessary to handle logistics properly can be out of reach. Some businesses bring in third-party logistics (3PL) companies to act as de facto shipping managers.

Leveraging Shipping Expertise

3PLs can help navigate the complicated requirements involved with getting products from a warehouse or storefront to a customer’s front door. Sometimes that means managing freight claims, invoicing, or insurance processes, or negotiating carrier rates that might be far higher if the SMB tried to go it alone.

What 3PLs can offer to SMBs amounts to improved efficiencies. These can be measured both in the better rates SMBs receive from carriers, as well as the labor SMBs won’t have to devote to understanding and executing logistics. It also helps SMBs compete with larger companies, particularly as they continue to push the boundaries of how quickly a product ordered online can be delivered.

3PLs also provide an important service to carriers by helping them easily fill empty spaces on their assets. This saves carriers the time, energy, and resources they would otherwise devote to consolidating the freight loads themselves. This access to aggregated demand, and the opportunity to balance lanes, helps improve carrier operating ratios.

It is unlikely that logistics will get any simpler in the future. The traditional hub-and-spoke delivery system is already being transformed, and who can know what the future holds as technologies such as drones and 3-D printing evolve?

For small companies working with a 3PL, these questions are not their concern. As the industry evolves, savvy 3PLs will evolve with it. And as they do, they will be empowered to help SMBs better grasp the growing opportunities e-commerce presents. ■



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[SMART MOVES]

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The Human Touch: New Ergonomic Initiatives Sustain Employee Efficiency

Today's global supply chains must support constant market changes while also sustaining productivity. In order to achieve this, supply chain leaders are executing several strategies, including implementing ergonomic initiatives that minimize risks for production employees on the job.

In production environments, ergonomics plays a direct role in employee performance, which translates into production sustainability. Ergonomics involves all factors of a job that could potentially create risks to employees' joints, bones, muscles, hearing, and vision.

Imagine an organization trying to increase production. Management might identify one barrier as employee downtime, because many employees experience the same types of musculoskeletal injuries. A closer look reveals that the impacted employees perform repetitive tasks for 10 or more hours each day. Thus, the management team sees the direct link between those workers' repetitive motions and ergonomic disorders, which ultimately affects the organization's productivity.

Companies worldwide are implementing ergonomic initiatives to minimize this type of employee risk. Many are turning to technology to

accomplish this task. As one example, The Würth Group, a manufacturer of industrial fasteners, recently completed a state-of-the-art logistics center with an ergonomic order picking system, which includes 15 ergonomically designed workstations that select and place goods into boxes.

Is Your Equipment Obsolete?

Another method for redesigning work areas with ergonomic considerations in mind occurred at ALMC, a large supplier of lubricants in Australia. The company reconfigured obsolete storage racks to eliminate potential hazards associated with reaching or stretching to pick products. This initiative had a positive impact on productivity and reduced the number of safety issues.

When implementing your own ergonomics initiative, take into account the following three factors:

1. Everyone in the organization must fully understand that production

employees are a vital internal customer group. They will ultimately sustain and exceed production goals.

2. When it comes to ergonomics, a one-size-fits-all approach is not viable. In the case of global supply chains, companies must consider that production employees could be working in dissimilar settings. Not all facilities are the same, so companies need to study and evaluate each individual environment to identify what kind of ergonomic initiatives fit best.

3. Don't leap before you look. Many companies automatically jump to the latest technology upgrades. If an organization plans to invest in technology in order to supplement ergonomic initiatives, then it must implement such technology with the future in mind. New technologies must meet the intended purpose at locations across the globe, be ergonomically sound, and have a positive impact on employees' overall well being.

Your organization is only as strong as the force that pushes out its products and services. To keep your employees happy and healthy, take a look at downtime and injury reports across all your facilities to determine if a new ergonomic initiative is right for your company. ■

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BY ROBERT M. BARATTA, JR.

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Rise of the Machines: How Self-Driving Trucks Will Alter the Supply Chain

If you drive through Nevada on your family vacation this summer, you may glimpse what many believe is the future of trucking in this country. Daimler's Freightliner division unveiled its first self-driving truck licensed for commercial use in Nevada, one of the first states to permit autonomous passenger vehicles and the only one to license autonomous trucks for commercial purposes.

Daimler's announcement is just one in a series of recent media reports about this technology and its movement from sci-fi hype to mainstream. We are bound to see greater use of self-driving trucks to move goods. As that occurs, keep these ideas in mind:

- Autonomous trucks reduce the burden of long-haul driving, one of the main sources of fatigue for drivers. This is expected to improve highway safety. A person must remain behind the wheel to operate the vehicle when the truck is not on the highway.

- Autonomous trucks can reduce congestion, emissions, vehicle downtime, maintenance costs, and fuel consumption by four to seven percent. Even small improvements in efficiency can bring substantial savings for trucking companies.

- Vehicle-to-vehicle communications

let autonomous trucks lock on to the vehicle ahead of them, allowing "truck platooning" or "road trains." This technology reduces drag and improves aerodynamics and fuel efficiency.

- Assuming autonomous trucks deliver on their promises of improved highway safety, the insurance industry is sure to embrace the technology. As with past technologies, such as airbags and anti-lock brakes, insurance industry support generally leads to quicker roll-out. That said, how this technology may change insurance policy terms and rates has yet to be seen.

- Successful use of autonomous trucks will likely encourage development of autonomous automobiles. The trucking industry is likely to push this technology in the near future, but as the technology improves, more investment will flow to other sectors, such as personal auto use.

- The public has become largely immune to highway safety hazards caused by poor infrastructure or human fallibility. It remains to be seen how people will react to a serious accident or fatality resulting from this new technology. In general, the public is wary of new technologies. Public sentiment will play a substantial role in how quickly these trucks roll out.

- To date, only Nevada has licensed autonomous trucks for commercial use. Accordingly, the true benefits will not be known until full-scale, cross-country trials are available. This will require other states to participate.

It will be interesting to watch the changes these trucks will inevitably produce in regulations, insurance, and public sentiment. While the benefits may be plentiful, implementing autonomous trucks will undoubtedly result in hiccups along the way.

As with other new technologies, unforeseen consequences and challenges will surface and will need to be addressed. In the meantime, the next time you are traveling through Nevada, look for truck drivers reading a book or tablet while their truck rolls down the highway. ■

Bob Baratta is a member of the Transportation Team and partner in the Litigation Practice Group at Chicago-based law firm Freeborn & Peters LLP. To learn more about Freeborn's Transportation Team, visit [The Freeborn Dispatch Blog](#), which provides coverage and legal analysis of timely transportation issues.

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VIEWPOINT

BY KARMEN GILBERT (pictured) AND JASON MALMASSARI

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Supply Chain + Marketing = Successful Consumer Promotions

More consumer-facing companies are using promotions as a way to attract and retain customers, try new product concepts, and meet consumer demand. Examples include limited-time food offerings in restaurants, holiday-inspired product colors, and co-branded promotions at big box retailers and grocers.

These promotions give marketers, product developers, and salespeople an additional avenue to express creativity and drive sales. But what do promotions mean for supply chains?

Efficient supply chains are adaptive, flexible, and built on predictable supply and demand models. Variations happen and demand fluctuates, but promotions can take unpredictability to a whole new level. Promotions are less predictable by nature, and can involve new ingredients or components, limited production runs, limited shelf life, new suppliers, and even new distribution networks.

A good marriage between marketing and supply chain teams fosters proactive collaboration, effective planning, and flexibility, providing well-executed promotions that meet demand and goals, while managing the bottom line.

The old adage about functional silos and the need to break down the walls is nothing new. After all, to keep the bottom line where it should be, and maximize the financial return of

promotions, the people responsible for the supply chain need to manage costs—from commodities to packaging to logistics.

A Seat at the Table

For promotions to run effectively, supply chain teams must be represented in the initial planning stages. The best run promotions occur when supply chain team members are present when marketers consider new promotion opportunities.

Supply chain team members can analyze costs, availability of ingredients, materials, and distribution requirements, all of which are vital to effective promotions. The sooner supply chain managers know what they will need, where they will need it, and when, the sooner they can begin planning.

Supply chain managers can provide marketing colleagues with information on availability, ingredient costs, distribution costs, and insight into what it will take to make the promotion a reality.

Enabling and executing this

collaboration should not be a challenge for most organizations once groups understand the benefits. Promotions take months at minimum. Given the appropriate timeframe and collaboration, supply chain managers can ask the following questions, and begin identifying solutions:

- Does our existing supply chain have the materials we need?
- Do we need to find new suppliers?
- Can we distribute with our existing network?
- Are there geographical constraints?
- Are there special storage or transportation requirements?
- What is the shelf life of the product?
- Can we do this at a competitive price?

It is vital to have the right technology and partners in place to provide answers to those questions, and to have the necessary supply chain flexibility. Address questions early on and revisit throughout planning, and you'll greatly increase the chances of a smooth promotion.

While this may seem practical, it is important to look within your organization to identify how often collaboration and planning take place. By being involved upfront, supply chain managers can help promotions achieve the executional and financial success that marketers strive for. ■



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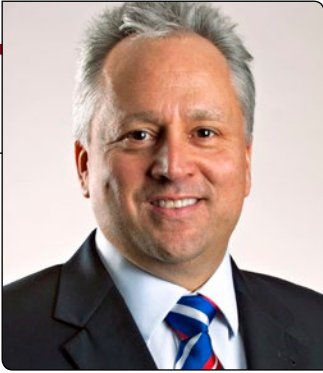


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BY CHRIS SWEARINGEN

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4 Ways to Ensure Your Valuable Shipments Arrive Safely

Every shipment contains something of value to the sender and receiver. That package may have an extraordinarily high monetary value with little emotional equity, or incredibly high emotional value for the recipient but little financial worth.

For example, let's take a shipment containing temperature- or time-sensitive pharmaceuticals for patients in a new drug trial. The value of those medications to the patients receiving them — and the millions who could benefit from the results of the drug trial — is incalculable.

Whether the value is real or subjective, the contents must be secured accordingly. To help ensure you're taking advantage of the range of both simple and sophisticated options available for securing shipments, compare your current practices against the following four tips:

1. Require reassurance. When recipients are unavailable, delivery services often give a great deal of discretion to the individual courier to determine where and when to leave packages. When you are looking for an added level of security, consider value-added options such as time-definite deliveries that require a signature at delivery, or enabling the recipient to control package tracking and delivery.

2. Use trusted partners. From manufacturing, warehousing, and fulfillment through to delivery, always work with reliable partners you trust. Do the leg work to know who you're working with. Check their insurance policies, talk to references, visit their facilities, and keep in regular contact with your sales team. Due diligence will make you feel more comfortable about the security of your goods, and that confidence will carry through to other areas of your business.

3. Stay connected. Just because a package has left your hands doesn't mean you can't keep close tabs on its security from dock to doorstep. Advanced sensor-based technologies now let shippers closely monitor the movement and environmental condition of valuable shipments in near-real time, including defined route adherence or deviation, temperature and humidity, light exposure, extreme shaking/jostling, and more. Some technologies even offer cryogenic and/or dry ice probe compatibility, which can monitor deep-frozen materials hundreds of degrees below zero.

With information at this level, shippers and recipients benefit from added confidence that items are being managed to the exact specifications established. It's knowledge that can mean the difference between a viable drug and a failed trial, or between an in-flight airplane and a grounded aircraft awaiting a vital part lost en route.

4. Go specialized when it makes sense. Sometimes a shipment dictates nothing but exceptional, exclusive service; for example, priceless fine art, dangerous goods, or large-scale and temperature-sensitive items. When that's the case, call in special shipment experts. When you go this route, your shipment moves on a specialized vehicle or aircraft, and has a team focused exclusively on its secure delivery from start to finish.

This dedicated service comes with a commensurate price point, but can be the ideal solution for items that require an exceptional level of care and security in transit.

Does your shipment security strategy stack up? Consider trying some of these value-added options next time you have cargo that needs extra protection in transit. You — and the recipients — will be reassured that your delivery choices reflect the value of their shipment. ■

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BY SUE MAX

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Ready to Reduce Your Footprint? Start by Taking These 5 Steps

For resource-intensive organizations, conservation and environmental initiatives are more than feel-good activities. Environmental stewardship can ease regulatory and compliance burdens, reduce effort and waste, and increase profit margins. Yet, many companies still struggle to justify green efforts.

Implementing an environmental initiative in your business can be more than just an exercise in sustainability. The program can contain pragmatic efforts to achieve specific business goals, from reducing compliance requirements to enhancing product quality.

Whether your organization's environmental initiatives have stalled, or you haven't started one yet, here are five suggestions to help you get the ball rolling:

1. Initiate an environmental management system. These kinds of systems are pivotal to measuring and validating your company's efforts and success rates. Completing the total system takes time, but putting the core framework in place isn't difficult.

A key first step is to assign an environmental manager to gather information from operations management regarding potential process improvements that will result in environmental benefits. Once you identify these goals, prioritize them according to which are most beneficial.

2. Pick the low-hanging fruit. Look for projects where a small change will

save money in terms of energy, materials waste, and other obvious investment returns. When starting out, remember that changes don't have to be sweeping to make a positive impact on your environmental footprint, and in many cases, it is easier to implement and gain financial support from the boardroom for small adjustments. When you can show results from smaller initiatives, gaining support for larger initiatives later will come easier.

For this same reason, start out by focusing on projects with a short timeline, where impacts are measurable in six months or less. Demonstrating a positive impact on the bottom line early on will excite upper management to continue and fund your efforts.

3. Consider your people. If your employees have reported environmental, quality, or safety issues that could stand to be improved, give these matters serious consideration. You will not only improve the work environment, lower risk, and prevent potential regulatory citations, but your workers will

benefit by becoming active participants in meaningful company changes. Environmental programs are only as good as the employees who support and implement them.

4. Set clear parameters. Early on, top management should reach consensus on what they want to achieve. Environmental initiatives almost always involve resource allocation, and it's easier to make progress with advance support.

For example, it might not be practical to have a key production staffer pulled off the line for two weeks to implement changes, so you may need to cross-train another project leader.

5. Keep an eye out. Remember that maintaining a sustainable operation requires constant vigilance. Over time, improvements can slip through the cracks as small deficiencies stack up. Monitor activities where problems could creep in and negatively impact sustainability objectives. Eliminating detrimental trends is much easier when you catch them early.



It is sometimes difficult to see the benefits of an environmental initiative early on. But taking these five steps will help show your company that going green is not only responsible, it can also have a positive impact on the bottom line. ■



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[IT MATTERS]

BY MIKE CHALLMAN

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Benchmarking Transportation Processes With TMS Data

Many businesses that ship products use transportation management systems (TMS) for visibility and control within their supply chain operations. The introduction of cloud-based TMS has also opened the door to many small and mid-sized companies to find great tools that fit their budgets.

While using TMS capabilities to support everything from carrier rate management, shipment planning and tracking, and mode selection to carrier assignment and invoicing, shippers sometimes overlook the value of using data from a TMS to benchmark and gain insight into transportation performance.

Transport benchmarking is essential to attain a thorough understanding of how your supply chain performs versus your competitors. The most common benchmarked area is carrier rates, but savvy shippers also evaluate a variety of processes and key performance indicators (KPIs).

KPIs help businesses determine if shipments are delivered on time, complete, and without defect. The benchmark analysis can also help identify the root cause of delays and other defects, as well as measure how performance compares to best-in-class practices.

Benchmarking can also help determine if KPIs used to evaluate supply chain performance are appropriate and informative. If not, benchmark findings

can be helpful in developing new measurements and strategies.

Benchmarking is particularly useful in providing leverage to negotiate more competitive rates and contract terms with existing carriers. Transport benchmarking not only provides a comparison of current transport costs against competitive market rates, but also insight into wider market issues such as payment terms, price validity, and contract duration.

The analysis may also identify why your freight may not be attractive to carriers. Plant delays that impact loading times, cancelled or re-booked loads, and slow or inaccurate payment may be reasons why shippers cannot find sufficient capacity with existing carriers.

Additional long-term benefits to benchmarking include:

■ **Strategically planned continuous improvements.** Insights derived from benchmarking supply chain activities and gathering market information can help strategically manage performance for continuous improvement.

■ **Enhanced service levels.** By benchmarking different customer service-related activities, companies can determine how they compare to others and make appropriate changes.

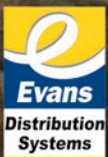
■ **Identified performance gaps.** Assessments conducted as part of benchmarking help identify potential gaps in supply chain operations, as well as areas for improvement in supplier relationships, so shippers can focus continuous improvements.

■ **Competitive advantage.** By understanding how your current market position compares to best-in-class standards, you can improve practices to gain the competitive edge.

■ **Change culture.** Benchmarking is not a one-time activity, but rather an ongoing learning process that can help generate new ideas for you to share and implement. Benchmarking efforts can stimulate organizational learning, and enhance business performance and industry competitiveness.

When used in conjunction with TMS capabilities, transportation benchmarking offers a valuable way for shippers to gain a competitive edge within their logistics operations in today's challenging landscape. Ask your current or prospective transport partners and providers what they can offer in the area of benchmarking. ■

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Start Now to Leverage the Benefits of the Panama Canal Expansion

The expansion of the Panama Canal, scheduled between late 2015 and early 2016, is one of the most important infrastructure projects of the past century. The upgrades mean that massive post-Panamax ships will traverse the waterway, leading to a significant shift in trade patterns and increased global trade.

Global companies typically grow 15 percent faster, pay 15 percent higher wages, and are 12 percent more profitable than firms operating only in the U.S. market, according to the *Florida Trade and Logistics Study 2.0*. And, more than half of all U.S. companies have some foreign market involvement, reports the Bank of America Merrill Lynch 2015 *CFO Outlook* survey.

But what are the best ways to begin or enhance international expansion via the Panama Canal? Consider the following three steps you can take right now:

1. Establish operations in port cities. The \$5.25-billion Panama Canal project has spurred billions of dollars in spending in the port cities along the canal, to make those regions more competitive. Businesses should consider whether any of these areas make sense for expansion plans:

■ **Florida.** Coastal Florida cities have been upgrading their port systems. Companies with headquarters in Latin America often establish operations in

Miami; the expansion makes it logical for companies to consider other cities, such as Tampa Bay.

■ **Virginia.** Virginia ports are undergoing infrastructure projects to accommodate post-Panamax vessels. Virginia has also invested heavily in its transportation infrastructure, to better move goods to final destinations.

■ **Georgia.** Federal and commercial entities in Georgia have been courting both U.S. and foreign companies, while developing a coordinated network of transit modes to move products.

■ **South Carolina.** The Port of Charleston is deepening its harbor to upgrade strategic gateways, which will benefit the already busy port city.

2. Upgrade supply chain needs. Infrastructure upgrades do not stop with public works projects. Companies need to assess where opportunities exist, and invest in their own infrastructure accordingly.

For example, one furniture retailer invested in sophisticated supply chain

and logistics needs to take advantage of the goods that will come into the East Coast via the Panama Canal. The new infrastructure makes it possible to move quickly, and the company is ready to deliver to customers more swiftly.

Caterpillar is another example. The company began building a \$200-million construction equipment plant in Athens, Ga., which should be operational in 2015, and ready for the larger container ships that will be coming into Savannah.

3. Invest in business infrastructure. Financial executives need to understand what technology and financial solutions are required to conduct efficient global business. Many banks and other financial services groups offer sophisticated services that allow managers to view data in real time. As companies look to scale growth, they need to have the right tools in place to manage risk and thoroughly understand capital needs. A careful review of offerings with banks or financial consultants is a good first step.

Going forward, U.S. companies have a unique opportunity to grow and gain market share because of the Panama Canal expansion. Now is the time to maintain momentum by focusing on updates to infrastructure and business strategy to take advantage of the new trade route. ■

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THE SHAPE OF

'THINGS' TO COME

What the Internet of Things means for the supply chain – now and in the future.

If someone leaves Bill Tomasi's garage door open too long, the door opener sends him an e-mail. Recently, Tomasi's new car also sent him a note: Time for an oil change. One hour later, the dealership e-mailed him a coupon for exactly that service. "It could be a coincidence, but I don't think so," says Tomasi, vice president of product management at International Business Systems (IBS), a global supply chain software and management services company with U.S. headquarters in Folsom, Calif.

These days, everyday objects—cars, appliances, industrial machines—seem to be taking up almost as much Internet bandwidth as our smartphones. In Malaysia, thousands of sensors attached to machines in a Cisco Systems factory transmit data on energy consumption, as part of a conservation initiative, reports the *Wall Street Journal*. In 2013, Starbucks announced that it would connect coffeemakers to the Internet to track customer purchases, update recipes, and monitor equipment performance.

Welcome to the Internet of Things (IoT), where everything from the fitness tracker on your wrist to the refrigeration unit on your trailer sends data into the cloud, and software stands ready to transform that data into useful information.

By Merrill Douglas



When experts describe the promise of IoT, they're apt to mention supply chain management. In a study of IoT solution implementations that Zebra Technologies commissioned from Forrester Consulting in 2014, approximately 45 percent of survey respondents named supply chain optimization as one of the top five benefits of IoT.

"I now know not only what I predicted demand would be one year ago, but also what flavor of yogurt at the Kroger on Peachtree Road in Buckhead needs to be replenished."

- Karin Bursa, Vice President of Marketing, Logility

IoT Not Clearly Defined

To appreciate what IoT means for the supply chain, first you need to understand what IoT is. The definition isn't simple.

"The Internet of Things is the ability to use a variety of different devices to collect information, trigger activities, control processes, or kick things off," explains Tomasi. "Generally, items that we would not normally think of as being connected to the Internet become connected."

You'll get a different definition from Mark Wheeler, director of supply chain solutions at Lincolnshire, Ill.-based Zebra, which sells tracking and visibility products such as bar-code scanners and printers, RFID equipment, and handheld computers. "The IoT is intelligent assets connected to the cloud, so that a digital representation of that asset is available to applications running in the cloud, and generally those apps are available to mobile users," he says.

Some definitions focus on applying high-powered analytics to data collected from devices. "IoT and big data are one and the same," says Greg Kefer, vice president, corporate marketing at supply chain technology company GT Nexus, Oakland, Calif.

Although it's creating a great deal of buzz, some observers maintain that IoT isn't new. Companies have been attaching sensors to things, transmitting the data they collect, and extracting business intelligence from that data for many years. For example, motor carriers have put sensors and communications on truck trailers since the 1990s to monitor factors such as location, door closure, and refrigeration.

In the early days, however, that data often moved over proprietary networks for delivery to proprietary applications, where a single company put the information to use. Sharing information with trading partners meant "pushing" it out periodically — through reports, electronic data

interchange, or other methods that don't work in real time. That has all changed since the world embraced the Internet.

"When you move data over the Internet to an application hosted in the cloud, you can easily share it with many users," says Tim Wills, vice president, marketing and support at Peak-Ryzek, an integrator of supply chain automation and inventory management systems, in Columbia, Md.

"Software as a Service (SaaS), or the Internet, has given the supply chain ecosystem an infrastructure, allowing participants to align around the same data sets to make more informed decisions, and more real-time decisions," he adds.

"Inexpensive cloud services that store and process massive amounts of data let companies find new ways to use information collected from things," says Wade McDaniel, vice president of solutions architecture at Phoenix-based Avnet Velocity, which designs supply chain solutions for electronic components manufacturers. "That's probably the big difference between now and five years ago — how abundant cloud computing is."

Demand Planning on Steroids

IoT could bring major changes to the way companies both plan and execute supply chain activities.

Karin Bursa, vice president of marketing at supply chain technology firm Logility in Atlanta, predicts that IoT will bring greater speed, power, and agility to the demand planning process. "This takes the whole idea of being demand-driven and puts it on steroids," she says.

To Bursa, perhaps the most crucial sensor feeding the supply chain's IoT is the bar-code scanner built into a retailer's point-of-sale (POS) system. By analyzing sales data captured at checkout, retailers

and manufacturers can get a real-time view of demand, not only in aggregate, but at the level of individual products and stores. "I now know not only what I predicted demand would be one year ago, but also what flavor of yogurt at the Kroger on Peachtree Road in Buckhead needs to be replenished," she says.

Companies have been capturing and using POS data for years. "But not many companies have positioned themselves to have a customer-level forecast, for example," Bursa says. "Today, companies are planning a customer-specific supply chain for their top 10 or 20 customers."

Info on the Fly

IoT can produce a supply chain with no data latency. "We can't wait one week for information anymore," Bursa says. "We can't wait one month, and we certainly can't wait eight weeks to figure out how a product is doing in the marketplace."

With immediate, continual feedback on market demand, a company can refine forecasts on the fly and modify its plan — perhaps shipping less product to stores where demand is soft, or launching new promotions to boost sales.

That principle of demand planning in near real time can operate earlier in the supply chain as well. Just as the bar-code scanner at the retail checkout sends valuable data into the cloud, so can scanners and RFID readers in the warehouse or other logistics facilities. With help from a cloud-based service, a company can use that data to keep trading partners informed about imminent demand.

"As orders come in, and as goods are shipped, if your suppliers know almost in real time the order velocity for that day or week, they can make better decisions on the demand that's coming through your

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business,” says Wills. “If that inventory data were bottled up with your company and not shared, it could create a time delay.” IoT allows you to expose the same set of data to multiple supply chain partners, he adds.

One company working with Avnet Velocity, SteadyServ Technologies of Carmel, Ind., is helping beer distributors and brewers plan for replenishment with data drawn not from POS systems, but from sensors attached to beer kegs.

“Restaurant owners typically send sales data to their beer suppliers every 30 days,” says David Paulson, vice president, business development at Avnet Velocity. “By the time the distributors and brewers get that information, it’s old and maybe inaccurate, because some of it is based on memory.”

The standard method for measuring draft beer inventory in a restaurant is the shake test—literally lifting a keg and shaking it to feel how much is left.

In SteadyServ’s system, an RFID reader captures data from a tag attached to each keg, identifying the brand and its packaging date. Each keg sits on a ring that includes a scale and other sensors. “The ring monitors the weight in real time, along with the temperature and everything associated with that keg,” says Paulson.

It feeds the data over a wireless network to SteadyServ’s system in the cloud. “The system combines that data with point-of-sale data and unstructured information about promotions and social media, and then provides those analytics to everyone in the supply chain,” he says.

The restaurant owner gains a real-time picture of the inventory, the distributor gains a better understanding of what it needs to order from the brewer, and the brewer gains demand signals to help plan for future production.

Real Time View, Plus Context

IoT could also play a vital role in improving operational efficiency in the supply chain.

“Combining sensors with communications and a cloud-based analytics platform provides a clearer and more current picture of moving assets,” says Wheeler.

“Let’s say you have a refrigerated truck at a customer location, and it is waiting to be unloaded. Our transportation management department has visibility into that asset. We

know where it is, the temperature inside the unit, and whether it’s holding the temperature,” says Wheeler.

“Other sensors might report on whether the reefer’s door is open and monitor the unit’s fuel level,” Wheeler says. “With that information, we can drive higher utilization for those assets in the supply chain.”

To developers at GT Nexus, the

operational advantage of IoT springs from its ability to combine real-time status data about a load in transit with other information about that cargo. “The magic in making this viable is the notion of context,” Kefer says.

The context comes from additional data held in a cloud-based platform like the one GT Nexus uses to link shippers,

Sensors Power Stocking Strategies

Despite a popular prediction, the Internet of Things (IoT) hasn’t yet brought us a refrigerator that automatically orders milk when the carton on the shelf nears its expiration date. But IoT has brought us vending machines that guide their own replenishment and maintenance.

San Francisco-based Cantaloupe Systems has installed telemetry units with wireless communications on some 150,000 vending machines. Interfacing with the machines’ internal systems, these units track product sold and payment received, along with factors such as temperature levels and power interruptions.

Cantaloupe’s Seed Cloud collects and analyzes this data to determine what products have been sold, and in what volumes, at each machine, and suggests how to optimize the replenishment plan.

Those recommendations include which machines to visit on a given day, and how many of each item to stock on the truck. “There’s no risk of drivers running out of a popular item by the time they get to the last few machines on the route,” says Mike Marett, senior vice president, business development at Cantaloupe. “It is all pre-determined by the system.”

Depending on the customer’s needs, Cantaloupe might integrate these recommendations into an enterprise resource planning or route management system, or it might present them through its own software, Marett says.

In a similar way, the system also monitors the health of individual machines, sending alerts to users when a performance indicator drifts out of the proper range, or transmitting that information to a maintenance system.

Besides helping a company determine how to stock machines and run delivery routes in the coming days, Seed Cloud can also help with longer-term inventory planning. For instance, if the company moves a machine to a new location, and that move triggers a new buying pattern for that machine, the system will detect the change and advise the company to adjust accordingly.

“If the system works perfectly, when the driver gets there to restock the machine, there will be one left of every item,” Marett says. “The last thing you want is for a customer to walk up to one of those machines to purchase a product, and it’s not available. The Internet of Things and machine-to-machine communication helps you manage that effectively.”



Cantaloupe’s Seed Cloud platform connects thousands of vending machines to track sales and payments.



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their trading partners, and service providers. “Consider an ocean vessel whose GPS system reports that it’s 40 miles off the coast of Bermuda,” Kefer says. “Not only do we know what containers are on that ship, but we know what stockkeeping units and orders are there as well.”

In the past, a carrier might have told a shipper where the container was located, and the shipper’s transportation management system might have known the contents, but there was no easy way to marry those two pieces of information. That all changes with IoT.

“It’s all about linking related objects to one another to create a pouch of information,” Kefer says. Everyone who’s interested in the freight, and who has permission, can draw business intelligence from that pouch.

Another area of supply chain operations where IoT could provide significant benefits is regulatory compliance. “Existing and new regulations, such as the Food Safety Modernization Act, are largely focused on preventing food safety problems,” says Wheeler. “Much of that has to do with managing temperatures.” Systems

employing IoT would make it easier to comply with such regulations in the food, pharmaceuticals, and other industries. For all the benefits IoT seems to offer, leaders of supply chain organizations should be careful not to leap heedlessly into an IoT project without understanding what they’re doing, or why they’re doing it. “It’s easy to get caught up in the hype,” Paulson says.

“Right now, there’s a great fear of not being IoT-enabled, and being left behind,” says McDaniel. But a company might already be hooked into this new trend without realizing it. For example, many production plants use sensors to monitor processes in real time, and some of those sensors might be connected to the Internet.

Take Your Time

As some companies learn that they’re already using IoT, others might discover that they haven’t yet taken advantage of IoT technologies that have been sitting right under their noses.

“My first recommendation would be to ask if you have leveraged the mature technologies that fall under the broad IoT

banner,” says Wills. For example, some warehouses have yet to start scanning barcode labels. “Make sure the user isn’t doing something overly complicated and costly if the fundamentals aren’t in place,” he says.

Instead of rushing onto the IoT bandwagon, companies should first define the goals they want to achieve. “Companies aren’t necessarily saying, ‘I have an Internet of Things project.’ They’re saying, ‘I’d like to keep track of where my employees are in the building in real time,’ or ‘I’d like to get better control of my inventory in a certain situation,’” says Wheeler. Once you define the business problem, you can examine how IoT might help to solve it.

“Put a business case around it. Figure out the goals, then make sure you’re adopting technology to support them,” says Tomasi.

As sensors, communications systems, and analytics solutions all become cheaper, faster, and more capable, many more things will start talking to one another via the Internet. Supply chain operations are already part of that exchange. Over the next few years, the conversation is likely to grow more intense, and even more productive. ■

IoT Gets Fresh with Reefers

Customers of Purfresh in Newark, Calif., use the Internet of Things (IoT) to keep produce, flowers, and meat fresh as those products travel to market.

Purfresh offers hardware and software solutions that rely on data collected from systems on refrigerated intermodal containers. Purfresh’s Active Atmosphere systems monitor the environment inside the container, actively inject ozone gas, and have the ability to adjust carbon dioxide levels to control the ripening of fruits and vegetables.

The company’s cargo monitoring software solution, *Intellipur*, uses two-way communications and an application in the cloud to monitor and control the atmosphere in the container. “We actively monitor and control our equipment. And in some cases, we connect to the refrigerated container, change some of the functionality, and run reports remotely,” says Adam Valmoro, vice president of business development at Purfresh. “We also monitor, track, and trace the control panels and containers as they move through the intermodal supply chain.”

Purfresh hardware is equipped with multiple sensors to collect data on temperature, humidity, carbon dioxide levels, and other factors. “Our devices

also include a door breach sensor, as well as an accelerometer for cargo integrity and security monitoring,” Valmoro says. “And, of course, we measure whether the reefer container power is on or off.”

The system transmits the collected data via GSM wireless service or satellite to Purfresh’s cloud-based *Intellipur* software platform, which makes the information available to customers.

Users view details about their cargo through a browser-based interface. The display also shows the container’s location on a Google map, with tracking data obtained via GPS. Some customers monitor the cargo themselves, and some rely on Purfresh to do it for them. “We’re looking at temperature and reefer performance and making sure the atmosphere is at the right setting for each individual commodity,” Valmoro says. A set of parameters is pre-programmed for each specific commodity, and if the parameters are exceeded, an operator can adjust the temperature remotely, or bring down the carbon dioxide level by opening a fresh air exchange.

Purfresh also transmits alerts and alarms when conditions exceed the set parameters, or when the containers enter or exit locations defined through geo-fencing. “For example,” Valmoro says, “if a container is off power for an extended time, alerts are generated, allowing Purfresh or its clients to take corrective measures.”



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J.B. Hunt Transport expanded its Hunt's Heroes Finishing Program to help veterans transition to Class A and final-mile delivery drivers.

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GOING BEYOND THE CALL OF DUTY

WHEN OUR NATION'S HEROES TRANSITION FROM ACTIVE SERVICE TO THE PRIVATE SECTOR, LOGISTICS COMPANIES ENLIST THEM IN LONG-TERM, SUCCESSFUL CAREERS.

BY CHRIS LEWIS

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Before he acquired a full-time position as a shift supervisor at Ryder System Inc.'s Tacoma, Wash., distribution center, James Broden accumulated 22 years of active duty service in the Army, 18 of which he spent working in aviation maintenance. So, as he prepared to transition to the private sector, he was particularly interested in applying for positions that would fully utilize that experience.

He originally applied for a technician job at Ryder's Anchorage, Alaska, distribution center. But Zachary Smith, his recruiter, thought he was overqualified for that position. After a phone conversation with Broden, Smith discovered he was a better fit for a supervisory role. "I put Broden in touch with another recruiter, and Ryder hired him for his current position," Smith says. "Broden was pleased with the extra effort we made to ensure he was taken care of, even though he wasn't a candidate I placed directly."

This is just one example of the ways in which logistics companies often go above and beyond to ensure our nation's heroes find long-term, successful careers once they return home from active duty.

Aside from honoring their service, logistics providers are especially attracted to the skillsets veterans develop during their military careers that separate them from other types of candidates. "Veterans have been a part of something bigger than themselves," says Eric Airola, senior director of human resources at Lowell, Ark.-based J.B. Hunt Transport. "They have a level of self-discipline that is necessary in a high-service environment, yet they are also good team players."

As director of human resources for San Francisco-based Menlo Logistics, Chris Cline always looks for candidates who possess his company's five core values: safety, leadership, integrity, commitment, and excellence. Due to their experience and training, veteran candidates possess most, if not all, of these attributes, Cline says. "Having already developed these core values in real-life work situations, veterans can hit the ground running, as opposed to a recent college graduate, for example," he explains.

In addition to these five core values, veterans possess other invaluable attributes—dependability, timeliness, attention to detail, and the ability to work well under intense pressure—that translate well in the logistics sector, notes Patrick Pendergast, senior director of acquisition at Miami, Fla.-based Ryder System Inc. "Ryder's technicians and drivers are the frontline to our customers, which means they must be able to think quickly on their feet, work well with others, and deliver necessary products and services on time," he says.

In November 2011, Ryder joined Hiring Our Heroes, a

non-profit U.S. Chamber of Commerce Foundation initiative that helps U.S. military veterans find employment opportunities. Since joining the program, Ryder has hired more than 2,600 veterans, surpassing its original 2013 goal of hiring 1,000 veterans. In that time, Ryder has increased the percentage of veterans within its U.S. workforce of 30,000 employees from eight to 10 percent.

J.B. Hunt has also utilized the initiative's services by attending career fairs that offer direct access to military members and veterans. Furthermore, the company partnered with the Direct Employers Association (DEA), which provides compliance and recruiting guidance to member companies.

"DEA is a good partner in designing a veteran recruiting strategy, especially for a federal contractor," Airola says. "In the past, we used its Partner Relationship Management tool to track the contacts we make while recruiting for veterans."



Since Ryder committed to veteran employment in late 2011, it has increased the percentage of veterans within its U.S. workforce from eight to 10 percent. Driver Carlus Patterson (above) is one of those veterans.

J.B. Hunt also receives assistance from Orion International, America's largest military recruiting firm, by connecting recruiters with recently separated military members, including candidates who specialize in a particular skillset. "When a certain type of candidate is hard to find, a third-party recruiter such as Orion usually provides several well-qualified options in a short time," Airola adds.

Companies can also contact Local Veterans Employment Representatives (LVER) and Disabled Veterans Outreach Program (DVOP) specialists, two types of state employees who help veterans find job opportunities. "When a federal contractor posts jobs with state employment agencies, LVER and DVOP mine these postings for potential fits with the veterans they serve," Cline says.

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“They often reach out to companies to form partnerships so that their veterans find employment.”

Cline also recommends potential employers get involved in charities, networking platforms such as LinkedIn, and job fairs that are geared toward military professionals, so that logistics recruiters can meet veterans face-to-face and engage them on the opportunities a logistics career can offer.

Menlo Logistics recruiters also attend military recruiting conferences at least twice each year. “As a business unit in the Con-way organization, Menlo Logistics participates in the Con-way Charitable Foundation, which donates to hundreds of community organizations, some of which involve military veterans,” Cline says. “Our most recent drive in 2015 contributed money to more than 140 organizations; the top funded organization was the Wounded Warrior Project.”

In early 2015, J.B. Hunt expanded its Hunt’s Heroes Finishing Program from a regional pilot to a national push to transition recently separated veterans, who have some form of prior driving experience, into Class A and final-mile delivery drivers with commercial driver’s licenses. “We’ve been pleased with the outcome so far, with 15 veterans currently participating in the program,” Airola notes. “I see a need for a similar transition program for maintenance technicians, and we plan to explore that opportunity in the future.”

The company is also in the midst of creating a Veterans Employee Resource Group, which will be comprised mostly of current employees who have military backgrounds and who share one particular goal—to recruit, hire, and support their fellow service members.

LOGISTICS OFFERS GROWTH AND STABILITY

As veterans prepare to transition from the military to the private sector, they should consider applying for positions within the logistics sector because it continues to grow despite the ebbs and flows of the U.S. economy, according to Pendergast. “Logistics supports so much of the U.S. economy; it is the lifeblood of everything we do and touch,” he says. “It also offers many different types of functional areas that allow employees to reach their personal and professional goals.”

From finance and accounting to human resources and operations, and virtually everything in between, the logistics field offers positions for veterans of all backgrounds, as well as the opportunity for regular advancement.

“No technology will ever replace the need to store and move goods in the most efficient way possible, so logistics is a stable field,” Cline says. “And the career opportunities are interesting and broad.

“Veterans join the military because they want to make a difference,” he adds. “Transitioning into private-sector logistics provides them the opportunity to continue to make a difference—while utilizing the leadership, work ethic, and integrity they developed in the military.”

To ensure its recruiters hire veterans into roles that are best suited for current job openings, Menlo Logistics offers a training class entitled More Than a Gut Feeling, which utilizes the behavior-based interviewing strategy developed by industrial-organizational psychologist Paul C. Green. As a result, Menlo bases its hiring decisions entirely on facts, rather than feelings. “The goal of the class is to learn which military work experiences correlate with our job descriptions’ needs and core values,” Cline says. “In doing so, our recruiters are better prepared to hire candidates who have the potential to enjoy successful, long-term careers at Menlo.”

As recruiters prepare to interview veterans, they may view some resumes that are much longer than the standard ones. Veterans often include some impressive statistics, such as the aggregate of

“Transitioning into private-sector logistics provides veterans the opportunity to continue to make a difference, while utilizing the leadership, work ethic, and integrity they developed in the military.”

- Chris Cline, Director of Human Resources, Menlo Logistics

people they have managed, or the budgets they have overseen. Despite the length of the resumes, or the types of detailed statistics they include, recruiters need to remain open-minded.

“Some veterans list every single thing they’ve ever done on their resumes, but recruiters should not be put off,” says Airola. “They also shouldn’t assume that veterans are not a good fit for entry-level management jobs. After all, veterans typically understand that they might have to take one step back to move forward in a new career.”

Aside from being flexible as they transition to the private sector, veterans are also open to receiving assistance with their resumes. For example, Ryder offers a free online tool to help veterans translate military dialect into common, everyday language. Recruiters are also welcomed to use this translator as they prepare for their interviews with veteran job candidates.

At the same time, Ryder educates its hiring managers on the specific characteristics of recently separated or soon-to-be separated veterans; for example, recruiters often learn ways to properly identify veterans’ skillsets, and then match them to positions available within the company according to responsibilities, growth opportunities, and salary projections.

As the interview itself nears, Pendergast advises hiring managers to prepare questions that help them understand what their candidates have previously accomplished, and recognize their strengths and weaknesses as they relate to the position’s responsibilities.

“Clearly communicating expectations by painting a realistic picture of the job, and laying out the first 90 days and what the career path might look like, is crucial to helping ease veterans’ transitions from the military to logistics work,” Pendergast says. “Consequently, candidates are able to visualize what their day-to-day responsibilities look like, and what kind of environment they will work in.”



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Once veterans accept offers, and begin the next chapters of their lives, they need continuous support as they acclimate to civilian life and employment. To provide this support, Ryder consistently follows up with employees and communicates its expectations.

Check-ins occur 30, 60, and 90 days after veteran employees are hired, and typically address any questions or concerns they may have. Employees can also discuss the ways in which their expectations of the position are—or are not—being fulfilled.

“A thorough, well-thought-out onboarding process shows veteran employees that their employers are genuinely interested in making

them feel comfortable in their new positions and work environments,” Pendergast explains.

As their time with new employers continues, and their responsibilities increase, the shock of transitioning from the military to the logistics sector may become more noticeable. To ease this transition, and help employees overcome the differences between military and civilian work, Menlo Logistics advises its veterans to participate in professional organizations such as the Council of Supply Chain Management Professionals, and to attend job fairs. Such networking opportunities provide an avenue to meet other professionals with similar job titles and responsibilities, so they can receive advice and answers to any questions they may have.

As part of its performance management process, Menlo also offers employees opportunities to partner with their managers to establish objectives that align with company goals. “Mid-year and end-year reviews take place collaboratively with the manager,” Cline says. “If the manager and employee identify any gaps in education and experience, they establish a plan using internal or external resources to ensure the employee has the skills needed to do the job, achieve objectives, and increase the likelihood of success.”

J.B. Hunt also offers management training programs to newly hired veterans who hold managerial roles. Lasting three to six months, depending on managers’ experience levels, the programs are rotational and specific to whichever business unit the manager is employed in.

“Although we hire veterans for their experience, we also realize that conforming to a new culture takes time, no matter how experienced they are,” Airola says. “Not only does the program expose new managers to our various work processes, departments, and functions, but it also provides them more information about our culture and values, which they were introduced to during their interviews.”

During the management training program, managers travel to J.B. Hunt’s corporate headquarters in Arkansas, where they attend a week-long Foundational Leadership course, and meet other managers from Hunt distribution centers across the country.

To engage non-managers, Menlo Logistics has also developed Voices and Values Teams comprised of volunteers who create employee engagement and community charity events at distribution centers throughout the United States.

“These teams offer employees immediate opportunities to become more engaged and develop relationships with their colleagues,” says Cline. “Our culture is driven by our employees, so veterans have a voice and can be part of a team early on in their careers.”

GOT YOU COVERED, BATTLE BUDDY

Ryder has also created a veteran-specific “buddy” program in which experienced employees who have previously served in the military volunteer to help newly separated veterans settle into their new jobs and lives.

Initiated in early 2015, the program is expected to help new veteran employees successfully transition into Ryder as they receive an extra layer of support from a colleague they can relate to—one

Recruiting Top Talent

To increase the number of veterans in their workforce, companies must think outside the box, as typical recruitment strategies—developing job descriptions with standard terminology, and using ATS systems to screen resumes for keywords and skills—do not usually attract candidates who are interested in transitioning from the military to the private sector.

Instead, veteran transition expert Fred Coon, founder and CEO of Stewart, Cooper, and Coon, a national executive placement and employment services company, advises companies to consider the following strategies as they recruit and hire top veteran talent.

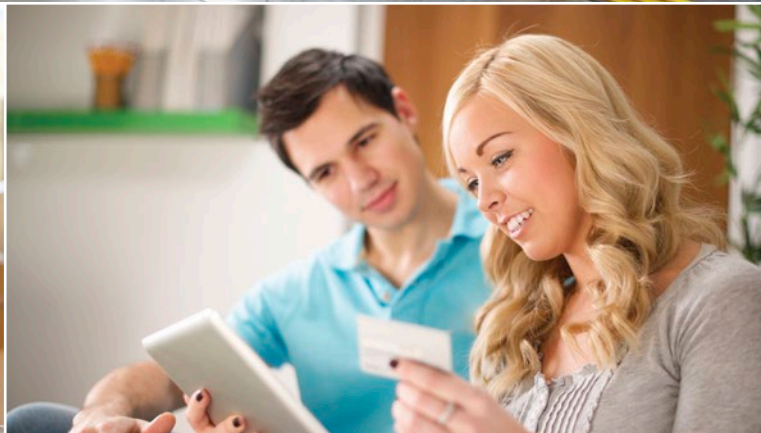
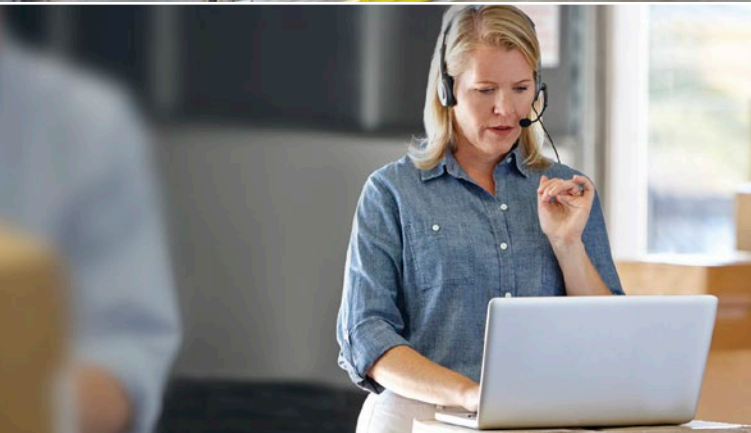
■ **Learn the language.** Companies must learn more about the military—how veterans operate, speak, and perform their duties—before they create job descriptions suited for exiting military members. To engage veterans as they search for work opportunities, companies’ job descriptions should feature keywords that are relevant to the duties they’ll need to perform, and are easily translated from military to civilian language.

“Companies can consider hiring a former military human resources translator who can review job descriptions and help translate them into military applicant-friendly language and keywords,” Coon says.

■ **Engage veterans through mentorships and consortiums.** Larger companies can consider funding a military mentor program that engages servicemen and women before they apply for private sector jobs. “Through this program, a company can conduct local workshops, in which they communicate one-on-one with veterans as they prepare their job searches,” Coon says.

Smaller companies may be more interested in forming an industry consortium, which is economically viable and designed specifically for veterans. “You can minimize the cost by working with veteran organizations that can provide advice on the ways in which the consortium can be structured,” he says. “In addition, they can advertise it to their members—and broaden awareness before veterans exit the military.”

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who has been there and done that. “A buddy who can relate to the veteran, and understand what it’s like to transition from military life to civilian life, can have a positive impact on the veteran’s new job experience,” Pendergast notes. “To help each of our new veterans, we intend to have a buddy at every Ryder location by Veterans Day 2015.”

After interviewing, hiring, and onboarding new veteran employees, logistics companies should provide advancement opportunities so the veterans remain challenged by their jobs and loyal to their employers.

“The people we hire, especially for our logistics management positions, have been leaders in the military, so we stress that they will be leading people at J.B. Hunt quickly, often as soon as they complete their training,” Airola says. “Once they know how to manage our systems, they appreciate the opportunity to increase their responsibilities.”

Although they may be fully acclimated into their new roles and companies, veterans sometimes decide to serve their country once again, either in the National Guard or the Reserves.

“We respect those decisions and make sure the vets are afforded the opportunity,” Airola says. “In response, J.B. Hunt has a ‘make whole pay’ policy, in which we supplement an employee’s military pay while they are deployed, if it doesn’t equal their regular salary.”

Menlo Logistics has a similar policy for veterans who choose reserve duty status after ending their full-time status. “We pay differential pay between the veterans’ base military salaries, and their Menlo salaries, for up to one year of deployment,” Cline says.

Menlo Logistics’ employees are also eligible to be covered under the company’s group medical, dental, vision, Employee Assistance Program, and prescription drug plans for the first 365 days of their active duty period. “As a result of these benefits, our veterans will not have to experience a decline in pay or healthcare coverage while they are deployed,” Cline says. “It takes a huge burden off worrying about home finances and healthcare for their families, so they can focus on their job of serving their country. Menlo has noticed an increase in employee loyalty and retention since we began offering differential pay and healthcare coverage during deployment.”

STATESIDE SUPPORT

Veterans do not need to return to active service to remain involved in the military. In fact, logistics companies can provide them opportunities to continue to serve and support the armed forces while they gain further experience in their logistics roles.

“Companies can show their long-term commitment to current veteran employees by encouraging them to participate in company-sponsored charity work and events,” Cline says. Some Menlo Logistics employees get involved with the Wounded Warrior Project by joining peer-mentoring programs, acquiring funds, or participating in a variety of other initiatives.

Other employees volunteer for Operation Shoebox, an organization that provides hands-on support for troops who are either deployed overseas or returning home. Some also choose to volunteer for Team Red, White, and Blue, a non-profit that strives to enrich veterans’ lives by connecting them to their community through physical and social activity.



Con-way Truckload driver and Vietnam veteran Tomy Fox was nominated and selected for the honor of driving one of two True to the Troops tractor-trailers - a campaign to recognize service members - throughout the United States.

To further increase collaboration among veteran employees, Ryder offers them a business software program known as Yammer. “Various networking groups have been set up within Yammer, including one that is specific to veterans at Ryder,” Pendergast states. “Within this group, employees share items that are of interest only to veterans, such as success stories regarding service and transitions, and volunteer opportunities and events related to veteran charities and community organizations.

“This type of networking has empowered our veterans, as they feel more engaged with their fellow team members,” he adds.

Ryder also recognizes its veteran employees for their contributions to the military by spotlighting them in the “Ryder in the Military” section of every issue of *Ryder People*, a magazine distributed to company employees.

AN ENCOURAGING OUTLOOK

Due to sequestering—a part of the recent Budget Control Act that requires \$500 million in military spending cutbacks over the next decade—more military members than usual are exiting, which is beneficial for employers such as Ryder, J.B. Hunt, and Menlo Logistics, which are focused on recruiting and retaining veterans.

As a symptom of the sequestration, the 100,000 Jobs Mission—a coalition of firms committed to hiring veterans, of which J.B. Hunt is a member—has surpassed its original goal of 100,000 hires by employing more than 240,000 veterans.

“I’m encouraged by the number of companies that have announced their intention to hire veterans,” Airola says. “Through this commitment, they will continue to provide opportunities for the men and women who have served our nation—both within the logistics field, and outside it.” ■

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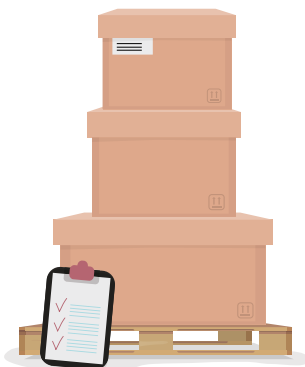
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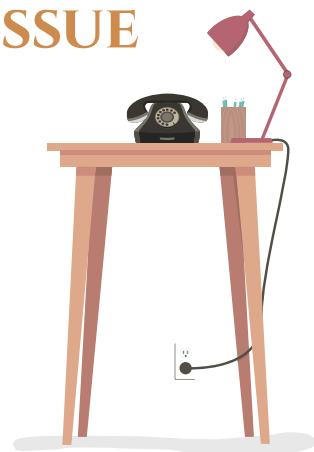
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EVOLUTION OF THIRD-PARTY LOGISTICS

BY JOSEPH O'REILLY



How past challenges create tomorrow's solutions.



When we look back at the history of logistics, not much changed over the eons. For hundreds of years, we moved boxes, put products on ships, and traveled all over the world. In the past 20 years, however, the management of transportation and logistics has undergone meteoric change. Today's supply chain is awash with complexity. Whether it's the rapid growth of e-commerce and omni-channel logistics, or emerging consumer markets around the world, shippers face a litany of challenges. As a matter of course, they often partner with third-party logistics (3PL) providers to seek counsel and reduce costs.

Yet it seems like only yesterday when 3PL was just a new acronym bandied about industry conferences and trade magazines to describe a different kind of transportation and warehousing company.

IL's initial Top 3PL list, published in 1996, segmented providers by unique functions: truck-based, brokers, forwarders, warehouses, air express, ocean, and dedicated contract carriage. Today, integrators aren't so easily typecast.

As a point of reference, consider the world of 1996. Mad Cow disease spread throughout Britain and Europe; Japan unveiled the first DVD; AOL was the social medium of choice; Microsoft introduced the Windows NT 4.0 operating system and Internet Explorer 3 Web browser; Amazon.com let readers search for books by author, subject, or title; and the *Regina Maersk* debuted as the world's largest containership with a capacity of 7,100 TEUs.

Today, Internet Explorer is being phased out with the introduction of Windows 10 — 10 versions removed from NT 4.0. Amazon is playing with drones, and containerships tip the scales at 20,000 TEUs. A lot has changed in 20 years. As global economies have turned and burned, the 3PL sector has evolved accordingly.

Many names have changed. GATX, Fritz Companies, TLC, USCO, BAX Global, and Caliber have long since disappeared. In 1996, it was Federal Express, not FedEx; Caterpillar Logistics had yet to morph into Neovia.

But a handful of service providers have stood the test of time. *Inbound Logistics* recently caught up with five 3PL providers that featured on our inaugural list in 1996, and have been on the list each year up to the present. We asked them to consider how outsourcing demand has changed over the past 20 years, and to shed some light on where the future of 3PLs is tracking.

FUNCTION JUNCTION

When Ann Drake joined Des Plaines, Ill.-based Dry Storage Company (DSC Logistics) as executive vice president in the early 1990s, it was an asset-based public warehousing company with a small trucking fleet and locations across several geographies.

“Our internal departments were siloed. Transportation and warehousing people didn’t talk to one another — which was typical in the industry as so little was integrated,” Drake recalls.

Most shippers were outsourcing little pieces of the business. The logistics market in the mid-1990s was a transportation and warehousing buffet. Early adopters recognized that outsourcing was an extension of the business, so it was treated as transactional.

“It was a test market,” says Bob Bianco, president of San Francisco-based Menlo Logistics. “Shippers liked the 3PL concept, but they were piloting projects to see if they could achieve real value. These projects covered singular functions, or were regional in scope.”

Shippers dictated terms accordingly. “We were order-takers,” Drake says. “We saluted and did whatever customers told us to do.”

Things started to change, however, when savvy shippers began tasking 3PL partners

TOP 3PLS PAST & PRESENT

These 3PLs were featured on *Inbound Logistics’* inaugural Top 50 3PL list in 1996 and our most recent iteration in 2015:

- Americold
- C.H. Robinson
- DSC Logistics
- England Logistics
- Exel
- FedEx
- J.B. Hunt
- Menlo Logistics
- Ruan
- Ryder
- Schneider
- UPS
- Werner Logistics

with additional responsibilities. For Des Moines, Iowa-based Ruan Transportation Management Systems, it was a natural progression from its dedicated fleet pedigree.

“We started doing some logistics, brokerage, and warehousing as customers asked,” explains Marty Wadle, senior vice president of supply chain solutions for Ruan.

“We grew up doing little pieces of 3PL work using our legacy systems — trying to jam logistics processes through trucking dispatch systems that weren’t built for that.”

Eventually, Ruan began investing in technology and recruiting the right people so it could proactively go after that market share rather than pick off new business through its dedicated fleet operation.

“Twenty years ago, shippers just wanted us to move their freight,” he adds. “Now they want to know what’s going on with their freight, and how we can move it more efficiently and economically the next time.”

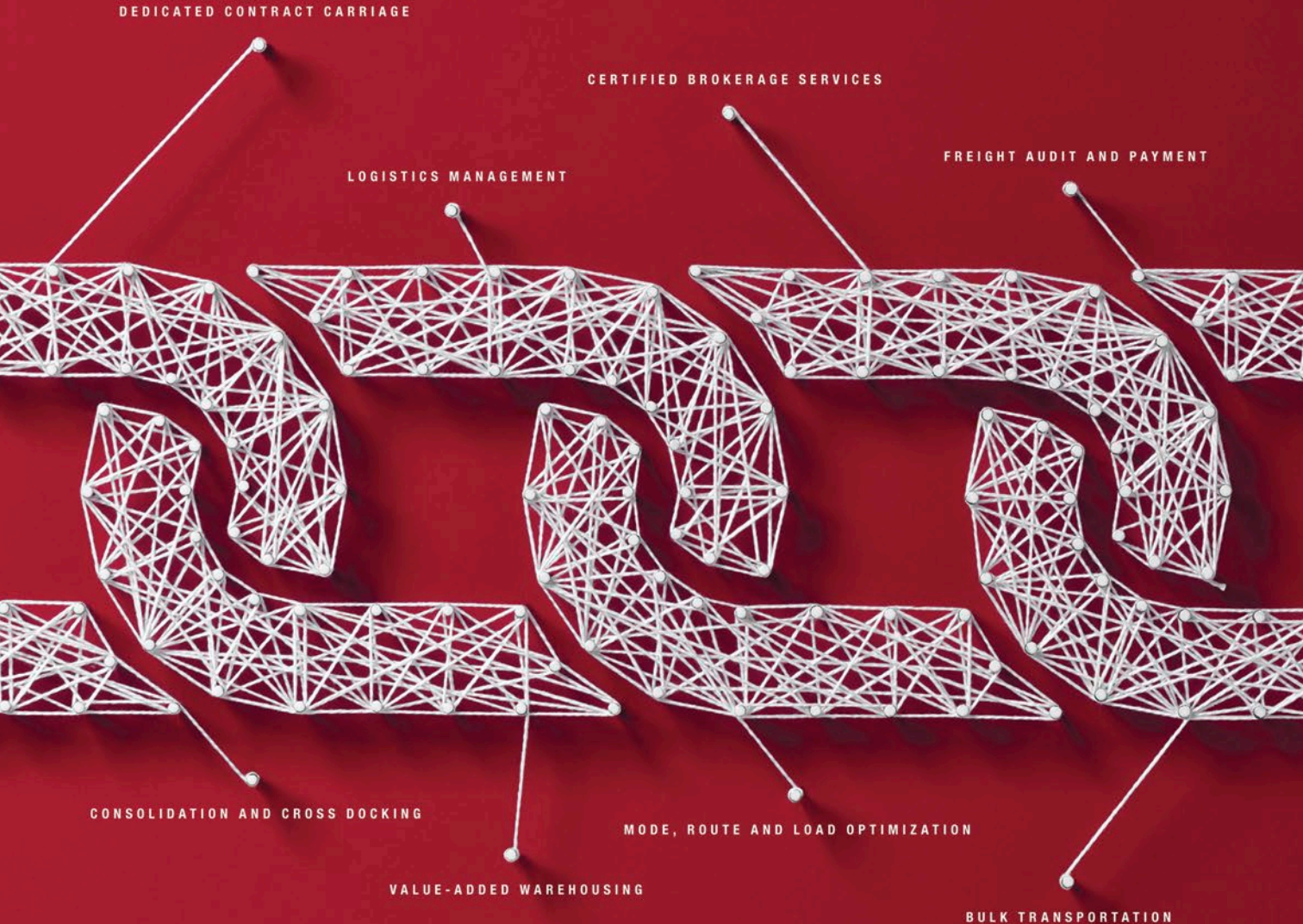
Logistics competency — and outsourcing activity — was largely embedded within manufacturing industries, so that’s where much of the 3PL growth originated, explains Steve Sensing, president of global supply chain solutions, for Ryder System, based in Miami, Fla.

Automotive, in particular, was a core industry for Ryder. Fiat Chrysler Automobiles (FCA) North America started working with the 3PL in the early 1990s. At the time, its outsourcing strategy was simple.

“We worked with lead logistics providers (LLPs) at individual assembly plants to run operations,” says Bill Cook, director, logistics and customs, Fiat Chrysler Automobiles North America.



Fiat Chrysler Automobiles was an early adopter of outsourcing, working with several 3PLs, including Ryder, to manage its business. Today, Ryder continues to serve Chrysler as a 4PL.



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Ryder was among several 3PLs that served Chrysler in this capacity. The automotive company relied on its LLPs to gather data from suppliers and carriers, and dynamically manage routes — pick up times and deliveries — in and out of its plants.

But then Ryder started to change its go-to-market approach. “We focused more attention on our logistics and supply chain portfolio, as well as fleet management,” says Sensing. “We exited the one-way truck rental business. Because most people tied our brand to the iconic yellow truck, that move was a big step in our transition.”

By 2000, Ryder’s role with Chrysler grew into that of a 4PL — overseeing the automotive company’s North American plants by performing logistics engineering, modeling, and network design. For the better part of the past decade, Ryder has provided strategic oversight. With a few recent exceptions, Ryder doesn’t run any physical part of Chrysler’s operation to prevent any conflicts of interest.

As logistics outsourcing has matured, opportunities to further optimize logistics operations surface. The 3PL has become an important node in this transformation — not just in terms of meeting functional needs, but also as a repository of industry best practices and knowledge sharing.

When Drake became CEO of Dry Storage Company in 1994, she recognized the need to consolidate the 3PL’s business model in a literal sense. Because the public warehouse comprised 22 smaller entities, she wanted to move toward a standard way of doing things — where the company could coalesce best practices across customers and geographies. That’s when it pulled everything together under the DSC Logistics banner.

CHANGING WITH THE TIMES

Ryder and DSC Logistics’ stories are not uncommon among legacy 3PLs. In fact, many have similarly transformed over the past two decades. The 3PL’s value proposition has morphed from exclusively cost reduction to also include change management.

There has been no shortage of drivers: the peak of the dot.com bubble and rapid deployment of technology; the Sept. 11, 2001 terrorist attacks; the rise of China’s manufacturing economy and widespread



In 1991, UPS developed and deployed the first Delivery Information Acquisition Device (DIAD). Two decades later, the company debuted the fifth generation DIAD V.



Innovation still drives 3PL success. One example is Ryder’s RydeSmart 3.0, an onboard telematics system providing greater usability and vehicle intelligence to fleet management end users.

offshoring; the Great Recession in 2008; and cloud computing, among others.

These external pressures have forced companies to seek counsel beyond the enterprise. 3PLs, by virtue of their myriad customers and experiences, crowd-source invaluable information and insight. Dovetailing functional capabilities with knowledge creates a powerful elixir for prospective outsourcers.

“Shippers today don’t want data; they want information,” says Wadle.

That’s why Ruan has developed customized dashboards for specific verticals to show shippers exactly what’s happening in the supply chain — whether it’s on-time performance by carrier and mode, high price-low price lanes, or multi-stop consolidation opportunities.

“Today, we sit at the strategy table with our customers,” adds Drake. “Consultants used to tell companies what to do; that responsibility for thinking and doing has shifted to the 3PL.”

She points to a current situation where DSC Logistics is working with three customers that are in the process of making

acquisitions. In two of the cases, the 3PL is working with both buyer and seller. “We’ve been helping them figure out how the new network should look,” Drake adds.

Buffalo, N.Y.-based New Era Cap Company is familiar with this type of 3PL counsel. In 2005, it operated a lone warehouse in Mobile, Ala. Business outpaced distribution capacity. The company had never worked with a 3PL before, but there was a burning platform to test outsourcing.

“We talked to several players at the time,” explains Jim Patterson, chief operating officer for New Era. “Menlo Logistics had space available, and was ready to jump in and solve an immediate need for us. It was an opportunity to work quickly with a 3PL, and learn along the way.”

Menlo had space available in Kansas City, which was a good fit for where New Era needed to fulfill customer demand. It was an 80,000 seasonal unit program; a short-term solution powered by an offline spreadsheet the two companies shared.

New Era continued to operate the Mobile DC. After a successful two years with Menlo, the company revisited its outsourcing and distribution strategies.

“In 2007, we looked at some analysis that Menlo provided regarding where our accounts were located and where we were shipping from,” says Patterson. “Menlo suggested we’d be better able to service our accounts by moving to Harrisburg, Pa.”

So New Era relocated to a Menlo DC in Harrisburg, all the while maintaining the Mobile facility. But the company started shifting some accounts to the new warehouse. Two years later, it closed the Mobile operation entirely and moved everything to the Menlo-managed model.



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Today, New Era runs 20 million units through the system — both seasonal and stock product. Its ERP system and Menlo's warehouse management system are completely integrated.

"The partnership has been a journey," Patterson says. "If you look back, it seems like we've operated on a 24-month cycle — every two years we make a big leap forward."

"Early on we had product that needed to move, and we were constrained by capacity," he adds. "Now the partnership is much more strategic. That's the direction we're going."

EXPANDING GLOBALLY

3PLs have been leading manufacturers and retailers in new directions as well. As China's economy exploded in the 2000s, and U.S. companies began looking offshore for cheaper labor, they needed help making inroads into new sourcing markets where they had no infrastructure or connections.

Today, that paradigm applies on the sell side as well. Global e-commerce is revolutionizing retail. Growing consumer economies, especially in Asia and Latin America, open new doors for manufacturers and retailers, while reinforcing variable cost, risk-averse outsourcing solutions.

"We became more of an integrated company by looking at our international operations," says Sensing. "We focused on where our customers had needs in North America, Europe, Latin America, and Southeast Asia. That allowed us to grow where customers needed our help, and where we could provide solutions in terms of a global footprint."

Few 3PLs have the global footprint that UPS has developed over the past two decades. "In the early 1990s, UPS acquired a broad range of supply chain capabilities globally," says Alan Amling, vice president of global logistics and distribution, UPS.

Even in 1992, UPS was reaching more than 200 countries and territories with its parcel and package services. When it formed a logistics group one year later, it had a solid foundation to deliver global supply chain management solutions.

"Serving international markets introduces a higher level of complexity to the supply chain," says Amling. "As companies expand to penetrate new markets or



3PLs continue to evolve with the markets they serve. UPS, for example, is expanding services for the high-tech, industrial manufacturing, aerospace and retail industries in line with China's move toward consumption.

pursue improved manufacturing models, they need the logistics expertise, services, and solutions that 3PLs can provide."

That's one reason why New Era eventually followed Menlo Logistics to Europe.

In 2010, the company was looking to open a European DC to serve its growing market there. Menlo operated a facility in Eersel, Netherlands. So New Era opted to go with the 3PL. "We were able to move down the path quicker because of our experiences in the United States," says Patterson.

New Era's positive experience outsourcing distribution and logistics with Menlo also influenced its decision to rely on other local 3PLs to serve unique global markets such as Japan and Korea.

Given the rapidity of change over the past 20 years, it's difficult to even conjure what the supply chain — let alone the 3PL sector — might look like in the near future.

Consider Menlo's trajectory as an example. "When we first started the company, we were a transportation management 3PL," recalls Bianco. "Our first project in 1992 was helping Hewlett Packard with LTL distribution. Then we got into the warehousing business. Today, Menlo provides a full array of logistics services — anything from the supplier to the end user. We even do some manufacturing."

That's not an uncommon narrative.

3PLs continue to diversify their services.

"The 3PL sector will likely become more specialized," predicts Amling. "3PLs will focus more on industry segments and sub-segments, for example focusing not just on the healthcare supply chain, but the medical device supply chain within healthcare."

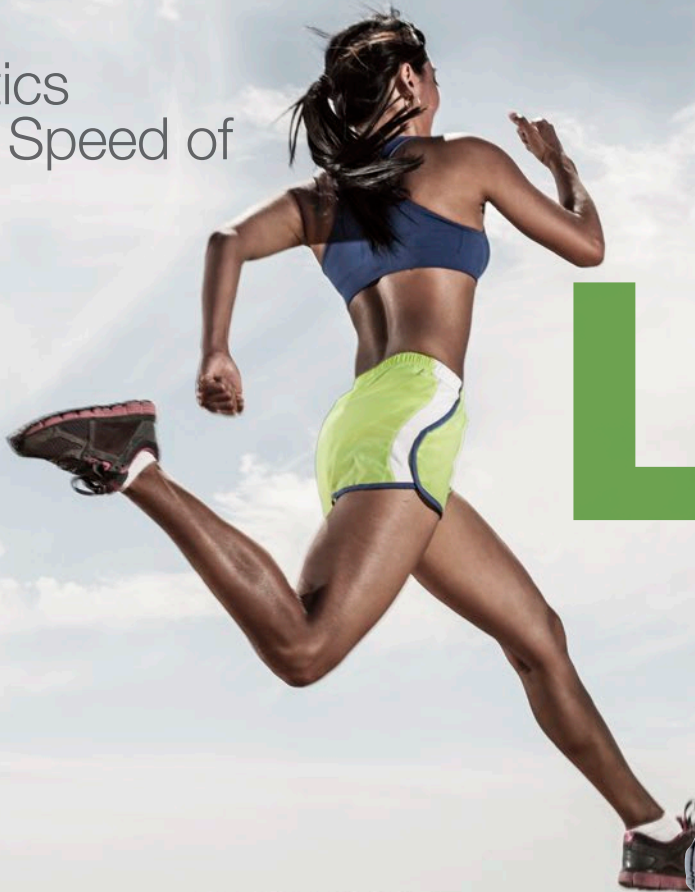
Such specialization raises the profile of 4PL-type models. Also, as global markets continue to open up, there will likely be more competition from service providers in other parts of the world.

An interesting dynamic is building. The industry continues to expand, then contract. Technology and human talent have become competitive differentiators. Non-asset service providers and transportation brokers are flooding the market. But consolidation has been rampant over the past few years. Given capacity constraints, asset-based providers have become more valuable. The cycle continues.

Drake predicts continuous integration is the likely scenario over the next few years. "We know that's the megatrend in technology. We see people working in both directions and both sides of the aisle," she says. "And that's OK. Silos create costs. It's fine for lines to blur."

"Blur" is an apt word to describe the continuing evolution of 3PLs and 3PL partnerships. ■

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3PL PERSPECTIVES

2015

Inbound Logistics' annual market research report documents how 3PLs are evolving their value proposition as growth enablers.

BY JOSEPH O'REILLY

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3PL PERSPECTIVES

Arising economic tide is lifting boats, trucks, trains, and planes in the U.S. transportation and logistics space. While shippers are still mindful of the Great Recession, and the detritus left behind in its wake, many companies have anchored their future to 3PL-managed growth strategies.

One glaring misconception about logistics and supply chain outsourcing is that it's countercyclical — focused solely on averting risk and reducing costs in down times. Those are important drivers. But as industry moves forward, outsourcing's role as a growth enabler is coming full circle again.

Following the recession, many manufacturers and retailers leaned on 3PLs to help streamline supply chains, offload bloated assets and overhead, and squeeze out costs. Austerity was a natural reaction to widespread attrition and contraction. But now, as the U.S. economy continues its rebound, and talk of a manufacturing renaissance resonates in some circles, the outsourcing value proposition is changing once again.

Actually, it's reverting back to pre-2008 conditions, when industry was still in hyper-growth mode. That's the nature of outsourcing. Logistics service providers act as change agents within the customer's enterprise, capable of flexing to different demands and challenges. 3PLs are morphing as well. The days of fixed-asset truck and warehouse companies and short-term contracts are long gone. The third-party logistics sector is considerably more diversified and sophisticated — matching the long, slow climb of supply chain management up the corporate ladder of decision-making.

The 2015 *3PL Perspectives* report documents these changes. Economic optimism provides an unfamiliar backdrop compared to past years, when shipper outsourcing behavior was considerably measured. A number of trends and opportunities — from e-commerce and omni-channel growth to emerging consumer markets — have opened doors for manufacturers and retailers to leverage their supply chains and seize market share. Logistics intermediaries, true to their calling, are in the thick of it.

A New Era of Growth

Following 2014's data, 91 percent of service providers surveyed in *Inbound Logistics' 3PL Perspectives* market research report acknowledge growing their client base by at least five percent over the past year. This compares with 92 percent in 2014, 90 percent in 2013, 88 percent in 2012, and 73 percent five years ago. The takeaway? Outsourcing conversions have seen steady growth following the recession. Accordingly, 94 percent of 3PLs have increased sales at least five percent during the past year, comparable to 2014 figures.

The biggest change over the past two years has been revenue growth. Ninety percent of service providers indicate profits in excess of five percent, up from 82 percent in 2014. Remarkably, 30 percent cite revenue gains in excess of 20 percent. This is a notable trend, as it suggests 3PLs are operating more efficiently. Much of the groundwork laid over the past several years in terms of investing in technology and equipment, developing processes, and recruiting talent is now paying dividends. Falling oil prices have also contributed to better margins.

With expenses under control, as one 3PL explains, intermediaries can be more

Perspectives Methodology

Every year, *Inbound Logistics* conducts an extensive survey of the 3PL market to explore how both logistics service providers and shippers are adapting to change, and pushing the outsourcing needle in new directions.

Our outreach effort comprises two parts. First, *IL* solicited questionnaires from more than 200 3PLs detailing the services they provide and their areas of expertise—geographically, functionally, and vertically. We also asked service providers to supplement this empirical data with contextual insight about business during the past year, relationships with customers, and emerging outsourcing trends.

Secondly, we received input from more than 3,000 3PL users to provide a counter perspective of the different considerations shaping outsourcing decisions.

Inbound Logistics' 3PL Perspectives juxtaposes these two points of view to provide a robust overview of the trends that are impacting the 3PL space, and how shippers and service providers are responding.

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3PL PERSPECTIVES

assertive when selling and cross-selling services.

It's a welcome reprieve for asset-based 3PLs hard hit since 2008. Following the recession, the growth of neutral, asset-light service providers and freight brokers exploded. Even legacy trucking 3PLs started leaning fleets to cut costs.

In 2015, 46 percent of 3PL respondents identify themselves as non-asset-based, compared to 11 percent as asset-based; 43 percent pass as both. These numbers are holding steady.

The brokerage industry has seen a lot of consolidation, partly driven by the \$75,000 surety bond mandate, as well as aggressive venture capital that recognizes a sure investment when it sees one. The bigger brokers are getting bigger. As capacity continues to tighten, asset-light logistics companies become more valuable — to shippers and carriers alike.

The pendulum appears to be swinging back toward asset-based providers, however, especially as fuel costs moderate. Transportation intermediaries that have capacity will come at a premium.

3PLs point to improving economic conditions as the major impetus behind increasing sales and profit growth. Shippers that have made the leap to outsourcing are also expanding their engagements — a healthy sign for the industry. It speaks to the reality that manufacturers and retailers are using 3PLs to grow sales rather than simply improve the bottom line.

“We’ve seen significant rate and volume increases driven by demand — especially given truck capacity concerns, regulatory changes, weather disruptions, rail congestion, and market share gains,” says one 3PL survey respondent.

Others acknowledge they are cross-selling services to existing clients with great success. There’s also a lot of pent up demand as companies start taking more risks after years of hunkering down.

3PLs At A Glance

ASSET-BASED OR NON-ASSET BASED

Non-asset-based	46%
Asset-based	11%
Both	43%

INDUSTRIES SERVED

Manufacturing	91%
Retail	88%
Transportation (includes 3PLs, warehousing, carriers, international trade)	83%
Wholesale	82%
e-Business	59%
Services/Government	57%

VERTICAL SPECIALIZATION

Consumer Packaged Goods (CPG)	87%
Food & Beverage	82%
Electronics	75%
Construction & Building Materials	72%
Apparel/Textile	70%
Automotive	68%
Healthcare	66%
Furniture	66%
Pharmaceuticals	60%
Grocery	59%
Chemicals	57%
Agriculture	50%
Aerospace	46%
Oil & Gas	44%
Renewable Energy (Wind & Solar)	43%
Trade Show	40%

CERTIFICATIONS

SmartWay	63%
C-TPAT	48%
ISO	38%
Lean	27%
Six Sigma	25%
AIB	18%
Responsible Care	9%
ICCA	8%

LOGISTICS SERVICES & CAPABILITIES

Inbound Logistics	85%
Integrated Logistics	82%
JIT	71%
Inventory Management	69%
Lead Logistics Provider/4th-Party Logistics	67%
Vendor Management	63%
Logistics Process Reengineering	61%
Shared Services (co-locating, collaborative distribution)	55%
Payment Auditing/Processing	48%
Global Trade Services	43%

TRANSPORTATION SERVICES & CAPABILITIES

Truckload	95%
LTL	91%
Intermodal	87%
Rail	75%
Ocean	69%
Air Cargo	68%
Dedicated Contract Carriage	64%
Final Mile	54%
Small Package	52%
Bulk	49%
Equipment/Drivers	37%
Fleet Acquisition	24%

WAREHOUSING SERVICES & CAPABILITIES

Crossdocking	80%
Fulfillment	72%
Pick/Pack, Subassembly	70%
Transloading	69%
Vendor Managed Inventory	63%
DC Management	61%
Site Selection	50%

SPECIAL SERVICES

Logistics/Transportation Consulting	86%
Direct to Store	79%
Import/Export/Customs	71%
Reverse Logistics/Product Lifecycle Management	68%
Sustainability/Green Logistics	53%
Direct to Home	48%
Marketing/Customer Service	47%
Foreign Trade Zone	46%
Contingency/Crisis Planning	37%
Labor Management	34%
Global Expansion (sourcing and selling)	23%
Security Analysis	21%

TECHNOLOGY/WEB SERVICES & CAPABILITIES

EDI	94%
TMS	85%
Visibility	82%
Optimization	70%
WMS	66%
Customer Relationship Management/Supplier Relationship Management	64%
Freight Payment/Claims/Auditing	64%
Supply Chain Design (modeling, simulation)	53%
Wireless/RFID	51%
Sustainability	46%
ERP	41%
Predictive Analytics	38%
Global Trade Management	33%

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“The increase in profit and sales is attributed to market demands and growth in the past few years compared to the previous five,” adds a 3PL respondent. “The stability in the customer base is supported by a focus on customer development rather than simple volume gain.”

To that end, logistics companies are increasingly embedded within their customers’ supply chains. Whereas traditional outsourcing arrangements were transactional in nature, today they are true partnerships. More 3PLs are using Lean principles (27 percent in 2015 vs. 24 percent in 2014) and Six Sigma (25 percent in 2015) to extend the terms of fixed contracts. Continuous improvement mandates drive the 3PL value proposition, especially as the big data trend accelerates. Service providers are vested in customer success or failure. Additionally, greater emphasis on data analytics and business process strategy tether 3PLs to customers in a much more integrated way — for better or worse.

Manufacturing (91 percent), retail (88 percent), and service (83 percent) industries — which include 3PLs, carriers, and warehouses — remain the top three verticals that logistics service providers target. The

explosion in non-asset 3PLs and freight brokers ensures the industry serves both sides of the aisle, shippers and intermediaries alike.

One interesting footnote is a noticeable shift in 3PLs taking a more sector-specific approach to developing and delivering supply chain solutions. “We’re growing vertically through other product lines,” says one respondent. “Our focus is on developing niche specialization in different verticals,” adds another.

A few factors drive this trend. First, there’s demand. It makes sense for 3PLs to develop specialized solutions for hyper-growth industries, especially those with unique requirements. This year, 3PLs report marked upticks serving healthcare (66 percent vs. 60 percent in 2014), oil and gas (44 percent vs. 39 percent), furniture (66 percent vs. 58 percent), and renewable energy (43 percent vs. 34 percent).

The growth in furniture business is likely tied to economic recovery and robust housing growth; healthcare is driven by the Affordable Care Act and an otherwise bloated system; oil and gas growth reflects the cost pressures global commodity industries face in a bear market; and renewable energy is a popular investment given

increasing environmental regulations.

A second reason behind the sector-specific approach is that shippers are becoming more amenable to working with competitors on the supply side. Whether it’s helping to create industry standards, sharing environmental best practices, or pooling freight to reduce costs, they have greater incentive to collaborate — especially where unique requirements, regulations, and risks add cost.

Shipper Challenges, 3PL Solutions

Considering the challenges confronting shippers in today’s market, it’s still back to basics. Sixty-five percent of surveyed 3PLs identify capacity as their customers’ biggest concern (see Figure 1), followed by technology investment (58 percent), recruiting and retaining labor (57 percent), and regulations (47 percent).

“The driver shortage that has impacted our entire industry has forced many new customers to seek out partners that can secure capacity,” says one 3PL source. The motivation to outsource is as simple as that.

Otherwise, cost reduction across the board is the bait that attracts customers.

Among shippers, priorities are slightly different. Cutting transport costs is the top-rated challenge, according to 47 percent of respondents (see Figure 2). Business process improvement (26 percent), better customer service (23 percent), and supply chain visibility (17 percent) follow respectively.

3PLs rate technology investment highly among customer concerns because IT is ultimately the means to reduce costs, increase visibility, and affect business process change. The advent of cloud networks and on-demand solutions, have unlocked new potential in the supply chain. It’s also another reason why shippers make the initial decision to outsource.

Technology implementation is a major undertaking — and risk. Some asset-light service providers are leveraging IT to

FIGURE 1 What is the greatest challenge 3PLs face?





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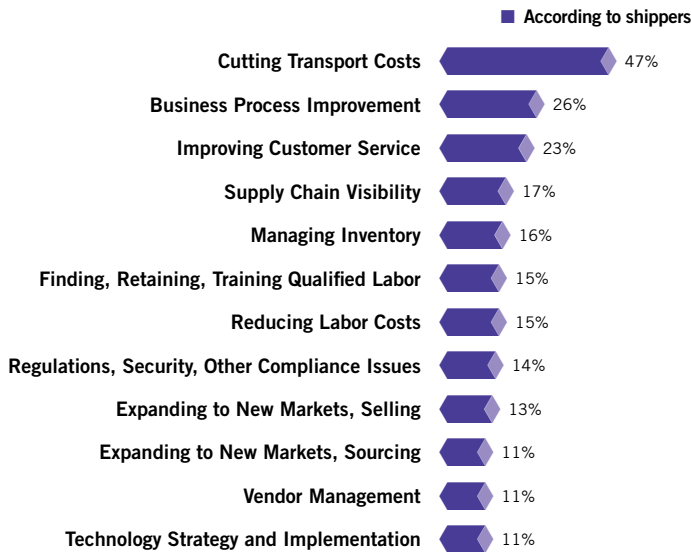
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FIGURE 2 What is the greatest challenge shippers face?



develop managed services that reinforce their value proposition. Not all 3PLs moonlight on the development side, but many have a track record helping companies integrate and optimize new solutions.

Alternatively, the 3PL sector has become yet another wholesale channel for logistics and supply chain technology vendors. 3PLs can better bundle solutions and services that best meet customer demand.

As for specific solutions, EDI compliance has become standard, with 94 percent of 3PLs providing this capability. TMS (85 percent), visibility (82 percent), optimization (70 percent), and WMS solutions (66 percent) round out the top IT capabilities that logistics intermediaries offer.

One notable shift in 2015 is the growing use of predictive analytics, which jumped from 28 percent traction among 3PLs in 2014 to 38 percent this year. In concert with supply chain design solutions—which 53 percent of logistics service providers offer—shippers are relying on service providers to assume a more strategic role in how they align and optimize their supply chains.

Whether it's configuring distribution

nodes and networks to match omni-channel expectations, modeling contingency plans, or integrating new sourcing and selling locations, service providers are taking on an additional layer of responsibility beyond tactical operations.

As further evidence of this shift, when asked “What strategies are 3PLs and shippers using to manage current challenges?” 55 percent of service providers note supply chain design—tops on the list (see Figure 3).

Transportation and Distribution

Reducing costs remains the primary driver behind outsourcing activity in today's market. But the context is changing. During the Great Recession, shippers were challenged by slack consumer demand, declining freight volumes, poor asset utilization, and fluctuating fuel costs. The market contracted and industry had to respond in kind.

Today's economics present a different dynamic. E-commerce growth is rampant. The evolution of omni-channel retailing

and expedited deliveries places more pressure on shippers to match consumer expectations without breaking the bank. All the while, driver shortages and trucking capacity remain concerns.

These pressures directly impact the types of services 3PLs provide customers. On the transportation side, little has changed. Truckload is still the sweet spot for asset- and non-asset-based 3PLs alike with 95 percent of respondents indicating as much. This is followed by LTL (91 percent), intermodal (87 percent), rail (75 percent), and ocean (69 percent).

E-commerce continues to rewrite outsourcing rules. It's a growth area for 3PLs, with 59 percent specifically targeting e-business.

The biggest change between 2015 and 2014 is the number of service providers that offer final-mile transportation services—54 percent vs. 49 percent. This growth is indicative of how e-commerce impacts transportation. Last-mile logistics, especially when capacity is tight, presents obvious cost challenges—especially for retailers. If companies such as Amazon and Walmart offer “free shipping” to consumers for a nominal yearly fee, they need to amortize that added cost. Other retailers have been forced to consider delivering similar guarantees to customers. Supply chain, then, becomes a competitive advantage.

This complexity is equally apparent inside the four walls. There's a corollary spike in 3PLs that provide fulfillment services in 2015—72 percent vs. 67 percent in 2014. Meanwhile, crossdocking remains the top 3PL warehouse service, according to 80 percent of respondents.

More telling, 3PLs are ramping up direct-to-store (79 percent in 2015 vs. 73 percent in 2014) and direct-to-home services (48 percent vs. 38 percent). As final-mile velocity picks up, shippers have to reduce touches, increase turns, and reduce costs. How and where they position inventory becomes a competitive



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differentiator. To that end, 63 percent of service providers help facilitate vendor-managed inventory programs that share risk and cost.

Exploring New Markets

One decade ago, 3PLs were helping manufacturers and retailers make inroads in new sourcing locations— notably China. Today, they are helping companies expand into consumer markets as well. The pendulum has swung from supply to demand as global economies continue to develop. To point, 23 percent of 3PLs provide global expansion services, compared to just eight percent in 2014.

There's room for growth, as more shipper respondents are challenged by expanding to new markets to sell into (13 percent) than source from (11 percent), according to 2015 data.

A growing global middle class challenges manufacturers and retailers to think carefully about how they align their supply chains. Is nearshoring production the best option if future growth is centered on Asia? Does regionalizing supply chains and sourcing closer to demand make better sense than centralized control?

Global e-commerce opens the door to small and mid-sized businesses as well. Retailers are no longer beholden by brick and mortar. 3PLs provide the technology, connections, and infrastructure on the ground to help businesses test new markets with less upfront investment and risk.

Outside North America, logistics service providers are expanding their coverage in Europe (80 percent) and Asia (46 percent) (see Figure 4). Shippers are outsourcing more in Asia (22 percent) than Europe (20 percent), which is to be expected given more localized challenges. South America/Central America (15 percent) follows in terms of need.

As the economy improves and capacity tightens, shippers have less leverage to

FIGURE 3 What strategies are shippers and 3PLs using to manage current challenges?

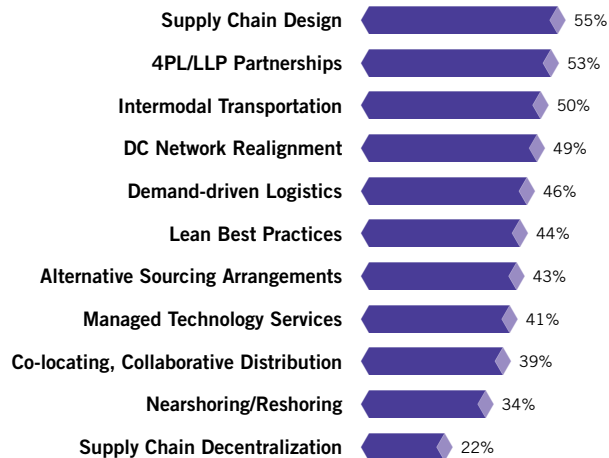
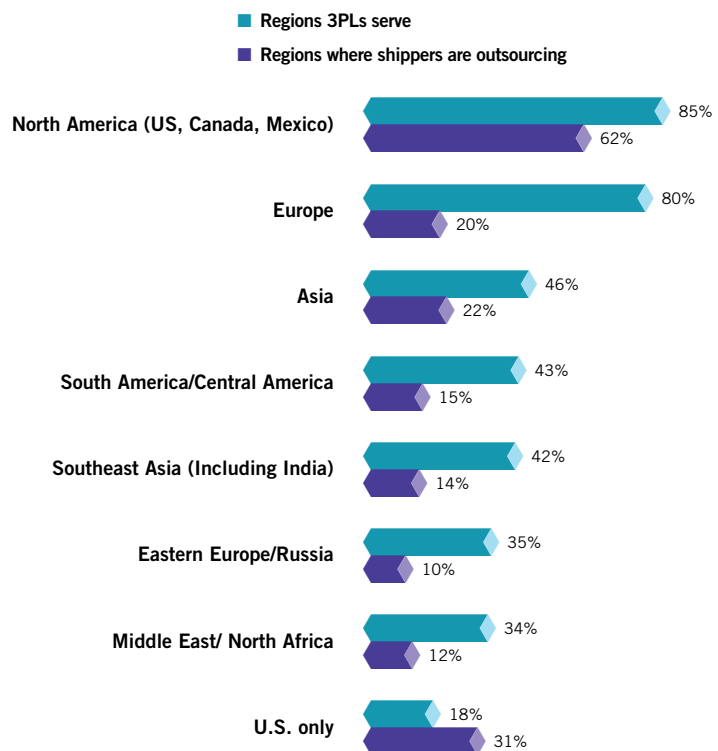


FIGURE 4 Geographic scope



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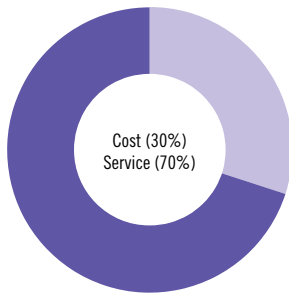
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FIGURE 5
What's most important?

■ Shippers say



negotiate. They can't dictate terms as they did during the recession. So, while cost containment is still a priority, shippers invariably are looking to squeeze more value out of their outsourcing engagements.

In 2015, 70 percent of surveyed shippers (see Figure 5) say that customer service is more important than cost.

Customer service is increasingly important as consumer expectations ramp up. E-commerce has skewed perceptions of acceptable speed and availability. Consumers expect as much in the store and online. These new standards bubble up throughout the supply chain. B2B transactions are impacted just as much.

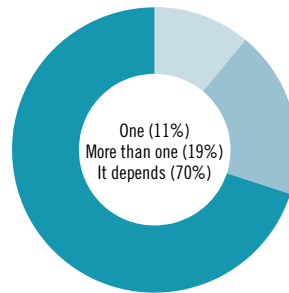
That's why shippers have to assess their cost to serve, segment customers accordingly, and work back through the supply chain to assure they meet expected service level requirements. This is the new norm.

This dynamic feeds into the 3PL value proposition. It's not just about cost anymore. Such expectations breed more collaborative partnerships that focus on qualitative factors as much as quantitative ones. Many shippers are relying on 3PLs to help drive data analytics and modeling that provide deeper operations detail — where they can better forecast demand and supply variables, as well as identify where problems exist and why.

Customer service is the number one

FIGURE 6
Should shippers partner with one 3PL or more than one?

■ 3PLs say



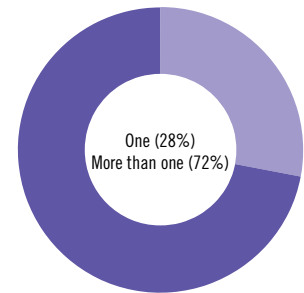
reason 3PL partnerships fail, according to 43 percent of polled shippers, followed by failed expectations (16 percent), cost (15 percent), and more competitive options (14 percent). The latter consideration is important. An abundance of 3PLs are waiting to pick up business where peers have failed. The cost of recruiting new customers is far more expensive than retaining existing clients, putting even more pressure on service providers to meet expectations.

3PL specialization — by vertical, function, and geography — has similarly given shippers more reason to consider multiple outsourcing partners. Logistics providers recognize this as well.

Eighty-nine percent of 3PL respondents

FIGURE 7
How many 3PLs do you use?

■ Shippers say



believe customers should consider partnering with more than one service provider, while only 11 percent feel customers should work with one partner (see Figure 6). Shipper respondents hold a common view — 72 percent use more than one 3PL, while only 28 percent have found a one-stop-shop solution (see Figure 7).

Such reciprocity is also driving more 4PL-type partnerships between shippers and service providers. This trend is likely to grow as 3PLs drive Lean best practices and assume a more strategic oversight role. Accordingly, 53 percent of service provider respondents cite 4PL/LLP partnerships as another favored strategy for meeting customer challenges. ■

2015 Top 100 3PLs

Inbound Logistics' 20th-annual Top 100 3PL list, as selected by *IL* editors, complements *3PL Perspectives*. This annual compendium celebrates logistics service providers that are at the top of their game while detailing the broad array of services and solutions these companies provide.

Pulling together this list of Top 100 3PLs demands a great deal of due diligence. More than 200 companies submitted questionnaires for consideration this year, and *IL* editors conducted a careful analysis of surveys, phone interviews, and online research to qualify and vet these selections.

What do you think? Does the information we provide serve as a resource for your business? Does it support trends you see in your day-to-day operations? Let us know: editor@inboundlogistics.com

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TOP 100 3PL[®] PROVIDERS 2015

COMPANY PHONE WEB ADDRESS	ASSET-OR NON-ASSET BASED	AREAS SERVED						MARKETS SERVED					VERTICAL SPECIALIZATION(S)	LOGISTICS SERVICES										
		ASIA/SOUTHEAST ASIA	MIDDLE EAST/NORTH AFRICA	EUROPE	EASTERN EUROPE/RUSSIA	SOUTH/CENTRAL AMERICA	US/CANADA/MEXICO	US ONLY	MANUFACTURING	RETAIL	WHOLESALE	E-BUSINESS		SERVICE INDUSTRIES/GOVERNMENT	TRANSPORTATION	LLP/4TH PARTY LOGISTICS	INTEGRATED LOGISTICS	JIT	GLOBAL TRADE SERVICES	INBOUND LOGISTICS	LOGISTICS PROCESS REENGINEERING	PAYMENT AUDITING/PROCESSING	INVENTORY MANAGEMENT	VENDOR MANAGEMENT
A&R Logistics 815-941-6556 ardoingitright.com	B	●	●	●	●	●	●	●	●	●	●	●	●	AERO, AGRI, APP, AUTO, CHEM, CPG, F&B, FURN, GROG, O&G	●	●	●	●	●	●	●	●	●	●
A.N. Deringer 888-612-6239 anderinger.com	N	●	●	●	●	●	●	●	●	●	●	●	●	AERO, AGRI, APP, AUTO, CHEM, CONS, CPG, ELEC, ENER, F&B, FURN, GROG, HEALTH, O&G, PHARMA	●	●	●	●	●	●	●	●	●	●
Agility 714-617-6300 agility.com	B	●	●	●	●	●	●	●	●	●	●	●	●	AERO, AGRI, APP, AUTO, CHEM, CONS, CPG, ELEC, ENER, F&B, FURN, HEALTH, O&G, PHARMA, TRADE	●	●	●	●	●	●	●	●	●	●
Alliance Shippers 201-227-0400 alliance.com	A	●	●	●	●	●	●	●	●	●	●	●	●	AERO, AGRI, APP, AUTO, CHEM, CONS, CPG, ELEC, F&B, FURN, GROG, HEALTH, PHARMA, TRADE	●	●	●	●	●	●	●	●	●	●
Americold 888-808-4877 americold.com	A	●	●	●	●	●	●	●	●	●	●	●	●	F&B, HEALTH, PHARMA	●	●	●	●	●	●	●	●	●	●
APL Logistics 602-486-4800 apllogistics.com	B	●	●	●	●	●	●	●	●	●	●	●	●	APP, AUTO, CHEM, CPG, ELEC, F&B	●	●	●	●	●	●	●	●	●	●
Armada 412-406-5700 armada.net	N	●	●	●	●	●	●	●	●	●	●	●	●	CPG, F&B, GROG	●	●	●	●	●	●	●	●	●	●
Associated Global Systems 516-627-8910 agsystems.com	B	●	●	●	●	●	●	●	●	●	●	●	●	AERO, APP, AUTO, CONS, CPG, ELEC, FURN, HEALTH, O&G, TRADE	●	●	●	●	●	●	●	●	●	●
Atlanta Bonded Warehouse Corp. 678-264-2720 atlantabonded.com	A	●	●	●	●	●	●	●	●	●	●	●	●	AGRI, CHEM, CPG, ELEC, F&B, FURN, GROG, HEALTH, PHARMA	●	●	●	●	●	●	●	●	●	●
BDP International 215-629-8900 bdpinternational.com	N	●	●	●	●	●	●	●	●	●	●	●	●	APP, AUTO, CHEM, CONS, CPG, ELEC, F&B, FURN, HEALTH, O&G	●	●	●	●	●	●	●	●	●	●
Bender Group 800-621-9402 bendergroup.com	B	●	●	●	●	●	●	●	●	●	●	●	●	APP, AUTO, CHEM, CONS, CPG, ELEC, F&B, FURN, HEALTH, PHARMA	●	●	●	●	●	●	●	●	●	●
BNSF Logistics 855-481-9658 bnsflogistics.com	N	●	●	●	●	●	●	●	●	●	●	●	●	AERO, AGRI, AUTO, CHEM, CONS, CPG, ELEC, ENER, F&B, FURN, GROG, HEALTH, O&G, PHARMA	●	●	●	●	●	●	●	●	●	●
C.H. Robinson 952-683-3950 chrobinson.com	N	●	●	●	●	●	●	●	●	●	●	●	●	AERO, AGRI, APP, AUTO, CHEM, CONS, CPG, ELEC, ENER, F&B, FURN, GROG, HEALTH, O&G, PHARMA, TRADE	●	●	●	●	●	●	●	●	●	●
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TOP 100 3PL® PROVIDERS 2015

COMPANY PHONE WEB ADDRESS	ASSET KEY A Asset-based N Non-asset Based B Both	AREAS SERVED						MARKETS SERVED					VERTICAL SPECIALIZATION(S)	LOGISTICS SERVICES													
		ASSET- OR NON-ASSET BASED	ASIA/SOUTHEAST ASIA	MIDDLE EAST/NORTH AFRICA	EUROPE	EASTERN EUROPE/RUSSIA	SOUTH/CENTRAL AMERICA	US/CANADA/MEXICO	US ONLY	MANUFACTURING	RETAIL	WHOLESALE		E-BUSINESS	SERVICE INDUSTRIES/GOVERNMENT	TRANSPORTATION	LLP/4TH PARTY LOGISTICS	INTEGRATED LOGISTICS	JIT	GLOBAL TRADE SERVICES	INBOUND LOGISTICS	LOGISTICS PROCESS REENGINEERING	PAYMENT AUDITING/PROCESSING	INVENTORY MANAGEMENT	VENDOR MANAGEMENT	SHARED SERVICES	
CaseStack 855-638-3500 casestack.com	N						●		●	●	●	●	●	APP, CONS, CPG, ELEC, F&B, FURN, GROC, PHARMA, TRADE	●								●	●	●	●	●
Celadon Logistics 800-235-2366 celadonlogistics.com	B						●		●	●	●		●	AUTO, CHEM, CONS, CPG, ELEC, F&B, GROC, HEALTH	●	●	●					●	●	●	●	●	●
CEVA Logistics 800-888-4949 cevalogistics.com	B	●	●	●	●	●	●		●	●	●	●	●	AERO, APP, AUTO, CHEM, CONS, CPG, ELEC, ENER, F&B, FURN, GROC, HEALTH, O&G, PHARMA, TRADE	●	●	●	●	●	●	●	●	●	●	●	●	●
CLX Logistics 800-288-4851 clxlogistics.com	N	●	●	●	●	●	●		●	●	●		●	AGRI, APP, AUTO, CHEM, CONS, CPG, ELEC, F&B, O&G, PHARMA	●	●		●	●	●	●	●	●	●	●	●	●
Commercial Warehousing 863-967-6801 commercialwarehousing.com	B						●		●	●			●	CONS, CPG, F&B, FURN, GROC		●	●							●		●	●
Corporate Traffic 904-727-0051 corporate-traffic.com	B	●	●	●	●	●	●		●	●	●	●	●	APP, CONS, CPG, ELEC, F&B, FURN, GROC, HEALTH, TRADE	●	●	●	●	●	●	●	●	●	●	●	●	●
Coyote Logistics 773-365-8983 coyote.com	N						●		●	●	●	●	●	AERO, AGRI, APP, AUTO, CHEM, CONS, CPG, ELEC, ENER, F&B, FURN, GROC, HEALTH, O&G, PHARMA, TRADE	●	●	●					●	●	●	●	●	●
Crane Worldwide Logistics 888-870-2726 craneww.com	N	●	●	●		●	●		●	●	●		●	AERO, AGRI, APP, AUTO, CHEM, CONS, CPG, ELEC, ENER, F&B, FURN, GROC, HEALTH, O&G, PHARMA, TRADE		●	●	●	●	●	●	●	●	●	●	●	●
Crowley Logistics 800-342-8226 crowley.com	B	●	●	●	●	●	●		●	●	●	●	●	AERO, AGRI, APP, AUTO, CHEM, CONS, CPG, ELEC, ENER, F&B, FURN, GROC, HEALTH, O&G, PHARMA	●	●	●	●	●	●	●	●	●	●	●	●	●
CRST Logistics 800-736-2778 CRST.com	B						●		●	●	●	●	●	AERO, AGRI, APP, AUTO, CHEM, CONS, CPG, ELEC, ENER, F&B, FURN, GROC, HEALTH, O&G, PHARMA, TRADE	●	●	●					●	●	●	●	●	●
CT Logistics 216-267-2000 ctlogistics.com	B						●		●	●	●	●	●	APP, AUTO, CHEM, CONS, CPG, F&B, FURN, GROC, HEALTH	●	●	●	●	●	●	●	●	●	●	●	●	●
DB Schenker 516-377-3000 dbschenkerusa.com	N	●	●	●	●	●	●		●	●	●	●	●	AERO, AGRI, APP, AUTO, CHEM, CONS, CPG, ELEC, ENER, F&B, FURN, GROC, HEALTH, O&G, PHARMA, TRADE	●	●	●	●	●	●	●	●	●	●	●	●	●
Dependable Distribution Companies 323-768-2626 godependable.com	B	●	●	●	●	●	●		●	●	●	●	●	AERO, AGRI, APP, AUTO, CHEM, CONS, CPG, ELEC, ENER, F&B, FURN		●			●								
DSC Logistics 847-390-6800 dsclogistics.com	B						●		●	●	●	●	●	APP, CPG, ELEC, F&B, FURN, GROC, HEALTH, PHARMA	●	●	●	●	●	●	●	●	●	●	●	●	●
Dupré Logistics 800-356-3659 duprelogistics.com	B						●		●	●	●	●	●	AGRI, AUTO, CHEM, CONS, CPG, ENER, F&B, GROC, O&G	●	●	●					●	●	●	●	●	●
Echo Global Logistics 800-354-7993 echo.com	N						●		●	●	●	●	●	AERO, AGRI, APP, AUTO, CHEM, CONS, CPG, ELEC, ENER, F&B, FURN, GROC, HEALTH, O&G, PHARMA, TRADE	●	●	●	●	●	●	●	●	●	●	●	●	●
England Logistics 801-656-4500 englandlogistics.com	N						●		●	●	●	●	●	AERO, AGRI, APP, AUTO, CHEM, CONS, CPG, ELEC, ENER, F&B, FURN, GROC, HEALTH, O&G, PHARMA, TRADE		●	●	●	●	●	●	●	●	●	●	●	●

TOP 100 3PL® PROVIDERS 2015

COMPANY PHONE WEB ADDRESS	ASSET KEY A Asset-based N Non-asset Based B Both	AREAS SERVED						MARKETS SERVED					VERTICAL SPECIALIZATION(S)	LOGISTICS SERVICES											
		ASSET-OR NON-ASSET BASED	ASIA/SOUTHEAST ASIA	MIDDLE EAST/NORTH AFRICA	EUROPE	EASTERN EUROPE/RUSSIA	SOUTH/CENTRAL AMERICA	US/CANADA/MEXICO	US ONLY	MANUFACTURING	RETAIL	WHOLESALE		E-BUSINESS	SERVICE INDUSTRIES/GOVERNMENT	TRANSPORTATION	LLP/4TH PARTY LOGISTICS	INTEGRATED LOGISTICS	JIT	GLOBAL TRADE SERVICES	INBOUND LOGISTICS	LOGISTICS PROCESS REENGINEERING	PAYMENT AUDITING/PROCESSING	INVENTORY MANAGEMENT	VENDOR MANAGEMENT
Evans Distribution Systems 313-388-3200 evansdist.com	B						●		●	●	●	●	●	●	AERO, APP, AUTO, CHEM, CONS, CPG, ELEC, ENER, F&B, FURN, HEALTH, O&G, PHARMA, TRADE	●	●		●				●	●	
Exel 877-272-1054 exel.com	N	●	●	●	●	●	●	●	●	●	●	●	●	●	AERO, AGRI, APP, AUTO, CHEM, CONS, CPG, ELEC, ENER, F&B, FURN, GROC, HEALTH, O&G, PHARMA	●	●	●	●	●	●	●	●	●	●
Expeditors 206-674-3400 expeditors.com	B	●	●	●	●	●	●	●	●	●	●	●	●	●	AERO, APP, AUTO, CPG, ELEC, ENER, F&B, FURN, HEALTH, O&G, PHARMA, TRADE	●	●	●	●	●	●	●	●	●	●
FIDELITONE 800-475-0917 fidelitone.com	B						●	●	●	●	●	●	●		APP, CONS, CPG, ELEC, F&B, FURN, HEALTH, TRADE	●	●	●		●	●	●	●	●	●
FLS Transportation Services 514-739-0939 flstransport.com	N						●	●	●	●	●	●	●	●	AGRI, APP, AUTO, CONS, CPG, ELEC, ENER, F&B, FURN, GROC, HEALTH, PHARMA, TRADE										
GENCO, A FedEx Company 800-378-9671 genco.com	N						●	●	●	●	●	●	●	●	APP, CONS, CPG, ELEC, F&B, FURN, GROC, HEALTH, PHARMA	●			●	●	●	●	●	●	●
GEODIS 732-362-0600 geodis.com	N	●	●	●	●	●	●	●	●	●	●	●	●	●	AERO, APP, AUTO, CHEM, CONS, CPG, ELEC, ENER, F&B, FURN, HEALTH, O&G, PHARMA	●	●	●	●	●	●	●	●	●	●
GlobalTranz Enterprises 866-275-1407 globaltranz.com	N						●	●	●	●	●	●	●	●	AERO, AGRI, APP, CONS, CPG, ELEC, F&B, FURN, GROC, PHARMA, TRADE	●	●		●	●					
Hellmann Worldwide Logistics 305-406-4500 hellmann.net	N	●	●	●	●	●	●				●	●	●	●	AGRI, APP, AUTO, CHEM, CONS, CPG, ELEC, ENER, F&B, FURN, GROC, HEALTH, O&G, PHARMA, TRADE	●	●	●	●				●	●	●
Ingram Micro Supply Chain Solutions 714-382-4845 ingrammicro.com	N	●	●	●	●	●	●	●	●	●	●	●	●	●	APP, CPG, ELEC, FURN, HEALTH, TRADE	●	●	●	●	●	●	●	●	●	●
Inmar 336-631-2500 inmar.com	B						●	●	●	●	●	●	●	●	APP, AUTO, CPG, ELEC, F&B, GROC, HEALTH, PHARMA	●						●	●		
J.B. Hunt Transport 479-820-0000 jbhunt.com	B						●	●	●	●	●	●	●	●	AERO, AGRI, APP, AUTO, CHEM, CONS, CPG, ELEC, ENER, F&B, FURN, GROC, HEALTH, O&G, PHARMA, TRADE	●	●	●	●	●	●	●	●	●	●
Johanson Transportation Service 559-458-2200 johansontrans.com	N	●		●		●	●	●	●	●	●	●	●	●	AGRI, APP, AUTO, CHEM, CONS, CPG, ELEC, ENER, F&B, FURN, GROC, HEALTH, PHARMA, TRADE	●	●	●		●	●	●	●	●	●
Kane Is Able 888-356-5263 kaneisable.com	B						●	●	●		●	●	●	●	CPG, F&B, GROC, HEALTH	●							●	●	●
Kenco 800-758-3289 kencogroup.com	B						●	●	●	●	●	●	●	●	APP, AUTO, CONS, CPG, ELEC, F&B, FURN, GROC, HEALTH, PHARMA	●	●	●		●	●	●	●	●	●
Kuehne + Nagel 201-413-5500 kuehne-nagel.com	N	●	●	●	●	●	●	●	●	●	●	●	●	●	AERO, AGRI, APP, AUTO, CHEM, CONS, CPG, ELEC, ENER, F&B, FURN, GROC, HEALTH, O&G, PHARMA, TRADE	●	●	●	●	●	●	●	●	●	●
Landstar System 877-696-4507 landstar.com	N	●	●	●	●	●	●	●	●	●	●	●	●	●	AERO, AGRI, APP, AUTO, CHEM, CONS, CPG, ELEC, ENER, F&B, FURN, GROC, HEALTH, O&G, PHARMA, TRADE	●	●	●	●	●					

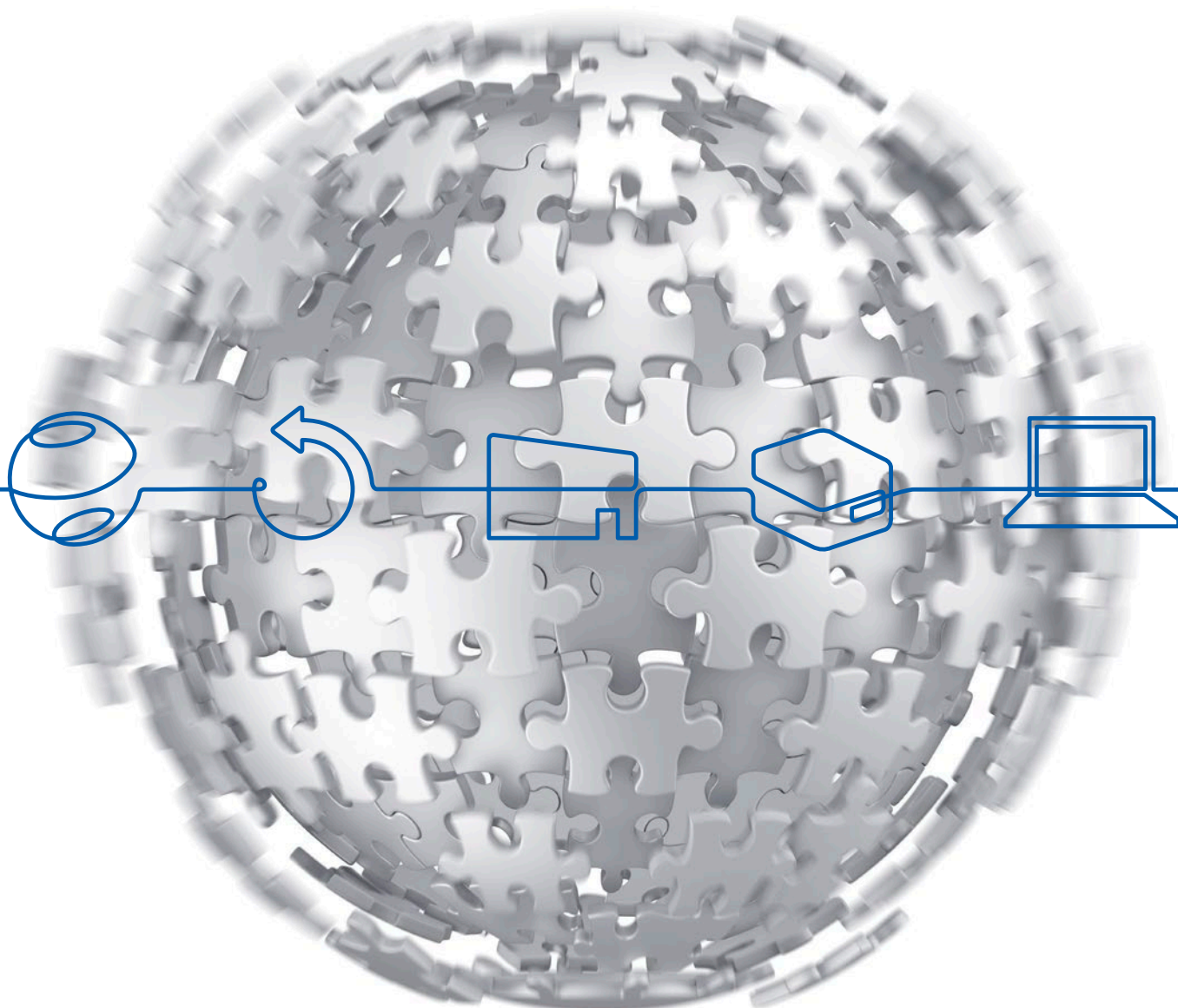
TOP 100 3PL[®] PROVIDERS 2015

COMPANY PHONE WEB ADDRESS	ASSET-OR NON-ASSET BASED	AREAS SERVED						MARKETS SERVED					VERTICAL SPECIALIZATION(S)	LOGISTICS SERVICES												
		ASIA/SOUTHEAST ASIA	MIDDLE EAST/NORTH AFRICA	EUROPE	EASTERN EUROPE/RUSSIA	SOUTH/CENTRAL AMERICA	US/CANADA/MEXICO	US ONLY	MANUFACTURING	RETAIL	WHOLESALE	E-BUSINESS		SERVICE INDUSTRIES/GOVERNMENT	TRANSPORTATION	LLP/4TH PARTY LOGISTICS	INTEGRATED LOGISTICS	JIT	GLOBAL TRADE SERVICES	INBOUND LOGISTICS	LOGISTICS PROCESS REENGINEERING	PAYMENT AUDITING/PROCESSING	INVENTORY MANAGEMENT	VENDOR MANAGEMENT	SHARED SERVICES	
LEGACY Supply Chain Services 877-401-9948 LEGACYscs.com	B						●	●	●					AUTO, CPG, ELEC, F&B, GROC, HEALTH	●											
LeSaint Logistics 630-243-5950 lesaint.com	B						●	●	●	●	●	●	●	APP, CHEM, CPG, ELEC, ENER, FURN	●	●	●		●	●	●	●	●	●	●	
Lynden 888-596-3361 lynden.com	A	●	●	●	●	●	●	●	●	●		●	●	AERO, AGRI, APP, AUTO, CHEM, CONS, CPG, ELEC, ENER, F&B, FURN, GROC, HEALTH, O&G, PHARMA, TRADE		●	●		●		●	●	●			
LynnCo Supply Chain Solutions 866-872-3264 lynnco-scs.com	N	●		●			●	●	●		●			AERO, AGRI, APP, AUTO, CONS, CPG, ELEC, ENER, FURN, O&G	●	●	●	●	●	●	●	●	●	●	●	
Mallory Alexander Int'l. Logistics 800-257-8464 mallorygroup.com	N	●	●	●	●	●	●	●	●	●	●	●	●	AERO, AGRI, APP, AUTO, CHEM, CONS, CPG, ELEC, ENER, F&B, FURN, GROC, HEALTH, O&G, PHARMA, TRADE	●	●	●	●	●	●	●	●	●	●	●	
Matson Logistics 925-887-6237 matson.com	B	●					●	●	●	●	●	●	●	AGRI, APP, CHEM, CONS, CPG, ELEC, ENER, F&B, FURN, GROC, HEALTH, TRADE		●	●		●			●	●	●	●	
MD Logistics 317-838-8900 mdlogistics.com	B	●		●			●	●	●	●		●	●	APP, CPG, ELEC, HEALTH, PHARMA	●	●	●	●	●			●	●	●	●	
Menlo Logistics 415-486-2660 menlogistics.com	N	●		●	●	●	●	●	●	●	●	●	●	AERO, APP, AUTO, CHEM, CONS, CPG, ELEC, F&B, HEALTH, O&G, PHARMA	●	●	●		●	●	●	●	●	●	●	
MIQ Logistics 913-696-7100 miq.com	N	●	●	●	●	●	●	●	●	●	●	●	●	AERO, AGRI, APP, AUTO, CONS, CPG, ELEC, ENER, F&B, FURN, GROC, HEALTH, O&G	●	●	●	●	●	●	●	●	●	●	●	
National Retail Systems 201-330-1900 NationalRetailSystems.com	A						●	●	●		●			APP, AUTO, CONS, CPG, ELEC, F&B, FURN, GROC, PHARMA, TRADE		●	●		●						●	
Neovia Logistics Services 469-513-7000 neovialogistics.com	B	●	●	●	●	●	●	●	●	●	●	●	●	AERO, AGRI, APP, AUTO, CHEM, CONS, CPG, ELEC, ENER, FURN, HEALTH, O&G	●	●	●	●	●	●	●	●	●	●	●	
NFI 877-634-3777 nfiindustries.com	B	●					●	●	●	●	●	●	●	AERO, APP, AUTO, CONS, CPG, ELEC, ENER, F&B, FURN, GROC, HEALTH, PHARMA	●	●	●	●	●	●	●	●	●	●	●	
Odyssey Logistics & Technology 855-412-0200 odysseylogistics.com	B	●	●	●	●	●	●	●	●	●		●	●	AERO, AGRI, APP, AUTO, CHEM, CONS, CPG, ELEC, ENER, F&B, GROC, HEALTH, O&G, PHARMA	●	●	●	●	●	●	●	●	●	●	●	
OHL 615-401-6400 ohl.com	N	●	●	●	●	●	●		●	●	●			APP, AUTO, CHEM, CPG, ELEC, F&B, HEALTH, PHARMA	●	●		●	●			●	●	●	●	
Owens & Minor 508-688-9055 owens-minor.com	N			●			●	●		●	●	●	●	HEALTH, PHARMA		●	●	●	●	●	●	●	●	●	●	
Penske Logistics 800-529-6531 PenskeLogistics.com	B	●		●		●	●	●	●	●	●	●	●	AGRI, AUTO, CHEM, CONS, CPG, ELEC, F&B, FURN, GROC, HEALTH, PHARMA	●	●	●		●		●	●	●	●	●	
Performance Team 562-345-2271 performanceteam.net	B	●				●	●	●	●			●	●	APP, AUTO, CPG, ELEC, FURN	●	●	●		●	●		●	●	●	●	



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READERS' CHOICE

TOP 10 3PL EXCELLENCE AWARDS 2015

Managing a global supply chain takes a lot of specialized and complicated know-how. Shippers who don't have the right people on staff to manage logistics operations, or whose businesses grow too big or diverse, may need to hand off those functions to someone else.

Third-party logistics (3PL) companies have the tools, the talent, the knowledge, and the experience to help supply chains operate more efficiently, and savvy logistics managers know when to ask for help.

When bringing a 3PL partner on board, managers need to look for certain qualities.

First, your 3PL should provide some bang for your buck. "C.H. Robinson provided me with the most value for my dollar as it pertains to knowledge of logistics, business trends, and sense of urgency in terms of listening to customers. They are always available 24/7/365, and have proven their commitment," says T.S., a global sourcing specialist.

A good provider helps to offset its own cost by saving shippers money in their own operations. "Menlo has been effective at driving down our transportation costs, finding new providers, and identifying and eliminating unnecessary costs," says I.D., a lead logistics analyst.

Second, strong 3PL partners handle problems before you even know there are problems. "Flexibility in SEKO Logistics' processes makes things easier on us, and they have the knowledge to resolve problems before they affect our service level," says logistics manager G.K.

Third, 3PL partners should have the right attitude, and a willingness to put your needs above all else. "Kenco keeps an extraordinary focus on customer service and regulatory compliance. They go above and beyond to make sure that our

customers get their shipments on time and correctly. And they use validated systems that ensure regulatory compliance, with no exceptions," says J.B., a company president.

Finally, 3PLs should display the three R's set forth by R.R., a vice president of business development: "J.B. Hunt consistently meets my three R's: Response, Rates, and Reliability."

By taking on transportation and logistics functions, 3PLs give shippers the freedom to reallocate resources and focus on what they are best at: providing services and making products. Each

year, *Inbound Logistics'* Readers' Choice Top 10 3PL Excellence survey gives those shippers a chance to sing the praises of the partners that do so much for them.

In 2015, 6,250 voters filled out the awards survey to show their appreciation for their logistics partners. Working in myriad positions across the entire spectrum of the supply chain — from purchasing, to warehouse management, to transportation management — voters represent many household names and brands, including Amazon.com, Coca-Cola, Walgreens, American Apparel, YMCA, Nestlé, 3M, Whirlpool, Monsanto, Ace Hardware, and McDonald's. Each of those companies spends millions on transportation and logistics annually. (See *About the Survey Respondents and Vote of Thanks on the following pages for more background on this year's voters.*)

With such a large sampling of job titles making up the voter pool, our readers provide us with valuable data that lets us take the pulse of the supply chain. For example, survey respondents love partnerships that are easy: "Landstar? I call them plug-and-play," says J.L., an asset manager.

For many shippers, reliability is paramount. "With Echo, my shipments always arrive on time, and I've never had to file a claim for damaged or missing items," reports logistics manager M.H.

AND THE WINNERS ARE

- | | |
|-----------------------------------|---------------------------------|
| 1
C.H. Robinson | 6
Kenco |
| 2
Echo | 7
Penske |
| 3
Transplace | 8
(TIE) Unyson
(TIE) SEKO |
| 4
Ryder | 9
Menlo |
| 5
(TIE) UPS
(TIE) J.B. Hunt | 10
Landstar |

READERS' CHOICE

TOP 10 3PL EXCELLENCE AWARDS 2015

Most importantly, shippers care about service quality, with 70 percent of survey respondents saying quality is more important than price (though that number notably declined from 80 percent in 2014). Additionally, 43 percent say poor customer service is the reason shipper/3PL relationships fail. With such a high focus on quality service, many shippers say the key is to find a partner that can best meet your needs, and stick with them. "SEKO Logistics is the only company we now use, after having tried many," one shipper says. "They always get the job done for us."

3PLs TO WATCH

These 3PLs did not receive enough votes to place on this year's Top 10 list, but they have a large following among our readers.

- APL Logistics
- Coyote
- Exel
- Expeditors
- GEODIS
- GlobalTranz
- OHL
- Saddle Creek
- Schneider Logistics
- TQL
- Unishippers
- XPO Logistics
- Yusen Logistics

ABOUT THE SURVEY RESPONDENTS

FUNCTION

Corporate Management	34%
Logistics/Distribution	24%
Supply Chain/Purchasing/Supply Management	19%
Transportation/Traffic Management	12%
Operations	11%

INDUSTRY

Manufacturing	34%
Retail/Wholesale	49%
Services or Government	17%

ANNUAL TRANSPORT/LOGISTICS SPEND

More than \$50 Million	24%
\$10-\$49 Million	36%
\$1-\$10 Million	21%
Less than \$1 Million	19%

SERVICES READERS BUY

Air Freight	44%
Motor Freight (TL/LTL)	76%
Ocean, Ocean Intermodal	34%
Rail, Rail Intermodal	45%
Small Package Delivery, Expedited, Express	65%
3PL, Contract Logistics	65%
Supply Chain Technology, Software/Systems	44%
Transportation Equipment	18%
Warehousing & DC Services	65%
Materials Handling Systems, Equipment, Forklifts	31%
Packaging/Labeling Systems	16%
International Shipping, Freight Forwarding	42%
Fleet Operations, Dedicated Contract Carriage	26%
Site, Port, or Facility Selection	29%

IN THEIR OWN WORDS

A SAMPLING OF READER COMMENTS

"C.H. Robinson is very responsive, constantly offering out-of-the-box solutions that help us improve our operations without us asking for it." —J.H., Carrier Administration Manager

"Unyson rocks my face off! Best service ever." —J.G., Marketing Coordinator

"SEKO Logistics is the best company I have worked with, and every person on their staff is pleasant and amazing. They help me with everything that I ask of them quickly and efficiently. I would recommend this company to anyone and everyone." —R.H., Executive Assistant

"Echo's agents have a brain, work out problems, and are proactive—not the typical freight company robot. Am I being too harsh? I pay more for their skill set." —D.O., Owner

"Transplace is the head transportation 3PL. Anything thereafter is secondary. They do it all. They know how to do things efficiently." —A.M., Dispatcher

"Kenco offers great attention to detail, and fully integrated partnerships with vendors." —T.L., Business Development Manager

3M Canada • ABH Nature's Product • ACE Hardware • Activision • Advance Pet Products • Aetna • Akron Electric Inc • Alabama Metal Industries Company • Allegro Coffee • Allied Packaging Corporation • Alamo Corporation • Amazon.com • Ameren • American Apparel • American Eagle Outfitters • American Honda Motor Co. Inc. • Atlantis Pools • Avery Dennison • Avon • Azcon Metals • Baldor Electric • Barrel O' Fun Snack Foods • Barton International • Blue Diamond Growers • Boeing • Bombardier • Booz Allen Hamilton • Bosch • Boyce Products • Bridgestone Americas • Briggs & Stratton • Brookstone • Broyhill Company • Burton Enterprises • Cable Direct • Cablecraft Motion Controls • Calgon Carbon Corporation • Calient Networks • CME Wire & Cable • Colt Manufacturing Company • Columbia Export Group • Con Agra Foods • Connecticut Rubber Molding Corp. • Continental Mills • Corning Cable Systems(Shanghai) Co. • Cox Communications • Crawford Supply • Crayons to Classrooms • Creative Polymers Inc • Crocs • Crop to Cup Coffee Co. • C-Shore International Milling Co. • Culligan International • Cummins • Cummins Power Generation • Del Monte Foods • Dell Corning Corporation • Electrolux • Elementia USA • Elite Retreat • Elkay Wood Products • Elmer's Products Inc • Flagship Food Group • Flavors-R-Specialty Inc. • Fleetwood Floors • Flexcon • Flexible Packaging • Flex-N-Gate • Flexport • FloorHeat Company • Flooring Finesse by Design Inc • Florida Power & Light • Florida Rigging & Hydraulics • Florida Silica Sand Co • Fortessa Tableware Solutions • GE Capital • GE Power & Water • Geiger of Austria Inc • Gelati Co. • General Egyptian Trading • General Mills • General Motors • General Pump and Machinery • Georgia Ports Authority • Gerdau Steel • Gerresheimer Glass • Gestamp North

America • H Brown Inc. • Hall Inc. • Hallmark Farms • Hanes • Hankook Happy Hen Treats • Harco Clarke • Harold Beck & Sons Machine & Plastic Corporation • Harsco Minerals • Hawk Healthcare Supply Solutions NatureWise • Heat Transfer Inc • Heidelberg USA • Henkel • Henry Schein • Shot • Hibbett Wholesale Steele & Sons Inc • Russell Rustic Log Furniture Inc. • SB International Inc • Cloud Hospital • Saint Louis Salvation Army • Samsung • Care Inc • Schlotterbeck & Sikorsky Aircraft • Silt-Saver Smithfield Foods • Smiths Technologies • Solutions 2 Go • Sonic Equipment • Soucy • South Georgia Pecan Co. • Tiller Foods • Southeastern Data Mfg. • Sto Corp. • Stone Strano • Sugar Flash Trans Mexico • Sumika Polymers Co. • Suncoast Chemicals Co. • Sunrise Specialty & Associates • SunTerra Takeda Pharmaceuticals • Talos Engineered Products Technologies • Tapco Inc Target Marketing Worldwide Taubensee Steel & Wire

Campbell • Tech Hydraulics • Tech Mahindra • Tech Product Specialties Inc • Technimark • Technocraft • Tekfor Mexico • Telect Inc • Tello • Termax Corporation • Tesla Motors • Textile Automation • The Home Depot • The Hum Spirits Company • The Invisible Chef • The JM Smucker Company • The King Group • The Pampered Chef • The Plastics Group • The Production Network • The Richard Franco Agency Inc • Thermaco • Thermo King • Thiel and Thiel • This Agile Life • Thomas Tebben • Thompson and Thompson • Thompson Leasing • Thompsonn Partners • Thrushwood Farms Quality Meats Inc • TiLite • TimberSIL of Texas • Time-DC • TJX Companies • TMC • TMM Inc • Topos Mondial Corp. • Toshiba International • Toshiba Lighting & Technology • Toyota Boshoku Canada • Toyota Boshoku Woodstock • Toyota Lift of South Texas • Toys R Us • TP Inventing • Tractor Supply Company • Tracy's Dispatch Inc • Trailer X-Press Inc • Trane • Trans-Research International Initiative Inc. • Transway Inc. • Tranzon • Tranztec Solutions Inc • Trelleborg Wheel Systems Americas • Trendler Inc • TREX Corporation • Triad Mobile Home Supply • Tri-Dim Filter Corporation • Trinity Services Group • Triple Crown Sports • Triumph Aerostructures • Triways Inc • Trolley • Tropical Paradise Enterprises • Tyson Foods Inc • U.S. Battery Mfg • UAMS • Uline • Underbudget Builders • Uni-Cast Inc. • Unilever • Union Beer • Unit Pack Company Inc • U-Park • U.S. Coatings • U.S. Foods • U.S. Greenfiber • U.S. Sign & Fabrication • USG Boral Building Products • USG Corporation • Wisconsin's Best Cranberries • Wise Foods Inc • WD40 • Xactro Tool Inc. • Xylem Inc • Yakima Products • Yesing International Inc • YMCA of Greater St. Louis • Young Guns Produce Inc • Zemasios High Seas Group • Zone Offshore • zulily.com

TO ALL WHO VOTED...

THANK YOU

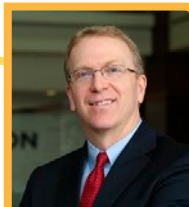
Who votes for the Top 10 3PL Excellence Award winners? *Inbound Logistics* readers do, and they represent a range of industries and company sizes—from leading corporations to SMBs. This year, 6,270 of you cast ballots and shared praise for the third-party logistics providers that support your supply chain, logistics, and transportation operations, and keep your company globally competitive. Thanks to all who voted.

Hagie Manufacturing Company Hamlet Protein Inc. • Hampton Tire USA • Hapamac Co. • Metal Products Inc • Harland • Harris Systems • Harrison • Harrison Specialty Co. Inc. • Hawthorn • HB Fuller • Healthway • HeartWise Inc./ Systems of Georgia • Heat-Flo Helix Systems • Henges • Hensley Inc. • Hero Energy Inc • JBC Technologies • JC Equipment Company • Rustoleum • RV Industries Sahara Motor Liners • Saint University • Salesforce • Scentsy Inc • Schiller Grounds Foss • Schneider Electric Inc • Smith & Wesson • Medical • Snapple • Solidia • Solutions Way Management Brothers • South Coast Filters Southeast Dairy Processors Container Inc. • Southeastern Source • Storage Solutions • Sullivan • Sulzer Pumps North America • Sunbelt Mfg. • Sunny Delight Beverages Sunset Trading • Sunshine Produce Traders Inc. • Talentwise • Talley Inc. • Tamiami Tile • Tandem • Tara Materials • Target Inc. • Tasty Candies • Company • TCW • Team

TOP 10 3PL EXCELLENCE AWARDS 2015

1

C.H. Robinson



WHY THEY WON: "C.H. Robinson has always valued our employees who have a knack for

building strong relationships with our customers and work hard to help make their supply chain a competitive advantage," says **John Wiehoff, CEO and Chairman of the Board.** "Our global employee base has the local market knowledge and the ability to develop innovative solutions for our current and future customers, which, in turn, helps position C.H. Robinson as the 3PL of choice."

Customers consider the Prairie, Minn.-based 3PL a true business partner. "C.H. Robinson plays a pivotal role in our daily operation, and continues to exceed expectations with its high level of customer service and strategic approach to managing our business," says Aaron Leach, senior director of supply chain at Wayne Farms.

"They are a true extension of our logistics department, and get freight moving seamlessly," says another customer.



CLIENT ROSTER:

- VIZIO
- Evergreen Packaging
- Dole Packaged Foods
- REI
- General Cable
- Shell

CASE STUDY: ENERGIZER HOLDINGS

Diverse transportation processes across products prevented Energizer Holdings, a battery and personal care products manufacturer, from reaching the maximum potential for savings and efficiency. The manufacturer turned to C.H. Robinson to help expand a successful crossdock solution in China to incorporate all of its business lines. This allowed the company to reduce its transportation budget and cut the total weight and volume shipped between U.S. distribution centers by 65 percent due to added visibility, efficiency, and upfront planning.

Thanks to the success of the crossdock, Energizer Holdings started plans to expand the process for the remaining products shipped from Asia to the United States. The company anticipates the expansion will consolidate activities and cut redundancies to drive financial savings.

2

Echo



WHY THEY WON: "For 10 years, Echo has been focused on helping our clients simplify and

streamline their transportation management processes," says **Chairman and CEO Douglas R. Waggoner.** "We do that through our proprietary technology platform, the expertise of our dedicated teams, and our significant buying power. We provide the technology, capacity, and expertise that many middle-market organizations need so they can focus on their core business and leave the rest to us."

For Jon Backes, director of operations at global water solutions company Culligan International, the 3PL is an extension of his company's team. "Echo carries the load of our logistics network. They've enabled us to make smart decisions about how we save money and better service our customers."

The Chicago-based 3PL makes transportation management less complicated. "Echo gets it," says one *IL* reader. "I am a small company with big needs and whatever the situation, Echo delivers, follows up, and completes the job."

CLIENT ROSTER:

- Archway
- Culligan
- Guthy-Renker
- Cholula Hot Sauce
- Greenheck
- Monster Beverage

CASE STUDY: CULLIGAN INTERNATIONAL

Global water solutions company Culligan International has worked with Echo for eight years to continually improve its supply chain with technology solutions.

Among the many solutions Echo has provided Culligan during their partnership are programs that track performance indicators such as freight's cost-per-ton-per-mile and its on-time percentage, allowing Echo and Culligan to make adjustments as needed.

"With Echo's technology solutions, we've been able to reduce our workload and focus our resources on more value-added activity," says Backes. "Echo has proactively come to the table at every step and provided technological solutions that we could integrate into our ERP systems."



EXCELLENCE

3

Transplace

WHY THEY WON: “Our focus on North American freight transportation management

as a non-asset-based provider, our proprietary technology, our successful human capital development strategies, and our many referenceable customers across numerous industries set us apart from other 3PLs,” says **CEO Thomas K. Sanderson**.

The Frisco, Texas-based 3PL helps shippers take control of their supply chain. “Since we began our partnership, Transplace has helped streamline our transportation management while achieving greater visibility,” says Joe Tocci, Intertape Polymer Group’s senior vice president of global sourcing and supply chain. “Transplace’s team established improved processes and provided industry expertise to drive continuous improvement.”

CLIENT ROSTER:

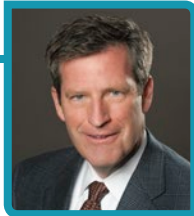
- BorgWarner
- Brenntag
- Campbell Soup Company
- Cummins
- Diamond Foods
- Del Monte
- KMG Chemicals
- Sunny Delight
- U.S. Gypsum
- Welch’s**



CASE STUDY: DEL MONTE FOODS

In February 2014, an ownership change at Del Monte Foods Inc., a producer, distributor, and marketer of food products, necessitated the implementation of a new ERP system under a constrained timeline. Del Monte needed to transition its integration with Transplace to the new ERP. In November 2014, Del Monte also decided to replace its incumbent automated appointment scheduling system with the appointment system from Transplace.

The target date for both implementations was Jan. 26, 2015. While both timelines were compressed, the level of collaboration and preparation between Del Monte and Transplace facilitated complete integration testing well before the cutover date, and ensured no gaps in transmission of orders from the new ERP to Transplace’s TMS for tendering to carriers. The implementation of Transplace’s appointment scheduling application allowed for the load tender process and appointment setting to be a “one stop shop” for both Del Monte and customer-controlled carriers in and out of Del Monte facilities.



4

Ryder

WHY THEY WON: Customers come to rely on the Miami-based 3PL’s supply chain expertise and

proactive solutions. “Ryder understands our products, what we’re trying to accomplish, and how our business works,” says Jim Billings, director of supply chain management, Royal Building Products. “They’re not just focused on getting freight onto trucks—they help us execute our business strategies and achieve our business goals.”

IL readers agree. “Ryder eases the complication and burden of managing transportation and logistics services so that my team can focus on our core competencies,” says one shipper.

Regulations, talent shortages, and shifting consumer behavior are creating changes in business and supply chain operations, but Ryder is helping businesses stay on top.

“When it comes to trends, Ryder considers the disruptors that are causing them. These disruptors are leading to trends such as nearshoring, flexible port options, peer/competitor collaboration, and leveraged networks,” says **Steve Sensing, President**, Global Supply Chain Solutions, Ryder System, Inc. “Ryder is leading the way by turning the tide and helping businesses become the disruptors, and driving innovation in the supply chain.”



CLIENT ROSTER:

- Apria Healthcare
- Royal Building Products
- Pilot Pen Mexico
- WB Mason
- Toyota**
- Whirlpool
- General Motors
- Windmill Farms Nurseries
- Hunter Fan
- Cisco

CASE STUDY: APRIA HEALTHCARE

Apria Healthcare, one of America’s leading providers of home respiratory services and medical equipment, turned to Ryder for help in redesigning its supply chain. More than 75 percent of shipments are now consolidated into full truckloads, moving at truckload rates. Expedited freight shipments have also been significantly reduced. Ryder operates a dedicated fleet of 23 tractors, 34 trailers, and 29 drivers for Apria, and optimizes lanes regularly to take advantage of backhaul opportunities. Apria has realized annual cost savings of more than \$1 million, a reduced carbon footprint, and improved customer service.



TIE 5

UPS Supply Chain Solutions



WHY THEY WON: "While there are

hundreds of 3PLs, there are only a handful that are industry-focused and global, and that's where UPS excels. We're also an integrated part of one of the largest supply chain providers in the world delivering end-to-end solutions," says **Stan Deans, President**.

The Atlanta-based 3PL strives to help shippers tackle their biggest challenges. "Customer challenges vary by industry and region, but a common challenge is the need to do more with less," says Deans. "That's where a 3PL like UPS can help, whether it's leveraging existing buildings and technology to expand around the world or dealing with industry regulations and complex Importer of Record issues."

CLIENT ROSTER:

- Sprint
- eSecuritel
- Philips Healthcare
- Triumph Motorcycles
- Carestream
- Hopkins Golf
- GN Netcom
- Pratt & Whitney
- March Networks
- K12
- S1

CASE STUDY: PRATT & WHITNEY

When Pratt & Whitney opened a new 600,000-square-foot Northeast Logistics Center (NELC), it turned to UPS to improve its warehouse and distribution operations. UPS began providing Pratt & Whitney with warehousing, the assembly of kits of parts to manufacture or repair aircraft engines, customs brokerage expertise, and visibility across its supply chain.

"Having UPS as a third-party logistics supplier enables Pratt & Whitney to focus on its core business operations—the manufacturing, assembly, and testing

of aircraft engines," says Earl Exum, vice president of global materials and logistics, Pratt & Whitney.

UPS is certified UTC Supplier Gold and serves Pratt & Whitney at the NELC in New Hampshire, the Georgia distribution center in Atlanta, and facilities in

West Palm Beach, Fla., Dallas, and Venlo, the Netherlands.



TIE 5

J.B. Hunt



WHY THEY WON: J.B. Hunt works hard to create exceptional value for its customers.

"Delivering meaningful, measurable value isn't just a goal; it's an integral part of our culture," says **Shelley Simpson, Chief Marketing Officer**. "We're focused on innovating new solutions for industry inefficiencies and providing single-source, customer-oriented solutions for any transportation challenge."

The Lowell, Ark.-based 3PL's customers agree. "J.B. Hunt has the ability to meet customer needs and handle large volumes. They are a great partner to find out-of-the-box solutions," says one shipper.

J.B. Hunt alerts shippers of changing regulations and discusses the updates to increase awareness and eliminate inefficiency. "Changing regulations can be best addressed when carriers and customers partner," says Simpson. "It's essential that our customers attain a thorough comprehension of all new and upcoming regulation changes, as well as the appropriate methodology to optimize their operations."

CLIENT ROSTER:

- Goodyear
- BJ's Wholesale Club
- Costco
- Target
- Mission Foods
- ConAgra
- General Mills
- Tesla Motors
- Cornerstone Brands
- D&W Fine Pack

CASE STUDY: D&W FINE PACK

With 11 locations across the United States, food service and food packaging products provider D&W Fine Pack needed a logistics provider for enhanced visibility and control of its operation.

D&W Fine Pack chose J.B. Hunt Transport to be its single-source logistics partner, consolidating an array of transportation management systems within the J.B. Hunt 360, and partnering with a team of dedicated specialists to optimize their solutions. J.B. Hunt Transport seamlessly integrates the latest logistics technology with D&W Fine Pack's current processes, from dock scheduling to freight tracking to customer service.



EXCELLENCE

6

Kenco

WHY THEY WON: Kenco focuses on long-term business relationships instead of quarter-end results.



The Chattanooga, Tenn.-based 3PL uses its five operating divisions (logistics, transportation, material handling, real estate, and management services) to leverage fully integrated solutions for customers, and has a proven track record of operational excellence and consistent customer satisfaction. “Kenco is big enough to handle everything we throw at them, but small enough to know we are important to them,” says one customer.



Enhancing openness, transparency, and good communication with customers helps Kenco develop relationships based on trust. “Kenco works to develop truly consultative relationships that provide insightful, long-range, customized solutions. We work with our customer to identify pain points

and ensure an alignment of vision and values to lay the foundation toward mutually beneficial collaboration,” says **Chairwoman and CEO Jane Kennedy Greene**.

CLIENT ROSTER:

- American Standard
- DuPont
- Post Foods
- Bosch**
- Honeywell
- Stryker Medical
- Carrier
- Keurig Green
- Whirlpool
- Cummins
- Mountain Inc.

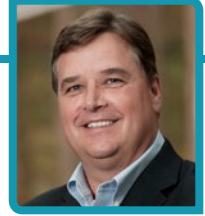
CASE STUDY: A PHARMACEUTICAL COMPANY

A pharmaceutical customer’s growing order volumes and regulatory compliance needs prompted Kenco to re-evaluate the customer’s technology solution. After an examination of systems that could support the new profile, Kenco partnered with JDA for a tier-one warehouse management system. The implementation was completed in nine months—achieving full productivity within two weeks. Today, the customer’s supply chain operates at a new level of efficiency, and the system provides greater visibility into the inventory and order management process. Kenco manages 30 percent more volume using the same space and workforce, and pick-line replenishment has improved by more than 50 percent.

7

Penske Logistics

WHY THEY WON: Collaboration is one key tool Penske uses to develop solid logistics



operations. The Reading, Pa.-based 3PL maintains an ongoing conversation with its customers to create specialized solutions tailored to operations and market demands.

“Today’s market-leading companies use their supply chains to drive innovation and competitive advantage. This, in turn, drives demand for logistics providers,” says **President Marc Althen**.

“While demand for logistics is increasing, the industry faces a talent shortage and needs more logistics engineers, technology professionals, warehouse workers, and truck drivers to meet the needs of current and evolving freight fulfillment models businesses and consumers rely on for their services.”



From sourcing and manufacturing through delivery and return, Penske uses technology and experience to formulate specifically targeted solutions for customers.

CLIENT ROSTER:

- Ford
- Wegmans Food Markets
- Wawa
- BMW
- Kroger
- Natura
- GM
- Eastman Chemical
- Whirlpool**
- PPG Industries

CASE STUDY: EASTMAN CHEMICAL

Penske Logistics worked with Eastman Chemical to reduce container cycle times and overall costs, and supply refrigerated capacity in a very tight market. To help Eastman achieve its goals in domestic moves in Tennessee and South Carolina, Penske had Eastman Chemical switch to an all-truck solution, including dedicated contract carriage and inbound freight management from regional ports. It was such a success that Penske was given a Special Recognition Award to commemorate its strong work for Eastman.

“Penske was instrumental in keeping reefer loads covered in critical times,” says Julie Byers, Eastman Chemical’s procurement manager. “We appreciate their creativity.”

TOP 10 3PL EXCELLENCE AWARDS 2015

TIE 8

Unyson

WHY THEY WON: "Unyson's primary differentiators are accountability and flexibility," says **David**



Marsh, Chief Supply Chain Officer. "Unyson designs and implements its supply chain management solutions based on our clients' individual business requirements and capabilities."

Through collaborative relationships, Unyson and its clients invest the needed resources to gain targeted benefits.

"Unyson is a long-term strategic partner. We rely on their expertise, creativity, and commitment to excellence to develop and drive the execution of innovative supply chain solutions," says Debbie Ryan, vice president of global transportation and logistics at Ascena Retail Group.

Jerry Ellison, senior manager Americas logistics and operations at Pfizer, also relies on its partnership with the St. Louis-based 3PL. "Unyson's partnership, quality of service, and analytical support is truly valued. Their solutions and reporting capabilities are timely and precise."

CLIENT ROSTER:

- Big Lots
- Keurig Green Mountain
- Global Industrial
- Harbor Freight Tools
- Nexeo Solutions
- Starbucks
- Toys R Us
- Lumber Liquidators
- Walgreens
- Pfizer

CASE STUDY: POPULAR RETAILER

A well-known retailer was looking for complete less-than-truckload (LTL) inbound supply chain visibility, and innovative methods for consolidating freight in reverse mode optimization.

To help the retailer, Unyson modeled and designed a cross-dock solution to deliver 15 percent or more savings in comparison to their current LTL transportation provider, while offering a shared savings program. Detailed reporting throughout the routing process and shipment lifecycle aided the retailer in managing vendor compliance.

Unyson provided the retailer with the management of pickups from 700+ suppliers throughout North America, and optimization and consolidation of all shipments across the LTL shipment network.



TIE 8

SEKO

WHY THEY WON: Customer Matthew Stark, national sales manager at Dippin' Dots,



appreciates SEKO's relationship and the service it provides.

"Partnering with SEKO has been extraordinary," says Stark. "It has cut our lead time on deployments to new accounts in half, resulting in a favorable customer experience by being able to set up our customers quickly."

SEKO is always up to help shippers overcome challenges, and customers turn to the 3PL to scale out operations based on existing staff and infrastructure. "We've been successful at providing solutions to shippers because we deploy integrated logistics solutions," says **President and CEO William Wascher.** "We are an extension of their teams around the world and here at home."

CLIENT ROSTER:

- Jaguar/Land Rover
- Dippin' Dots
- Escalade Sports
- Lulu Guinness
- Beckman Coulter
- APAC Sale
- Cath Kidston
- Instrumentation Laboratory



CASE STUDY: DIPPIN' DOTS

Dippin' Dots recognized nationwide opportunities to improve market penetration by increasing its retail point-of-sale presence. But to make this possible, the company needed to get display deep freezers to market quickly.

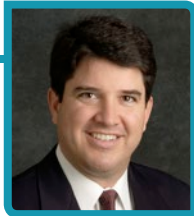
To reduce transportation costs, SEKO Logistics helped Dippin' Dots consolidate LTL shipments into FTL regional deliveries to SEKO hub facilities. It configured the MySEKO portal to provide visibility to all asset and supply chain information for Dippin' Dots' logistics personnel, and simplified pricing structures to enable accurate forecasting of costs while also improving overall service and sales.

Dippin' Dots improved its speed-to-market lead time by 50 percent, and is poised to increase its retail sales locations significantly in the first year of the SEKO program. The successes have enabled Dippin' Dots to satisfy more retail outlet requests for displays, and to satisfy more customers.

EXCELLENCE

9

Menlo Worldwide Logistics



WHY THEY WON:

Menlo understands that supply chain needs constantly change. To stay ahead of the curve, the 3PL proposes new ideas and solutions to build value for customers.

“It starts with understanding the customer’s needs and priorities, then taking an agnostic approach to engineering a solution,” says Menlo Logistics’ **President Bob Bianco**. “The next step is collaborating with the customer and using Lean tools and methods to ensure the solution is implemented properly and is working. It’s recombining capabilities, resources, and assets in new ways to solve problems.”

Ed Irvine, warehouse manager of MTU America Inc., recognizes the benefits of the San Francisco-based 3PL’s innovative strategies. “Menlo Logistics’ commitment to Lean principles and continuous improvement has provided increased efficiency and customer satisfaction, while working to drive down operational costs and improve our bottom line.”



CLIENT ROSTER:

- Amazon
- GM
- Shell
- BP
- HP
- Starbucks
- Dow Chemical
- MTU America
- Google
- New Era

CASE STUDY: PETROCHEMICAL COMPANY

A multi-national petrochemical company needed help managing material shipments from vendors. The customer needed to better manage its operations by increasing visibility into material status, transit times, and transportation costs.

The 3PL engineered a transportation management solution that integrated Menlo’s Logistics Management System with the customer’s materials management system; introduced Menlo Shipment Entry to increase shipment visibility; provided vendors with a single point of contact for shipping instructions; and improved planning capabilities.

The new transportation management system offered improved visibility and cost reductions, with year one transportation savings of \$8 million to \$10 million. Three to five percent of transportation spend was saved annually.

10

Landstar



WHY THEY WON: Local presence, strong knowledge base, and access to capacity

solutions set Landstar apart from other 3PLs. Customers receive a solutions-oriented approach to their transportation challenges through the 3PL’s unique operating model.

“Our independent agents handle both sales and operations,” says **Jim Gattoni, President and CEO**. “We have more than 1,000 independent agents dispersed across the United States and Canada with extensive experience in trucking and other freight transportation services.”

The Jacksonville, Fla.-based 3PL supports customer needs in a challenging capacity environment.

“Landstar has more than 40,000 approved carriers and 9,000 exclusive-lease truck owner-operators (BCOs) under contract,” says Gattoni. “With these tools, our independent agents are able to respond quickly to support customers.”

CASE STUDY: A MAJOR OEM

A leading OEM required significant flatbed capacity and more efficient scheduling for transporting frames from supplier to assembly plants.

Landstar reduced OEM costs by leveling the daily shipments and not procuring truck capacity in the spot market; increased service levels with a combination of Landstar BCOs and third-party carriers; and set up a systematic approach for loading trucks that enabled scheduling of based on production forecasts. The 3PL also monitored performance via its mobile app *Landstar Connect*, which allows load status updates via smartphones.

Within 10 days, Landstar created a new workflow for the frames and their transport. The 3PL now moves approximately 250 loads per day, and saves the OEM a substantial amount of time and money in the process.



THE BIG CHILL 10 TRENDS IN COLD CHAIN LOGISTICS



Food and pharma manufacturers often turn to 3PLs such as VersaCold for high-security facilities with the technological capability to maintain products at specific temperatures.

THE HEAT IS ON FOOD AND PHARMA COMPANIES TO KEEP REFRIGERATED FREIGHT FROSTY.

BY LISA TERRY

With its capital-intensive equipment, strict temperature requirements, and energy dependence, the cold chain has always been a demanding logistics segment. Now the sector is grappling with additional challenges — from increases in the sensitivity, quality standards, and volume of many of its goods, to continually mounting regulations.

The cold chain also faces many of the same issues challenging the entire supply chain: serving the global market, driving out costs, becoming more strategic, and addressing capacity and resource constraints, all while managing the exacting needs of the sector's precious cargo — primarily food and pharmaceutical products.

July 2015 • Inbound Logistics **135**

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Here are 10 trends impacting the cold chain, and some strategies manufacturers and logistics service providers use to adapt and thrive.

1

Cold chains are becoming more global.

Increasing interest in healthful food, and a growing middle class in locations such as China, are pushing cold chains to globalize. Consumers now demand higher-end products, such as Alaskan salmon, that must travel extended distances and ship quickly to ensure freshness and quality.

“Food is traveling around the world as more manufacturers manage their supply chains globally,” says Doug Harrison, president and CEO of VersaCold, a Vancouver, B.C.-based cold chain third-party logistics (3PL) provider. These manufacturing plants are becoming more specialized to a specific product or label, and they ship their goods more widely.

“Demand for fresh food is growing, and that requires increased innovation to overcome capacity and infrastructure constraints, and mitigate disruption risks to ensure quality delivery,” adds Tim Smith, executive vice president, sales and business development, for Lineage Logistics, a cold chain 3PL based in Colton, Calif. Meeting these demands without driving up inventory or cost places added pressure on each element of the supply chain.

2

An increasing focus on quality and product sensitivity.

In the food industry, the big trend is an increased focus on quality, health, and integrity. To win the repeat business of fickle and demanding consumers, manufacturers must ensure an optimal experience with the brand. For cold chain products, that means avoiding the changes in texture and taste that occur when a shipment strays outside recommended temperatures, as well as decreasing the amount of processing for proteins such as fish.

“More premium products are coming into the market with a shorter shelf life, greater sensitivity to temperature, and a much different level of demand,” says Harrison.

This intensified focus on quality and the consumer experience means refrigerated warehouses across the food cold chain must maintain as many as five different temperature zones.

Pharmaceutical manufacturers, too, are dealing with more sensitive products, such as customized treatments for rare diseases.

The Scoop on Nestlé Canada's Cold Chain

Nestlé Canada is on a mission to make its supply chain as lean and customer-focused as possible across its many business units—including its substantial cold chain.

“Nestlé has embraced Lean over the past few years, and we're focused on the consumer value proposition,” says Greig Jewell, director, Lean value stream, supply chain operations, Nestlé Canada. The ongoing effort currently includes using Lean value stream design in the company's ice cream factories to increase capacity, find more efficient ways to operate, and empower employees to solve problems.

Working closely with its 3PL, Vancouver, B.C.-based VersaCold, is a critical part of that initiative. The company began using VersaCold for third-party warehousing, but over the past 10 years, that partnership has evolved. VersaCold manages all Nestlé ice cream lines in Canada, along with an assortment of other products including pizza, Vitality beverage products, and Coffeemate non-dairy creamer.

“It's a long-term strategic relationship,” says Jewell. “We are at the level with VersaCold where we share our Lean activities,” and fully engage in infusing Lean principles into the entire organization.

The relationship also includes deep collaboration, joint

problem-solving, and weekly and monthly operations reviews with each of the six VersaCold sites where Nestlé Canada maintains operations. During summer's peak ice cream sales months, those reviews sometimes occur daily.

This approach proved to be a harbinger of what would become necessary to operate a successful global supply chain. “We were ahead of the curve working with VersaCold years ago,” Jewell says. “We maintain a tight relationship, especially when it comes to food safety and quality. Working with VersaCold's employees, and letting them see our network end-to-end, helps them understand why those are critical requirements.”



Nestlé's ice cream factories embrace Lean value stream design.



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That's where AT&T can help. Our supply chain solutions are designed to work together across our highly secure, global network – for enhanced asset monitoring, security and visibility virtually anywhere. Leaving you free to focus on what matters most.

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These products often include more high-value active ingredients that offer shorter shelf lives and carry strict temperature requirements. Many drugs must be maintained at temperatures lower than 77 degrees F, while some require 35 to 46 degree cold chain transportation.

Another fast-growing drug category is controlled room temperature. These drugs are safe at room temperature, but must be maintained there during transport using temperature-assured containers, such as reefers, to avoid the spikes that can come in ambient containers.

3

Regulation is on the rise.

Globalization and an increase in the number of food safety and pharma counterfeit incidents are prompting governments to tighten regulations on production and supply chains. Establishing preventive measures and harmonizing regulations are major issues for the food and pharma industries.

For years, pharmaceutical mandates in most countries required products to be maintained within manufacturer-established guidelines only in storage. But in November 2013, the European Union (EU) guidelines on Good Distribution Practice for medicinal products for human use went into effect, extending temperature requirements to transportation, and expanding coverage to include over-the-counter drugs.

In the EU, about 80 percent of pharma products now require temperature-controlled transportation. Anticipating similar regulations in the United States — and considering the potential for exporting these drugs — many pharmaceutical manufacturers are adopting this approach in the United States, too.

The phasing-in of rules stemming from the U.S. Food and Drug Administration's prevention-focused Food Safety Modernization Act, passed in 2011, is triggering investment in solutions to document every step in the food supply chain. Products such as produce must be traceable all the way back to the point of origin. Recall systems must be reliable and efficient, not only to rapidly comply with more stringent regulations, but to limit the scope by isolating specific batches of product.

Getting out ahead of such regulation is a common theme across cold chain logistics. Manufacturers are building more stringent practices into their requirements, and 3PLs and other providers are investing in additional credentials. Atlanta-based cold chain 3PL Americold, for example, plans to have 14 sites certified by the Safe Quality Food Initiative by the end of 2015, and Lineage Logistics is aiming for certification across all of its business units by 2020.

4

Market pressures drive demand for supply chain efficiency.

The need to operate a Lean supply chain is even more acutely felt when every step faces the additional requirement of refrigeration and compliance. At Nestlé Canada, this has meant corporate-wide adoption of Lean principles, and a more strategic approach to working with supply chain providers, including cold chain (*see sidebar page 136*).

"We are throwing much more rigor into how we select service providers," says Greig Jewell, director, Lean value stream, supply



VersaCold's Northlands facility in Edmonton, Canada, stores products at a wide range of cold temperatures.

chain operations, Nestlé Canada. "We operate a supplier-facing supply chain now, involving not just our packaging and ingredients, but also our service providers such as VersaCold."

In the past, the company asked suppliers about capabilities and rates. "Now we ask, 'Are we aligned transactionally on the physical flow of goods? Are we aligned strategically on how we want to operate? Can we work together to accomplish everything we need to?'" Jewell says.

Driver shortages and capacity constraints are hitting the cold chain especially hard. Operating a refrigerated fleet requires significant capital investment, specially trained drivers, increased liability, and a greater risk for close inspection.

Many of MD Logistics' customers, for example, require one- or multi-day inspections of a carrier's equipment to ensure it is in compliance. "It's challenging to find qualified full truckload carriers in this controlled environment," notes Luthman.

Cold chain operators are eager to find new strategies to reduce costs. In retail, requirements for smaller, more frequent orders are driving the use of multi-cell trailers — refrigerated trailers in which insulated curtains are hung at intervals to create different temperature zones. This approach enables a cold chain 3PL to include frozen and chilled goods in the same shipment.

But consolidating into a multi-cell trailer isn't always possible. Because of the space and handling costs of managing the insulation, it works best for dedicated equipment rather than a common refrigerated carrier.



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Using multi-cell trailers is “process intensive,” says Jason Deloach, senior director of engineering at Americold, which has received a growing number of RFPs requesting this service. “There must be space on the dock to stage and load product in a temperature-oriented order,” particularly for multi-stop routes. Even if the trailer isn’t full, the strategy still delivers savings over three separate shipments on three appropriately cooled trailers, with the associated labor, DC slots, and waiting times, he adds.



Manufacturers are outsourcing more processes to 3PLs.

Shipper demand for efficiency, visibility, and product freshness is driving cold chain 3PLs to add a wide range of value-added services. For example, a trend toward case picking drove Americold to invest in new designs and racking systems, along with automation, in its warehouses. That’s easier to justify in facilities built for specific products, such as plant-attached DCs, says Deloach. In its public DCs, the 3PL takes a flexible approach to accommodating the needs of various products and manufacturers.

Another service that shippers request is postponing food processing. Products are held in cold chain warehouses, then prepared and packaged for shipment just in time to fulfill specific orders. That might include bringing frozen seafood up to a chilled temperature for processing. “Keeping product ‘white’ — postponing labeling and putting it into true consumer packaging until the delivery destination — generates capital cost and inventory savings,” says Harrison.

In addition to domestic retail and food services, shippers increasingly ask Lineage Logistics to prepare proteins for export. One service in demand is high-pressure processing, a post-packaging, non-thermal pasteurization method of killing microorganisms. The process enables companies to use a clean label — one without a long list of preservatives — and extend shelf life.

One cold chain service on the horizon is an X-ray of product packages to ensure safety and accuracy prior to export, a service Lineage is discussing with some customers.



Cold chain is experiencing some mode shifting.

Fuel price fluctuations and globalization have driven some cold chain operators to shift modes from truckload to intermodal, or from air to ocean. Other factors contributing to mode shift include truck driver and capacity shortages, and sustainability initiatives. But makers of chilled and frozen goods must balance the additional time these modes may take with speed-to-market requirements.

While air is the predominant choice for pharma transport, some shippers have shifted to steamship as the ability to manage and track locations and temperatures in containers has improved. But unlike over-the-road, where a qualified carrier repeatedly uses the same trailers for the same customers, “once the container is offloaded and returned to the steamship line, there is no guarantee

it will be used again” for that manufacturer’s shipments, notes Luthman. This makes it challenging for the 3PL to inspect and qualify containers.



Sustainability initiatives are driving investment.

Cold chain operators are looking for new ways to balance the energy-intensive requirements of perishable products with the desire to reduce resource consumption. Americold, for example, works with utility companies, and closely monitors power consumption and calculated CO₂ equivalent emissions for its facilities.

Reading, Pa.-based 3PL Penske Logistics is testing compressed natural gas (CNG) for tractors with customers including Wegmans and Kroger. Other service providers are using electric vehicles, especially for drayage. But refrigerant is a more challenging obsta-

“Demand for fresh food is growing, and that requires increased innovation to overcome capacity and infrastructure constraints, and mitigate disruption risks to ensure quality delivery.”

Tim Smith, Executive Vice President, Sales and Business Development, Lineage Logistics

cle than fuel. In warehouses, operators including VersaCold have shifted from freon to ammonia, but the compound’s volatile properties make it unsuitable for trailers.

“Using CNG on the trailer side is still in its infancy,” says Mark Smith, area vice president at Penske Logistics.

Improvements in insulation are increasing energy efficiency to some degree, but onboard fleet management systems may deliver even bigger savings. “Drivers are no longer responsible for setting temperatures,” explains Smith. “Conditions can be controlled remotely, so fuel utilization is much improved. It’s also less likely the driver will turn off the reefer to save fuel, so the system decreases claims and issues such as lost sales.”



Packaging is evolving to meet new needs.

For pharmaceutical manufacturers, a big challenge comes in balancing packaging and transportation costs, says MD Logistics’ Luthman. For small parcels moving through the ambient supply chain, the 3PL can choose 24-, 48- or 72-hour packaging, but the more insulated the package, the higher the cost. It’s also essential — especially for international shipments — to have partners who can ensure shipments are re-iced if a delay occurs.

Food manufacturers are turning to newer disposable packaging designs to ensure integrity for more sensitive products. Reusable containers are also seeing increased use in both food and pharmaceutical logistics to reduce waste, and some companies are embracing greener packaging materials.



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Technology investment remains critical.

Like all supply chains, cold chain operators must continually upgrade technology to ensure efficiency, integrity, and safety. This includes both back-end IT infrastructure and front-end devices to gather and report key shipment data in real time.

Cold chain carriers have invested considerably in on-board equipment built into refrigeration units to track temperature and location, and to make this data available to 3PLs and shippers in real time, offering increased visibility and the opportunity to prevent or mitigate loss. Some shippers use removable sensors to independently track the temperature of their cold cargo, usually for high-value goods and international shipments.

Some food manufacturers have built this capability right into their packaging. MillerCoors, for example, uses temperature-sensitive ink to show when products are at optimal temperature. These inks are also used on milk cartons to indicate the temperature has fallen out of safe range.

Nestlé Canada uses GPS-enabled sensors on inbound ocean, rail, and truck freight. The devices include real-time alarms for zone, route, intrusion, and temperature. “When importing, it’s critical to know the product’s location, safety, and quality,” says Jewell.

This rise in demand for real-time temperature and location status is sharply driving demand for IT infrastructure that can analyze and deliver data where and when it’s needed. That infrastructure will be further challenged in pharmaceutical logistics as

serialization regulations take hold in 2017, requiring tracking of all serial numbers in a shipment down to the unit level.

“The serialization element will affect cold chain, not only marking the integrity of the product, but requiring 100-percent accuracy with information flow to the customer so products don’t spoil,” says Luthman. While serialization will provide benefits, it will also add complexity and cost to the supply chain, he notes.



Customer habits persist as the cold chain’s weakest link.

The biggest obstacle for many cold chain operators is the one part of the supply chain they don’t control: The moment products are placed in the consumer’s shopping cart or tendered to a healthcare provider.

Despite considerable expense and effort to move the item across hundreds of miles through multiple hand-offs, a product that sits too long in a cart, a hot car, or a poorly regulated freezer can degrade in quality, a condition that often gets blamed on the manufacturer.

As part of its Lean initiative, Nestlé Canada conducted research on how consumers perceive value for brands such as Drumstick and Parlour ice cream, including how open they might be to paying more for packaging that offers additional insulation.

Ensuring pharmaceuticals, food, and other chilled goods retain their integrity and safety remains a moving target for cold chain operators. Globalization, tightening regulation, and changing consumer demand continue to alter the scope of the task, while driving the need for technology, efficiency, and security. ■

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Supply Chain Visibility

CHASING THE



BIG PICTURE

As technology brings supply chain data into focus, the ability to access and interpret business information moves from nice-to-have to must-have.

Better visibility: It has been on the wish lists of supply chain executives for as long as there have been supply chains. But the definition of visibility tends to vary: Is it visibility to inventory? Orders? Assets? Information? Events? Nodes?

In theory, visibility leads to a host of benefits: saving money, reducing inventory, increasing turns, boosting customer satisfaction, lowering risk, enhancing compliance, streamlining transportation, and enabling agility and resiliency. But until recently, many shippers had difficulty connecting those dots.

“For years, analysts have reported that among IT spending goals, visibility has been at, or near, the top of the list,” says Scott Fenwick, senior director, product strategy for Manhattan Associates, a supply chain software developer based in Atlanta. “But technology initiatives have tended to be the first projects cut, often because there has not been a clear return on investment or strong business case to get it done.”

But technology is changing that equation, and making visibility a bankable investment. That’s good news in light of trends such as longer supply chains, shorter product lifecycles, increased supply chain risk, the rise of emerging markets, and shifts to less costly, but also less visible modes, such as steamships and long-distance rail. Visibility becomes the driver that enables supply chain managers to operate more efficiently and proactively, despite increased challenges.

BY LISA TERRY



The purpose of end-to-end supply chain visibility is to provide “controlled access and transparency to accurate, timely, and complete events and data—transactions, content, and relevant supply chain information—within and across organizations and services operating supply chains,” according to Gartner’s January 2015 research report, *Evolving Concepts in Supply Chain Visibility*.

A simpler definition describes visibility as gaining insight into activities you don’t control.

Gartner’s definition represents the end game for supply chain operators, but they have to travel a long road to get there. Analysts identify four stages of supply chain visibility maturity. It starts with static snapshots of data, such as inventory levels at a particular point in time, then matures to dynamic views of real-time, in-transit data—the answer to “Where’s my stuff?”

As supply chain visibility grows more sophisticated, analytics come into play. The next stage is predictive visibility—not just where inventory is in your own or partners’ supply chains, for example, but the impact of that information. It provides context for the data.

Finally, the most sophisticated visibility stage is prescriptive—offering not just the meaning of the data, but what actions to take as a result. “This degree of visibility allows you to deal with events before they turn into problems,” explains Andrew Atkinson, director of product marketing for cloud-based software

developer E2open. To accomplish this, technology replaces manual processes—such as email and phone communications, and spreadsheets that are slower, less accurate, and lead to guessing—with real-time event management and data-fueled decisions.

High-tech companies tend to be more advanced in supply chain visibility due to their early use of outsourcing and the rapid pace of change, says Atkinson. In addition, consumer goods companies “are doing a stellar job of using visibility to ensure they are optimizing service to the customer,” notes Karin Bursa, vice president of marketing at Atlanta-based supply chain management software developer Logility.

One example of predictive visibility comes from UPS Healthcare Strategy, a division of the company devoted to the healthcare industry. As pharmaceutical markets expand to emerging countries, pharma manufacturers say a big challenge is ensuring products stay within prescribed temperature ranges for compliance and safety.

UPS Healthcare’s Proactive Response service combines skilled managers with sensor and visibility technology to monitor sensitive shipments and intervene with additional coolant or better routing when needed.

“We anticipate events before they happen,” says MaryBeth Clapper, global product manager, UPS Proactive Response, for UPS Healthcare Strategy. “For example, if we expect to receive

Nebraska Furniture Mart Puts Visibility on the Table

Consumers are bringing their get-it-now expectations to furniture shopping, pressuring retailers such as Nebraska Furniture Mart to turn orders into deliveries as fast as possible. Founded by Russian immigrant Rose Blumkin in 1937, the discount retailer has grown to a four-location home goods company now owned by Berkshire Hathaway.

Nebraska Furniture Mart has always strived to cut order-to-delivery times, but without visibility into the supply chain, they did it with people, not technology.

That began to change in 2013, when supply chain analyst Timothy Bundy developed a routing tool to provide Nebraska Furniture Mart’s more than 500 vendors with visibility into the retailer’s order process, from purchase order through the vendor’s fulfillment of that order, down to the SKU level.

“As I pressure vendors to perform, they have a tool to see their performance,” Bundy explains. “It keeps the ball in the vendor’s court. Nebraska Furniture Mart says, ‘This is what you promised, and we sell and monitor based on that commitment.’”

The tool has helped drive better fulfillment—but also exposed visibility gaps both at vendors and Nebraska Furniture Mart. Fortunately, at the same time, the retailer began deploying Atlanta-based supply chain management software developer Logility’s demand planning, supply chain planning, and transportation planning tools to improve visibility and alignment across its processes. In addition to



Retailer Nebraska Furniture Mart turned to Logility’s software solutions to improve end-to-end supply chain visibility.

inventory visibility, the suite is helping load planners make informed transportation decisions that balance cost and service levels.

“We can measure days from purchase order creation until the shipment is in the building,” says Bundy. “We’ve already reduced transportation lead times by several days, and can now provide more reliable data to customers. It’s something we were always doing, but now we can do it with a lot more credibility.”

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information about a movement but don't get it, the lack of information will alert us to investigate and take action."

Many supply chain and enterprise applications list visibility as a product benefit, and that reflects the problem: Broad-scale visibility isn't a single solution you can buy, but rather the benefit of leveraging multiple solutions tapping many sources of data. Companies gain and use visibility through a combination of software and business processes, says Fenwick.

Start your Engines

Companies seeking to build an engine for visibility need an information hub, according to Gartner. It's a complex model that, at the foundational level, includes an interoperability layer allowing information exchange among different systems, along with rules, events, and workflows, and a connectivity layer that facilitates filtering, evaluating, and presenting captured plans, events, and data. An integration layer enables multiple business partners and systems to connect to data in their networks, despite varied formats and capabilities, and the lack of standards beyond basic electronic data interchange (EDI).

Supply chain and other applications layer on top of this visibility foundation to use the data in context of the particular application.

Getting such an infrastructure in place is key to being able to collect, process, and analyze data to feed the many use cases shippers have in mind when they set better visibility as a goal. This infrastructure enables the following capabilities:

- **Track and trace:** Getting real-time views to inventory, assets, and materials in the inbound and outbound supply chains.
- **Transportation budgeting:** Understanding transportation needs to support bidding, contract negotiation, and carrier scorecarding.
- **Transportation optimization:** Shipment planning based on up-to-the-minute information, and re-planning as information changes. "You can accelerate the process and improve the quality of the plan," says Bursa. "It's relying less on the art of the plan and more on the science to get a better answer."
- **Trade and customer compliance:** Ensuring adherence to laws and customer requirements around movement of goods.
- **Forecasting:** Using current and historical data to inform future planning.
- **Planning:** Using inbound visibility for production planning, crossdocking, and shipment acceleration.
- **Customer segmentation:** Using visibility data to identify segments, and then forecast by customer, customer type, and channel.
- **Sense and respond:** Improving the ability to tie demand signals to efficient fulfillment.
- **Supply chain resilience:** Monitoring global conditions and the network to anticipate and mitigate impact.
- **Customer service/omni-channel:** Improving accuracy in promising order fulfillment.
- **Backhaul, returns, and pallet management:** Tracking inbound cargo to help staff up and prepare for receipt and processing.
- **Network planning:** Re-evaluating the current network in the context of the evolving supply chain.

For many shippers, the challenge lies not in getting access to

the data to achieve these use cases, but in actually using it, says Manik Sharma, vice president of industry strategy and innovation for Kinaxis, a cloud-based supply chain software developer with headquarters in Houston. "Visibility is the big ask" from prospects and customers, he says. "In most cases, they have data coming in, but they're not able to connect that data.

"If I have a shipment and data coming in, the data has to reflect into the manufacturing plan so I can see what the impacts are, but often that connection does not exist," he adds.

Technology gaps are one reason companies have not attained the visibility they are seeking, but growth through acquisition and proliferating supplier bases are also obstacles in the path to making those essential connections. Other obstacles include conducting supply chain planning via spreadsheet, which isolates information. This separation is an obstacle that companies have to overcome to attain visibility, says Sharma.

How Tech is Evolving

Solutions designed to meet visibility goals are becoming more real time and granular, and are making increased use of advanced analytics. Technology advancement has made it easy to pull data from varied sources and exchange it with business partners, as well as perform data harmonization through simple configuration instead of writing code, says Sharma. Increased computing power and data collection are also important advancements supporting better visibility.

"Once supply chain managers get a taste of data, they want more," says Fenwick. "More information helps achieve new business processes and better decision-making."

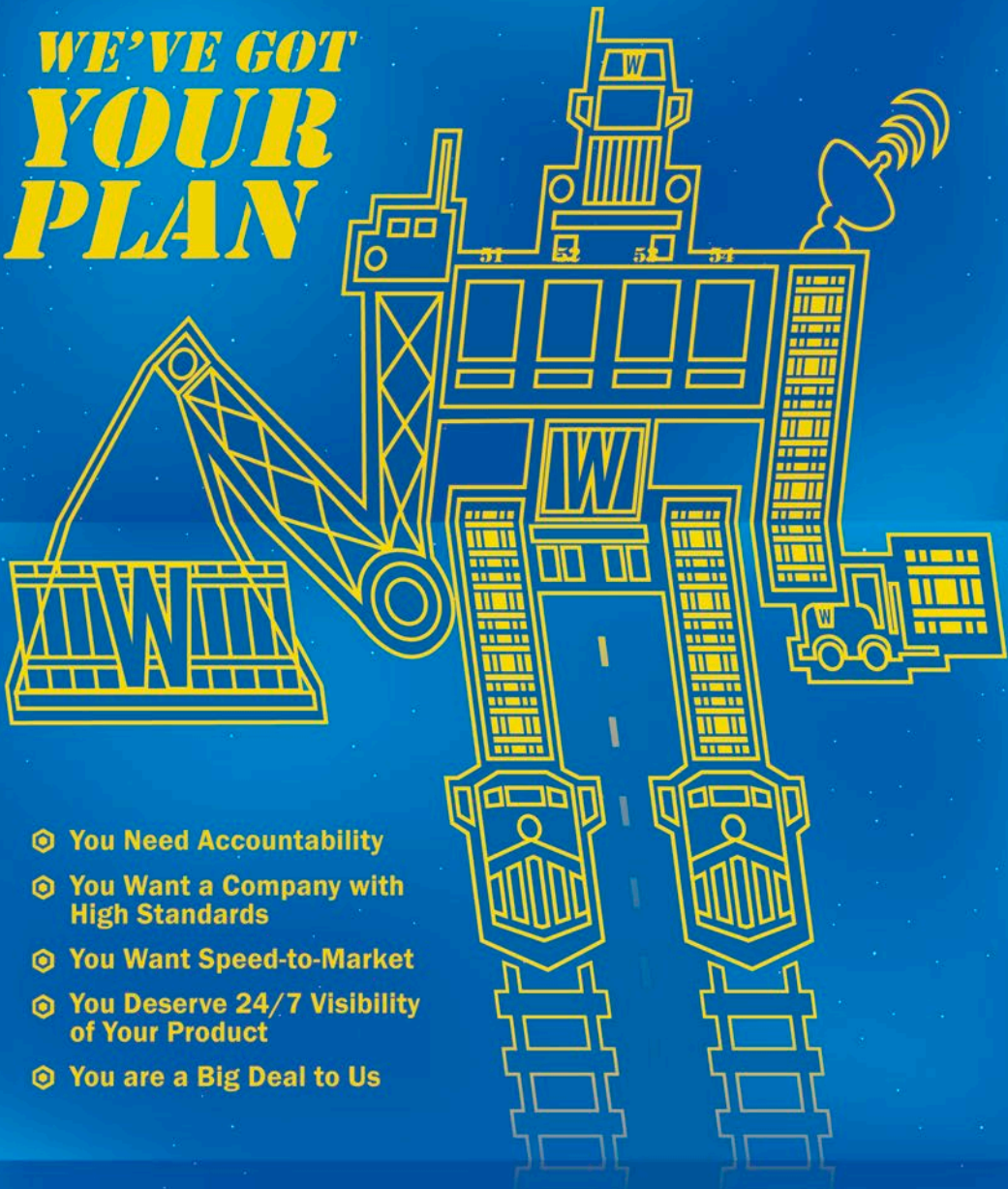
One important use case for visibility is tying together demand and supply chain planning—including distribution and transportation—through visibility solutions. "It's a blending or merging of the process of supply chain planning," Bursa explains. "It's something we've been talking about for the past decade, but practitioners are now in a position to leverage."

Visibility of both components allows companies to see the impact of demand on the supply chain side of their business. Companies can consider what a 10-percent business increase in a given region means for the operation's global supply chain. Or, conversely, they can discuss the implications on meeting demand if a tsunami disrupts their supply chain. And they can determine what informed decisions must be made to proactively address the situation before the impacts are felt.

Proliferation of data sources is helping visibility become more granular. EDI transaction data and bar-code data collection can now be supplemented with data from RFID devices, GPS, on-board computers in trucks, drivers' mobile devices, sensors placed on assets or alongside cargo, and even social media data to add richness and detail. But this access to information is also driving the big data problem in the supply chain—another reason analytics are becoming essential to finding meaning in the fire hose of data.

Another trend is toward architectures that enable collaboration. Trading partners need visibility to the same knowledge base in order to function, so communication must be bi-directional. For some businesses, this requirement points to the need for a cloud

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architecture to translate messaging formats and ensure trading partners can interact with data at their own levels of capability.

Supply chain communications require one-to-one, one-to-many, and many-to-many communications, says Atkinson, because supply chains are really networks of trading partners. Many shippers get stuck at the integration step, but a cloud architecture overcomes this. "Cloud-based connectivity is best for the connectivity layer as opposed to one-to-one communications," he says.

Insource or Outsource?

With the considerable time and resources required to reach more sophisticated levels of visibility through technology investment and process change, some shippers choose to instead rely on the IT investments of their third-party logistics (3PL) partners. Because they serve customers across industries with widely varying requirements and capabilities, 3PLs are pushed to create highly flexible platforms that can be customized to meet specific needs.

"Our customers generally expect that we should be leading-edge and aware of the latest innovations," says Gary Allen, vice president of supply chain excellence for Miami-based 3PL Ryder System. Some customers procuring more tactical services simply need visibility into shipments, while a 4PL customer may seek more extended visibility via a control tower and analytics tools.

"We use a hosted modeling tool," Allen explains. "Typically we design a customer-facing Web front end. Underlying that, we buy services from providers that can extract the data. The important thing is not bringing in the data updates, but how you use them in modeling to provide insights."

A major investment in cloud technology in 2011 helps UPS deliver IT services to its wide range of customers, but that's not the only factor shippers should consider in the build-it-or-buy-it decision. The challenge to continue to grow and deliver value to shareholders is putting pressure on many companies to invest their resources wisely to meet those goals, says Eric Souza, product marketing director, global forwarding, for UPS.

"Advancements in technology have made supply chain visibility more accessible through tools such as cloud-based applications," he explains. "But companies have to evaluate whether acquiring that in-house is the best answer for their companies. Is that a core competency that makes sense?"

"Some companies go down that path, but don't achieve the business objectives they set out for," Souza adds. "They have the tools, but they also need the knowledge, experience, and network to achieve those results." Offering those capabilities is part of a 3PL's value proposition.

For future versions of their solutions, developers of visibility products are also focusing on managing the big data problem that access to additional data is creating, primarily by continuing to enhance analytic capabilities. Another approach is enabling this data to be consumed via mobile devices. What's clear is that visibility is making the leap from nice-to-have to must-have, with the ROI evidence now available to justify the considerable investment required.

Meanwhile, shippers are challenged to meet some developing threats to supply chain visibility driven by cost reduction through mode shifting. Steamship overcapacity is causing increasing

Achieving End-to-End Visibility

Visibility tends to be a moving target. By the time you reach current goals, the need may very well have evolved. But experts agree the journey is still a necessity to operate in today's increasingly challenging supply chain conditions. Here are some tips for getting visibility projects to work:

■ **Use good project management.** Start with the as-is. Have a vision that identifies the problem to be solved, how the data will be structured, and the maturity level you are seeking. Address the change management required to get there.

■ **Break the project into smaller pieces.** Start with a division, geography, or channel. "You need to segment into bite-size chunks, but also link to your biggest problems," advises Ryder's Allen. That means benefits can be attained in six to 12 months, rather than the 18 to 24 months often required for a big-bang, enterprise-wide visibility project.

■ **Assign an owner.** Because visibility to data overlays most of the organization, it tends to lack a single entity to take responsibility for it.

■ **Strive for platform neutrality.** "Visibility tools need to be neutral, and easy to plug in and out of," rather than locked into one piece of software, says Allen.

■ **Ensure flexible reporting.** Users consume visibility data in different ways, says Manhattan Associates' Fenwick. For example, logistics users may need it displayed as a map for their control center, while the merchandising team needs reports.

■ **Prepare to roll up your sleeves.** Technology is making many aspects of visibility easier to attain, but implementation still requires establishing rules and processes to ensure those solutions are solving the needs of individual users and supply chains.

■ **Make use of proactive alerts and monitoring.** "Not all transportation solutions have that capability, and those that do aren't all are using it," says Logility's Bursa. "Alerts make managers much more proactive."

unreliability in sailing schedules, compounded by the ongoing threat of port strikes, says Souza, and some shippers are using non-traditional modes such as rail from China to Europe.

All shippers, but particularly those with sensitive goods, need monitoring and feedback to ensure safe transport, but ocean and rail modes can be a less reliable source of such data. "As an industry, we face additional challenges, and it's not 100-percent clear how we will solve them," Souza notes.

What is clear is that with today's dynamic and volatile market conditions, the need for better supply chain visibility is pressing—and will only grow. ■



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California, *Here We Stay*



As part of a new supply chain management and logistics strategy, Yokohama Tire decides to roll with its current operations in the Golden State.

At the start of 2015, Yokohama Tire Corporation (YTC) relocated its corporate headquarters and distribution center from Fullerton, Calif., where it operated for 28 years.

But rather than leave the state, YTC, whose product line includes tires for high-performance, light truck, passenger car, commercial truck and bus, and off-the-road mining and construction applications, stayed in California. It moved its headquarters to a 57,000-square-foot building in nearby Santa Ana, and its distribution center to a new 658,000-square-foot facility in Chino, about 22 miles away. The moves were part of a massive supply chain management and logistics plan, according to Jeremy Kahrs, YTC senior director, supply chain, logistics, and corporate quality assurance.

Kahrs discusses the reasoning behind the plan, and how it will help Yokohama and its dealers grow business further.

Q: Why did Yokohama decide to move its southern California distribution center and headquarters to two separate locations?

A: The DC and headquarters are expanding, and we simply outgrew our facility in Fullerton. They're two different operations, with a different



Jeremy Kahrs, senior director, supply chain, logistics, and corporate quality assurance, Yokohama Tire Corporation

equation behind the ideal location for each. The real estate cost of a DC, and its proximity to customers, rules that decision. The location of employees and proximity to vendors that service the headquarters, among other factors, dictate where to site offices.

Q: Why did you choose Chino as the location for the western region DC?

A: We receive tires from manufacturing plants in Salem, Va., and Mount Vernon, Ill., and in the future will receive them from West Point, Miss., as well as our offshore facilities. We had to look at how the products ultimately moved from these facilities to our customers, and the cost of logistics.

We scrutinized both the inbound and outbound flow, examining all means of transportation involved in the tire deliveries. We use intermodal to move tires east, so transportation plays a big part in the equation. We knew putting a large DC close to the port would be cost-prohibitive. Ultimately, Chino provided the best business case.

Q: How will dealers and end users benefit from the move to Chino?

A: One of our biggest goals with the move is to elevate customer service to the next level. Given its expansive size, and innovations we are introducing to our operations, the new location will accomplish that.

For example, given the DC's larger size, not only will we be able to hold more inventory, we will also be able to have the facility function as a hub. We'll process inventory that comes from various sources, and allocate it to our other distribution centers as demand requires. This allows

us better control over having the product in the right place at the right time. For dealers, this means having the right product mix when they need it.

Situations could arise where we have heavier than predicted sales in one DC and lighter than predicted sales in another. The end result might be a back order. If we bring inventory into Chino, hold it there and then redistribute it, we will have appropriate levels of products where they are needed.

Q: What are the benefits of the new Chino DC in terms of modernization?

A: Besides having it function as a hub, we will introduce an entirely new demand planning system and warehouse management system (WMS). Both systems will bring about higher levels of precision and efficiency.

Inside the Chino DC, we installed

numerous wireless access points where equipment on the floor constantly talks to the network. This results in delivering real-time information to operators for increased efficiency. The operators perform all their work via a scanner, which, in turn, increases accuracy and saves time.

We piloted the use of the new WMS at our DC in Columbus, Ohio, while the DC in Chino was being built. We will roll out the WMS to other DCs, including Chino, later in 2015.

We also switched from wooden to steel pallets. Not only are steel pallets more durable, they also allow us to stack products higher given our expanded capacity.

Q: How many loading docks at the Chino DC, and how many tires will you store there?

A: The DC has 116 loading docks. We performed many calculations on the number of tires we needed to hold. Interestingly, the size of the building is almost exactly what we targeted. The facility's capacity is about one million tires.

Q: Will the move to Chino create more jobs?

A: Yes, it will create more jobs due to growth over time, and we will need workers to handle the increased volume of containers coming into southern California.

Q: Do you expect Chino to be a 24-hour operation?

A: We are considering a three-shift operation, which helps mitigate congestion at the port and the ability to get containers out. Sometimes it's easier to move containers out in the middle of the night.

Q: Will overseas tires still go to Chino when the Mississippi plant opens?

A: Yes. We want to hold product as close to where it's manufactured as we can. We'll hold some of the offshore product that comes to the West Coast in Chino until the DCs in the East need replenishment.

Q: Why is logistics and supply chain management so important to Yokohama?

A: Yokohama is focused on customer service, so we try to minimize the time from when an order is placed to when we can deliver it to a dealer. The other piece of the equation is that it's expensive to ship tires. We don't want to ship a tire from southern California to Columbus, then turn around and ship it back to Albuquerque. Our new logistics strategy continuously evolves to minimize the number of miles that those tires move across the country.

Yokohama's distribution center in Chino, Calif., features 116 loading docks and can hold one million tires.



Q: Talk a little about Yokohama's U.S. supply chain as a whole. From manufacturing to distribution, how many facilities do you operate, and where?

A: Yokohama's supply for the U.S. market comes from both domestic and offshore plants. Our single largest source is our plant in Salem, Va., but we have significant supply from Japan, the Philippines, and Thailand. In recent years, we increased supply by expanding our off-shore plants, most notably our parent company's (The Yokohama Rubber Co.) plant in the Philippines. Production in our new Mississippi plant will allow future growth in truck and bus tires. We operate four distribution centers: Chino, Calif., Columbus, Ohio, Winder, Ga., and Louisville, Ky. The Louisville facility is dedicated to truck, bus, and over-the-road tires.

Q: How has Yokohama's network changed over the past decade, pre- and post recession? What accounts for this change, if any?

A: Ten years ago, we opened a DC in Columbus. Since then, our network has been stable, with only tweaks to the areas serviced by each DC to adjust for demand and supply shifts. Our recent move in southern California was to accommodate growth and a new inventory replenishment strategy that we are implementing. Columbus and southern California (now Chino) are the right places to be in every scenario we analyze. A few key regions, such as Texas and the New England states, are driving up transportation costs, but they haven't reached a point yet where we can justify a network shift. With production in West Point, Miss., poised to begin, and ongoing growth in Texas and New England, we anticipate the need to make adjustments within two to four years.

Q: Apart from the DC relocation, what other changes is the company making as part of its "massive supply chain management and logistics plan?" Why?

A: We have a rolling five-year plan. Each time we update it, the level



Years of strong growth drove Yokohama Tire Corporation to move its Western Region distribution center from Fullerton, Calif., to this newly constructed 658,000-square-foot facility in Chino.

of sophistication we aim to achieve notches up. Compared to five years ago, our current plans are more aggressive for updating our technology to facilitate more complex strategies. For example, the idea of operating hubs that will replenish the other DCs isn't unique, but to do this efficiently, we needed to implement new demand planning and warehouse management software. We will continue to expand on this inventory deployment logic as our manufacturing footprint evolves.

At the same time, we have to get better at how we allocate or promise inventory to customers, and how we ship to them. We need to expand the use of pooling and consolidation strategies in Texas and New England, but again, we need to improve systems to do this efficiently. In this case, our order-to-cash system presents some limitations. That will change. Although the logistics plan isn't the driver for a new order-to-cash system, we will take advantage of that change when it occurs. So, we are looking at a plan that changes the way we deploy inventory and service customers, re-engineers our network, and requires new demand planning, WMS and order-to-cash systems. S&OP improvements are in there as well.

Q: The automotive industry's attention to demand-driven logistics and JIT manufacturing is well documented—especially as industry rebounds. As an OEM and aftermarket

supplier, how does this impact the way you manage your supply chain? Does the DC operating as an inventory hub reflect this?

A: The major benefits of operating the hub are to pool safety stock and minimize inventory imbalance between DCs. The result is improved fill rates with the same or less total inventory. This generally isn't effective for supply to the OEMs because the majority of original equipment (OE) parts are shipped to only one or two assembly plants. We currently are not using this strategy for OE.

The OEMs want flexibility and quick reaction time in their supply chain without the risk of obsolescence costs potentially resulting from excess inventory. The automakers have competing objectives: Yes, they want the flexibility of JIT manufacturing, but they also need a diversified supply base and low-cost supply, which has pushed them toward global sourcing. The longer lead times associated with sourcing parts globally are counter to the need to reduce cycle times to become more demand driven. Fortunately, the tire world has strong aftermarket demand for most OE parts, so the risk of carrying enough inventory to ensure supply and provide some flexibility to the assembly plants is low.

Q: Transportation is a considerable cost. In addition to rail/intermodal, how is Yokohama trying to drive out cost?

A. Yokohama strives to accommodate our customers' day-to-day needs, which tends to drive up transportation costs. The plan I discussed earlier is all about building upon a service mentality while mitigating some of the cost. Some of our objectives are aimed at reducing waste, such as repositioning inventory, or having tires criss-cross the country as they go from plant to DC to customer. Other objectives are more process or systemic improvements that will, for example, help reduce total LTL miles.

Q. Has Yokohama been impacted by recurring West Coast labor strife? What type of contingencies do you have in place to circumvent these problems?

A. I can state unequivocally that the problems, especially between about September and March 2015, resulted in lost sales and increased logistics costs. Early in 2015, we took actions to increase inventory and ship more product through East Coast ports. This was effective for parts for which we weren't capacity constrained. Sales for parts that were in the highest demand, those for which we had no ability to build inventory, suffered. For the most part, the alternative routes either provided minimal improvement in transit times, had unacceptable costs, or were suffering from congestion as everybody looked for a better route. I anticipate that during the next five years,

Yokohama will continue to improve its distribution network throughout the United States, Canada, and Mexico, providing more opportunity to use alternate ports at reasonable cost.

Q. You talked about the selection process for the Chino DC. Why did you choose Santa Ana for the new headquarters?

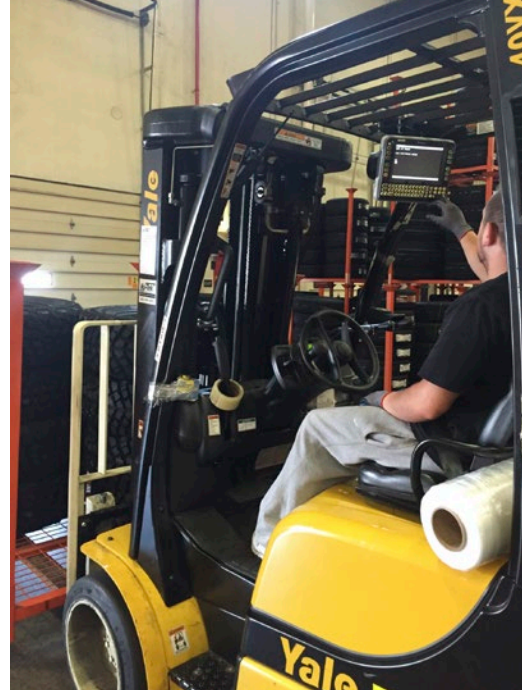
A. That was a different equation than the DC. We're more concerned about the driving distance for our employees, vendors and for our customers flying in who need to be close to the airport. Employee commute time was a huge factor. We looked at every single employee, how long their commutes were to Fullerton and how long their commutes would be to a new office.

Q. Many companies have moved out of California. What made Yokohama stay?

A. We're a California company and that's part of the Yokohama culture. We have a strong workforce here, and we believe the future is bright in southern California.

Q. Will there be more job openings in the new headquarters?

A. We've added a number of employees over the past year, and I expect that we'll continue to hire this year.



With its expansion, the Chino DC allows Yokohama workers to navigate easily, and move products quickly.

Q. Yokohama prides itself on being a green company. What are some environmental aspects of the new buildings?

A. In Chino, we installed a solar panel system on the roof and a highly efficient, energy-saving lighting system. And in Santa Ana, in addition to more efficient lighting, we've put in two EV charging stations for employees to plug in hybrids or electric vehicles.

We're also focused on minimizing paper waste. We introduced an electronic content management system, which allows employees to digitally archive instead of printing paper. We continue to look for ways to help the environment.

Q. What concerns and challenges keep you awake at night?

A. I'm continuously reviewing the feasibility of our long-term strategies and commitments in light of variables that we don't control, such as port issues, drayage costs, chassis shortages, rail congestion, and driver regulations. If you optimize based on the assumption that you'll have a dysfunctional situation at the port, you are likely to have a less than optimal solution for the majority of the time when the port is operating smoothly. It is nice to have flexibility, but flexibility has a price. ■



Yokohama's Chino DC is designed to hold tires at more than twice the capacity of its former warehouse.

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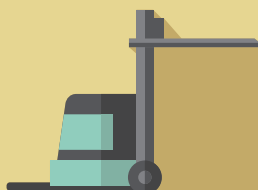
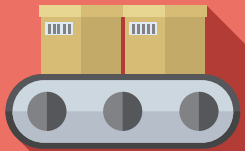
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BY BARRY BRANDMAN
PRESIDENT
DANBEE INVESTIGATIONS

SUPPLY CHAIN SECURITY: PLAYING IT SAFE

DOES YOUR CURRENT ASSET-
PROTECTION PLAN PROVIDE A
FALSE SENSE OF SECURITY?

Protecting today's corporate supply chain is a complex challenge. The more than 20 million conveyances arriving to the United States each year, and the number of times these shipments are handled both internationally and domestically, create many opportunities for illegal activity to take place. Professional crime rings, dishonest employees and contractors, and terrorist groups are all real threats that we must take seriously.

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Organized crime groups that target logistics companies are responsible for hundreds of millions of dollars of loss annually, while employee-related theft is estimated to exceed \$10 billion each year.

Since Sept. 11, 2001, terrorist organizations have made numerous attempts to penetrate the commercial supply chain, and recent geo-political events indicate that this risk may increase. Should a terrorist group manage to smuggle a biological, chemical, or nuclear weapon of mass destruction into a shipment, the ramifications could be catastrophic in terms of loss of life, as well as the financial consequences for the victimized company.

Today, the majority of importers, freight forwarders, consolidators, distributors, carriers, and manufacturers understand the importance of mitigating their exposure to these threats. Despite the emphasis on having effective asset-protection safeguards in place, why is it that so many companies are still victimized each year?

REALITY CHECK

Here's a simple truth when it comes to supply chain security: Most business asset-protection plans look much better on paper than they actually work day to day.

Many companies that have not been victimized, or were just not aware that they were having security problems, were lulled into complacency. As a result, they wrongfully assumed that their loss-prevention



Tight security controls can prevent a breach, such as narcotics being hidden inside cartons of finished goods.

program was far more effective than it really was.

Only after having a major security breach that couldn't be ignored were a large percentage of these companies forced to face the harsh reality that their safeguards were nowhere near as robust as they had assumed they were. Unfortunately, learning this after a significant security breach can be an extremely costly lesson.

One example involved a distributor that experienced a break-in while its facility was closed. This resulted in an inventory loss of more than \$8.2 million. Professionals

carried out the theft by entering the building after cutting a hole in the distribution center roof, climbing down a rope ladder, and then dismantling the control panels of all the electronic security systems. The distributor only became aware of the theft when the day shift employees reported to work and found that all the inventory had been removed from several aisles of racking that were full just eight hours earlier.

Company executives were shocked because their facility had never suffered a loss in 17 years at this location. They assumed that their alarm and video systems were more than adequate for preventing this type of unauthorized entry.

The reality is, they were simply fortunate that a professional crime ring had never targeted their facility prior to this event. When their luck ran out, however, they were rudely awakened to the deficiencies of their electronic security systems, which the thieves had easily compromised.

Not only did a vendor sell the distributor the wrong security technology, but the forensic investigation also determined that the vendor had improperly installed and programmed some of the equipment. The professionals who attacked this distribution center had no difficulty circumventing the intrusion detection equipment and cameras, and spending several hours inside the facility loading the distributor's inventory into their tractor-trailers.

Another example of a victimized



Product tampering, terrorism, smuggling, and diversion are just a few security threats that can negatively impact not only a company's reputation, but also its bottom line.

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company having a false sense of security involved a foreign freight forwarder that had a shipment seized when narcotics were found hidden inside cartons of finished goods. We were asked to conduct a post-event security assessment; one of the primary objectives was to determine how the forwarder's controls were breached and what it should do to prevent a recurrence in the future.

The company's senior management had always believed they had tight security policies and procedures in place. They pointed out, for example, that they kept the cartons of finished goods that contained the concealed drugs in a secured section of their building with access strictly limited to only a few highly trusted employees. Additionally, when the product was shipped to the local seaport, the cargo containers were always secured with high-security tamper-evident seals. Consequently, they were puzzled as to where and when the smuggling could have occurred.

CAUGHT UNAWARE

However, an investigation revealed several breaches in security policies and procedures that the forwarder was unaware of.

The managers were convinced that the high-security area of the warehouse was well protected with an electronic lock that required an access control card to open, and only three highly trusted workers had the ability to enter this area. An investigation found, however, that for convenience, these employees repeatedly left the entrance gate open for long periods, and had also dismantled the prop alarm on the gate because they found the siren annoying, thereby neutralizing any benefit that the access control system provided.

Consequently, other warehouse employees had the ability to enter the high-security area. That's exactly what was taking place, and was one of the ways that the drugs were being hidden inside the product cartons.

No one in management was aware of this because the video cameras monitoring the high-security area provided poor clarity and were seldom viewed. Although uniformed guards patrolled the facility, the officers became friendly with many of the

Loss Prevention Best Practices

The most successful loss prevention programs incorporate the following best practice strategies and tactics:

Implement a security program that is far more proactive than reactive. It's not a question of whether an incident will occur; the real questions are where it will take place and how costly it will be. That's why focusing on effective safeguards that prevent problems from occurring, rather than reacting after an incident, is typically a more cost-effective approach to protecting a company's assets.

Design your supply chain security program with multiple checks and balances. There is no silver bullet. The truth is, no one solution, whether a practice or type of technology, will protect your supply chain from risk. World-class security programs always utilize a layered approach, with numerous checks and balances in place in the event that primary safeguards fail or are compromised. In some high-risk countries, or when handling product that is extremely valuable, you'll find not one but multiple checks and balances embedded into the chain of custody controls.

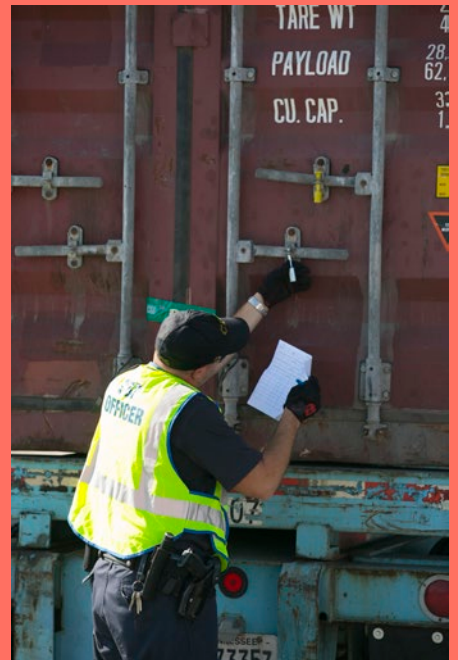
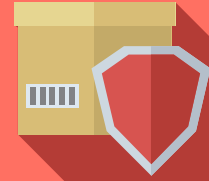
Companies importing shipments from Mexico to the United States, for example, should have as many as six, eight, or even 10 backup safeguards in place, with each acting as a safety net in the event the others are circumvented.

Combine the right technology with your policies and

procedures. If you find and utilize the right technology, and integrate it into your asset-protection program, it can provide significant value. Some examples include covert GPS devices that are hidden inside shipments, and high-definition digital cameras that can be remotely viewed from anywhere in the world. Exercise caution, however, as some security equipment vendors will over-hype their product's capabilities and/or offer technology that is not applicable to your specific needs.

Take an MRI of your company. If you have reason to suspect security problems, or simply want to know how your business is really operating, undercover has proven to be a good solution. Seeing your company from the perspective of an insider can provide comprehensive intelligence on a number of issues, including internal theft, workplace substance abuse/distribution, lax supervision, non-adherence to company policies and procedures, and morale issues.

An undercover investigation can also provide insight on the effectiveness of your safeguards by identifying exactly where security deficiencies exist.



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workers and were reluctant to write them up for security violations such as lax adherence to the access control policies.

The investigation also exposed significant vulnerability in the transportation controls. Although the executives explained that every container moving to the seaport was secured with a high-security bolt seal, the investigation found that the dock supervisor routinely handed the seal to departing drivers, and allowed them to secure it to the rear door of the container.

Further investigation revealed that one dishonest driver was surreptitiously pocketing the seal the dock supervisor gave him, and affixing a different seal (one that he arrived with) to the container door. After departing the facility, the driver parked in a deserted area, removed the substitute seal he had affixed, entered the cargo area, and concealed contraband inside certain cartons. He then closed the rear container doors and applied the high-security seal he had been given by the dock supervisor—the one that should have been affixed at the shipping dock before he departed. Although the seals were of good quality, the freight forwarder's procedures for controlling and handling them were weak, and therefore able to be circumvented.

COSTLY MISTAKES

Victimized companies are often guilty of making certain mistakes that result in significant security breaches.

One of the biggest missteps is to assign responsibility for conducting loss prevention audits to personnel who lack meaningful asset-protection experience. If auditors don't have expertise in logistics security, chances are slim to none that they will be able to find the weak links in a company's supply chain. Just because individuals have quality control or safety auditing experience does not mean they are qualified to conduct security audits.

Another common mistake is for those conducting security audits to use generalized, over-simplified checklists that they find on the Internet. Using these types of checklists typically results in a cosmetic, rather than in-depth, examination of a company's security policies, practices, and technology.

It's important to keep in mind that the



A wide range of risks threatens the security of freight moving into and out of seaports; shipments moving on more than one mode are particularly vulnerable. A successful asset-protection program addresses these risks and outlines steps to avoid them.

objective of a security audit is to expose and remedy vulnerabilities before those with bad intentions can exploit them. The only way to accomplish this is by going beneath the surface, because when it comes to security deficiencies, the devil is often in the details. Audits need to dig deep in order to expose these deficiencies, and this cannot be accomplished by simply pencil-whipping a generic checklist.

Another costly mistake is allowing an asset-protection program to grow stale. Most supply chains are dynamic, and logistics and security threats are constantly evolving. Unless a company perpetually analyzes and updates safeguards, ensuring that the latest best practices are in place, its risk factor will be much higher than it should be.

REAL-WORLD SOLUTIONS

Today, successful companies are concerned about all facets of their security programs. Inventory loss, fraud, terrorism, product tampering, diversion, counterfeiting, smuggling, the theft of proprietary information, and cybercrime are threats that can negatively impact not only a company's reputation, but also its bottom line.

There are numerous reasons to invest in protecting your supply chain, which is why successful companies make asset protection a top priority. The benefits derived from a world-class security program include:

■ **Not jeopardizing your C-TPAT certification.** A current C-TPAT certification is essential for any eligible company that wants to stay competitive in today's marketplace. To date, more than 3,400 companies have been either suspended or expelled from the C-TPAT program, a consequence that is far more likely to happen to companies with deficient safeguards.

■ **Significantly reducing your risk of internal theft and cargo.** Nearly every dollar saved goes back onto your bottom line—where it belongs.

■ **Mitigating your exposure to costly litigation and negative publicity.** Some companies that suffered major security breaches had to spend six figures on legal representation, and damage control and public relations consultants.

■ **Avoiding insurance premium increases.** Insurance carriers are typically interested in doing business with, and offer more competitive rates to, companies with good histories, i.e., those without security-related claims.

■ **Having a marketing advantage over competitors that don't have a robust security program in place.** Most buyers of finished goods and logistics services today will evaluate how effectively their prospective business partners protect their supply chain from loss, disruption, product tampering, and smuggling. Companies that don't have world-class asset-protection programs often lose out on contracts to competitors that do. ■



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Prepare *for* Impact

The best time to brace yourself for a supply chain disruption is before disaster strikes. *by Beth Goodbaum*



All supply chains carry an element of risk, whether it is product liability or a natural disaster with the potential to impact all channels of business, including the consumer. While most supply chain managers know to “expect the unexpected,” risk variables across industry are changing. For example, shipper expectations are evolving as sophisticated technological advances provide tools to streamline and forecast shipments in emerging markets.

Working with a third-party logistics (3PL) provider may provide insight into strategies that improve business reliability both abroad and domestically, all while meeting shipper expectations. While it is impossible to avoid every potential risk, supply chain managers representing retailers, 3PLs, and legal counsel agree that working in unison, with full transparency, typically achieves the best risk management outcomes.

The Real Risk: No Set Strategy

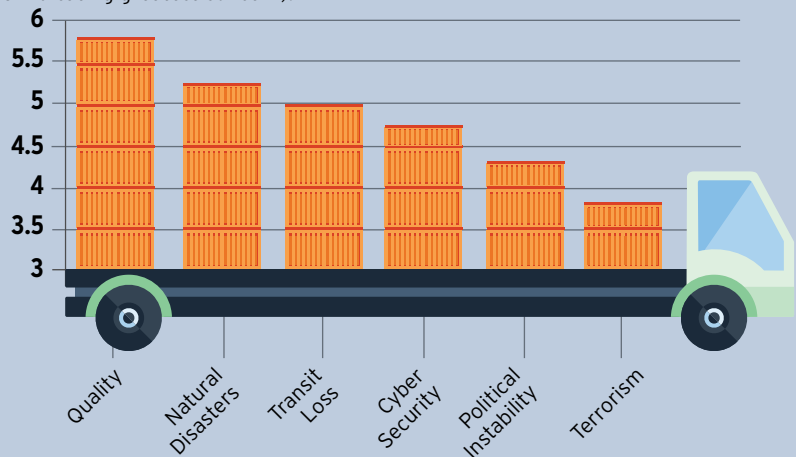
A 2013 Deloitte Consulting Survey reveals some top concerns among key executives, who admit that supply chain risk management is not always effective. In fact, while two-thirds of the companies that participated in the study, which included feedback from 600 executives in manufacturing, retail, and high-tech industries, have a supply chain risk management program in place, just half of the respondents believe that those programs are “effective” or “extremely effective.” Perhaps most indicative of a challenge across the supply chain as a whole, the survey finds that organizations are “often unsure” of where to focus risk management efforts.

3PL relationships serve to alleviate barriers to business, such as stringent regulations and compliance procedures, but not without sharply defined expectations. Clear communication that echoes the vision of all supply chain partners ensures that business runs effectively, despite the threat of risk.

The uptick in severe natural disasters over the past decade, including Hurricane Sandy in the Northeast in 2012, and Hurricane Katrina in 2005, and the potential for more catastrophic acts of nature, including deadly occurrences overseas, is a sweeping concern in the supply chain. In a 2014 report, *Managing Risk in the*

Rating Supply Chain Risks

Supply chain executives rate their most pressing concerns on a scale of 1-10 (10 indicating greatest concern).



SOURCE: *Managing Risk in the Global Supply Chain*, University of Tennessee

Supply chain professionals are most concerned about product quality and natural disasters; of least concern is terrorism and piracy.

Global Supply Chain, supply chain professionals list natural disasters among their top-ranked risks. The study, conducted by the University of Tennessee’s supply chain management faculty, surveyed more than 150 supply chain professionals representing manufacturers, retailers, and service providers.

For shippers, planning for the unexpected is imperative, but the right ingredients are also necessary. “When it comes to risk management, it’s important to have a program template,” says Ann Christopher, vice president and corporate counsel for Kenco, the largest woman-owned third-party logistics company in the United States.

“Nothing can prepare you completely if a disaster strikes your warehouse, but if a hurricane hits, or you suffer a significant power outage for an extended time, the more organized you are, and the more

that you’ve prepared upfront, the better off you will be,” she says. Christopher recommends that shippers be proactive by asking service providers for copies of their disaster and contingency planning documentation.

“We see more interest and more sophistication on the part of shippers, who ask, ‘How will you manage my product to minimize any disruption to my supply chain?’” says Christopher.

Even so, not all contingency plans are sufficient. Well-informed shippers ask their 3PLs for disaster or business continuity plans with specific requirements in place. Those requirements, for example, can include a list of business contacts who will be accessible 24/7, what vendors the 3PL will engage, and what sort of contractors they will use to handle disaster recovery cleanup, says Christopher.

Another potential risk to business occurs when a 3PL’s facilities or

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supply chain network falls out of sync with a shipper's requirements. This can be especially disconcerting during a crisis, when lost shipments can be the most costly and when a diversion plan becomes extremely significant.

"Shippers should be prepared to divert freight to alternate locations to minimize disruption during an emergency," says Christopher. "Kenco has customers who strategically choose to put a certain percentage of products in a southeast warehouse, for example, with the balance in a midwest warehouse because the probability is 99.9 percent that the same disaster situation will not impact both those geographic regions." Such strategies are imperative to consider when developing business continuity plans.

Security measures are another area that 3PLs and shippers need to approach with caution. "It's important for shippers to recognize the product type they are storing, and if the 3PL needs to make certain enhancements to the storage facility and/or security program," Christopher says. "The 3PL also needs to be up front in assessing the costs associated with proper security control mechanisms."

Ultimately, partners need to work together to ensure that security will be sufficient based on the product type, and the expectations and requirements of the owner of the goods, while also accounting for the facility's location.

Geographic location and shifting business to emerging markets has also led 3PLs to invest in data technology, a

best practice tool that addresses key risks to business, including theft, property damage, and shipment delays. Shippers moving cargo across the border, for instance, must effectively communicate with several parties, and may lose track of freight, or worse, lose business at the border. Working with 3PL providers that have key insights into foreign operations, and knowledge of stringent regulations that ensure compliance, helps alleviate threats to business.

From a 3PL perspective, managing different requirements for different countries and related cargo security declarations has been one of the largest growing areas of concern over the past five years, according to Scott Sangster, vice presi-

dent of the global logistics network for Descartes Systems Group, which provides on-demand, Software-as-a-Service logistics solutions.

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Ann Christopher, vice president and corporate counsel, Kenco

dent of the global logistics network for Descartes Systems Group, which provides on-demand, Software-as-a-Service logistics solutions.

Due in part to changing customer demands, Descartes invested heavily in compliance technology in recent years. "Shippers need information not only on what goods can be shipped into what countries, and the cost of importing goods into those countries, but also on meeting cargo security requirements by declaring those goods in advance," Sangster says.

Before any goods are loaded onto an aircraft or vessel for shipment abroad, many countries request that information about those goods — right down to the line-item level — "is filed before the goods are even loaded on a vessel, aircraft, or truck," says Sangster. "Countries want insight into what goods are being sent to them well in advance so they can stop any risk offshore before it gets within their border.

"The World Customs Organization is starting to create a published framework of security requirements that many countries around the world are adopting," he adds. "More countries are starting to push out their borders in the delivery of goods. Sometimes the movement of data

among manufacturer, shipper, and end consumer. "It has changed the relationship between transportation service providers, intermediaries, shippers, and consumers because they realize they have to share information to ensure goods move properly and quickly," Sangster says. "They also realize that interruptions in the flow of data can cause significant delivery delays.

"In the past, we didn't have that collaboration, or the full end-to-end view that parties need today to ensure products are not offloaded and sitting in a container in a port for a few days while the data catches up," he adds.

The Big Data Equation

"The past few years have brought huge technological innovations," notes Andy Souder of Savi Insight, a sensor analytics solutions company that creates operational intelligence from the Internet of Things (IoT). The most consequential shift, Souder says, occurred in 2014, the first year in which data created by sensors across the globe surpassed data generated by people.

"The decreasing cost of sensors, coupled with the rise of the IoT, has given shippers access to more data than ever before," Souder says.

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Running "what-if" scenarios can help alleviate risk in the event of a recall.

Parties across the supply chain need to understand all the data being generated, as investment in big data continues to add transparency to business. It helps alleviate security issues, such as theft and tampering of high-value assets – costly incidents that can also tarnish a company’s reputation.

Companies that provide this type of data insight also add to the much-needed transparency through the business process, enabling 3PLs to anticipate any potential supply chain disruptions and delays. Analytic applications that utilize data from sensors and public sources help identify insights that impact shippers daily.

For example, Savi provides insight based on data that can indicate, and ultimately determine, whether a shipment needs to be rerouted. Data can identify anything from a traffic jam reported on Twitter, to sun glare on a certain road at a particular time, to historical statistics that suggest a cargo theft hotspot.

Technology has also added to data accessibility, and is a way for all parties to get involved. “Technology vendors have to provide more open systems to communicate

information,” says Sangster. “In the past, the technology wasn’t able to consume and share information, and everyone worked in silos. The collaborative nature of business today is driving the fact that supply chain partners have to share data about their business.

“We will continue to see more open access for shippers to interact with supply chain data, and they won’t have to be sitting at their desk to view it,” he adds. “Mobile workers are now doing the data collection, while executives manage that process remotely as well.”

What Matters Most

A 3PL can meet shipper expectations about risk management by developing a deep understanding of what the shipper needs. “Many say third-party logistics is a rate business, but it’s not; it’s a relationship business,” says Mel Redman, owner of logistics and warehousing company Redman and Associates.

“Any 3PL can provide a rate, but they have to perform,” says Redman. “They have to be there as an extension of the

customer’s company.” The relationship between shipper and 3PL has to be rock solid, he contends, “because of the risk, because of the claims, because of everything that can go wrong.

“If, for example, your 3PLs do not understand the retailers they are shipping to, they also may not understand the specifications that you have to meet,” Redman cautions. “A retailer can blindly enter into a 3PL relationship, and all of a sudden, if the 3PL doesn’t deliver, it hurts their sales business.”

Redman says he spends an “inordinate amount of time” educating his third-party supplier, third-party vendors, and 3PL, on delivery requirements and agreements, and the consequences of missing a must-arrive-by day.

“There are penalties for missing all those things,” he notes. “Shippers need to get their 3PL providers to understand that, and to operate as an extension of their companies. That’s the key.

“We have a meeting minimum every quarter with those major providers,” Redman says. “We have them in for multiple days, go over their report card, and set goals for the next quarter. You’ve got to set goals and you’ve got to have criteria for performance for 3PL providers.”

Running Risk Scenarios

Performing what-if scenarios with supply chain data and through mock scenarios can also alleviate risk along the supply chain, but only if there are a few key elements in place.

In case of an emergency such as an unexpected event, or a recall, businesses need a few strategies to keep them running, according to Todd Harris of Stericycle ExpertSOLUTIONS, which manages recalls. He recommends a plan that identifies the players who own the recall team, and how they will identify affected parties.

“Who will manage the website? Can we manage call center or inbound phone calls for those who have the recalled product? All of those nuts and bolts need to be mapped out in advance in an ironclad plan,” Harris says.

“We highly recommend that companies test their recall plan routinely, at least once or twice every year, by doing what we call mock recalls,” he says. “Mock recalls put the team through their paces

unannounced to see how well the recall plan functions.”

Mock preparation throughout the supply chain is integral, especially when considering some recent findings.

“The top trend that we saw in the first quarter of 2015 was what we call the ‘multiplier effect,’” says Harris. “The multiplier effect happens when supplier issues trigger recalls with multiple brands, leading to incredibly complex recalls that are not only massive in size, but also may play out over different regions of the world and with different regulatory bodies.” Such an impact can touch every part of the supply chain.

Harris references the recent peanut-tainted cumin recall, which affected products that tested positive for the undeclared (and potentially deadly) peanut protein. The recall ultimately affected 14 different companies, 100 different brands, and 153 different products. It crossed not only products regulated by the Food and Drug Administration, but also over to the U.S. Drug Administration’s regulated products. That is a rare occurrence, and it adds another layer of complexity. That single

recall affected many different companies, many different brands, many different products, and multiple regulatory agencies.

Taking the Right First Steps

While multiple scenarios can go wrong across the supply chain, identifying liabilities and responsibilities helps to avoid finger pointing. Shippers may incorrectly assume that they are outsourcing not only the job function, but also all risk associated with their products, while they are in the care, custody, and control of the 3PL provider, says Kenco’s Christopher.

Key tactics include not only anticipating and assessing a worst-case scenario, such as a warehouse fire, for instance, but also identifying the stakeholders and their associated responsibilities, Christopher notes. She urges companies to ask some key questions, including: Who has the respective liability associated with the inventory under a certain circumstance?

“We also try to make it clear to our customers that liability is actually dictated by the law – the Uniform Commercial Code,” she says. Article 7 of the Uniform

Commercial Code identifies the duty of care imposed upon the warehouse provider, and it’s a reasonable care standard, for example.

A warehouse provider is not going to be held liable for loss or damage caused by a catastrophic tornado hitting a site, Christopher explains. Other weather-related conditions, such as floods, are also beyond the warehouse’s responsibility.

“The Code also specifies that the parties may establish a limitation of damages,” she says. “So not only are you tied to that reasonable care standard, but even in the event of negligence, there is generally an understood limitation of damages that will be in effect.”

Most of all, Christopher says, it’s essential for all parties to have a mutual meeting of the minds to understand their respective liabilities and obligations. “Those conversations are important to have up front rather than after the fact,” she advises.

Whatever risks your company may face, working closely with your third-party providers, and having strategies in place before disaster strikes, will keep your supply chain moving. ■

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By Tamara Chapman

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The professionals behind special projects operations can't leave any aspect of the mission to chance—not when an exhibit of unusual artifacts is scheduled to open in a few weeks, not when a critical component of an expensive construction project must arrive on time and in perfect condition, and certainly not when a conservation center urgently awaits a shipment of four endangered odd-toed ungulates.

And should the best-laid plans encounter resistance, seasoned pros recommend deep breathing and even reciting mantras. Mollie Bailey, the Chicago-based director of LCB International Logistics at third-party logistics (3PL) provider Transplace, summons her sustaining wisdom from the stoic Brits of World War II: When the bombs fall, “keep calm and carry on.”

That's sage advice for the supply chain managers involved in the following recent project logistics missions.

RHINOS ON THE MOVE

As the population of white rhinoceros dwindles—due largely to out-of-control poaching—the conservation community is fighting horn and hoof to save the species.

Their efforts include transporting healthy animals to special centers with breeding programs that aim not just to increase the head count, but also to develop best practices in the effort. None of this is easy—least of all the conveyance of the hefty beasts, which can weigh as much as 5,000 pounds.

Determined to do its part to ensure the white rhino's longevity, the Bester Birds and Animals Zoo Park in Pretoria, South Africa, decided to dispatch four of the animals to Florida's Center for Conservation of Tropical Ungulates, home to a species survival program specializing in breeding.

The job of shipping the rhinos from Oliver Tambo International Airport in Johannesburg to Miami International

Airport fell to IAG Cargo, a firm created in 2011 following the merger of British Airways World Cargo and Iberia Cargo.

IAG Cargo's live animal operation has emerged as a go-to source for the world's zoos and conservation programs—in part because of its next-generation A380 aircraft. The double-deck, widebody airliner's temperature management systems provide for precise climate controls during the flight. That allows IAG Cargo to ship everything from day-old chicks to exotic turtles to adult sharks, according to Daniel Johnson, the company's manager of global products.

Once IAG Cargo accepted the Bester park's assignment, planning began in earnest. “We started working with Bester a few months before the actual movement of the animals,” Johnson explains. That planning involved everything from initiating the paperwork associated with transporting animals across international borders to plotting the journey to working with veterinarians to ensure the animals' safety, health, and comfort.

“Unlike a normal piece of cargo, we have to make sure we treat the animals



As part of a conservation project to support the species' survival, IAG Cargo transported four white rhinos from Johannesburg to Miami in special containers that allowed them to stand naturally, but also prevented them from moving freely and risking injury.

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with the same care as a passenger on the aircraft,” Johnson says. In other words, the animals must have timely access to food and water, as well as comfortable temperatures and protection from trauma.

A big part of any animal operation involves compliance with the International Air Transport Association’s Live Animal Regulations (LAR) and the Convention of International Trade in Endangered Species (CITES). In the interest of safe and humane shipping, the LAR provides container specifications for every species likely to fly the friendly skies. For example, LAR requires that rhinos are shipped in crates that allow them to stand naturally, without being cramped, but that also prevent them from moving freely and thus risking injury.

“On top of that, IAG Cargo takes additional measures,” Johnson says. “We don’t want to just be compliant; we want to add value.”

Value comes in the form of specially trained staff. IAG Cargo employs a dedicated live animal product manager and ensures that other staff and crew have any

training necessary. For example, when moving livestock, the firm asks that ramp handlers at the various airports be trained in loading and unloading live animals.

“We want to minimize the stress to the animals,” Johnson says, noting that IAG Cargo asks that animals be loaded onto the plane last, minimizing their exposure to bewildering noises and unnerving jostling.

If job one is keeping the animals calm and safe, job two involves relieving the anxiety of any humans flying along. That’s why IAG Cargo offers what Johnson calls “air-side access.” As soon as the plane lands, and before the animals are unloaded, the owner’s representative or the accompanying vet can check on their charges. This provides immediate peace of mind. And if the worst has happened, and the animal needs attention, airside access makes a speedy response feasible.

For the four Miami-bound rhinos, the journey went as smoothly as possible. Their two-leg flight put them in the air for more than 22 hours, with a stop 11 hours in at London Heathrow Airport. There, the animals spent a five-hour layover at the

Heathrow Animal Reception Centre, staffed by animal handler specialists equipped to deal with almost any circumstance.

Once in Florida, the rhinos cleared the bureaucracy without incident—always a relief.

When shipping animals from one country to another, Johnson notes, it’s especially important that all paperwork is checked and double-checked. A missing document or a lapsed certification can result in delays that put the animal at risk for added stress and discomfort—to say nothing of the effect on the blood pressure of the homo sapiens involved.

TOO BIG TO FAIL: TRANSPORTING THE SUPER-SIZED

Cargo that bleats, grunts, growls, and snarls may bring special challenges to logistics professionals, but so does moving the over- and odd-sized piece of equipment.

Throughout his long career in logistics, Thomas Mauerer, manager of international transportation at Rockwell Automation, encountered his share of “you want me to do what?” moments. But none of them



DB Schenker moved a massive industrial kiln component and two 15,000-pound combustion chambers from their custom manufacturer in Germany to Akron, Ohio. The shipment required an escort from Germany to a packer in Duisberg, who shrink-wrapped it over two days.

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rivaled the assignment that came his way when his company won an engineering, procurement, construction, and management contract for a new energy plant in Akron, Ohio.

One component of the Vadxx Energy LLC plant was an 80-foot-long, 175,000-pound kiln designed to melt scrap plastic left over from manufacturing operations. The melted plastic is converted to liquid fuel for the plant, making it one of the few “waste-to-energy” operations in the United States.

“We found out about this assignment around August or September,” Mauerer recalls, adding that the kiln needed to ship in October or November if it was to arrive, via the preferred route, in time.

Once he assessed the job, Mauerer called on Lisa Cain, global account director for DB Schenker, a freight company with extensive ocean shipping experience.

Together, Mauerer and Cain sized up the job and set to work answering a host of questions. Which shipping route is preferable? Could they book that much space on a

Cain and her special projects team scrambled to book space on a Cleveland-bound vessel sailing from Antwerp, Belgium.

“We were fighting Mother Nature on this one,” Mauerer recalls.

With passage secured, another problem arose. Ordinarily, the kiln would have been crated for its journey, but there simply wasn’t time to build a suitable container. “If we were going to make the shipping date, we couldn’t wait for the crate to be built,” Mauerer says.

Fortunately, the packaging company in Duisburg, Germany, provided a solution: They stretch-wrapped the kiln, cushioning it so that it could withstand the jolts and bumps associated with a long journey. Snug in its wrapper, the kiln then traveled the Rhine by barge to Antwerp. Barge travel fit in with Cain’s priority of minimizing risk of damage. “It involved less trucking, so that meant less handling,” she says.

With minimizing damage in mind, Cain also opted to ship the kiln inside the vessel. The last thing anyone wanted was for it to roll off the deck and into the Atlantic. “It cost a little more money, but you can’t have that kind of equipment exposed,” she says. “You can’t take that risk.”

The kiln arrived in Cleveland in December, well ahead of the dramatic snowfalls and frigid temperatures that characterized the winter of 2015. It took one full day and special cranes to unload it.

Because the kiln wasn’t due at the construction site until February, Cain and Mauerer faced another challenge. What should they do with it until then? Should it sit outside, unsheltered, through a brutal winter?

They posed that challenge to the Port of Cleveland, which devised a solution that made maximum use of readily available resources. “The port constructed a small warehouse,” Mauerer says. “They took about 10 ocean containers, built a small house and garage, and put our crate under it.”

By February, the construction site needed the kiln. Because of its enormous size, it was trucked to Akron in the middle of the night, when it was least likely to disrupt traffic. Accompanied by safety escorts, the kiln proceeded down Interstate 77 at a stately 20 to 30 miles per hour, on two 45-foot flatbed trailers, hitched back to back.



Siemens tapped the expertise of Volga-Dnepr Group’s Engineering & Logistics Centre to move a 50-ton rotor to Mumbai, India, onboard an An-124-100 freighter.

When Mauerer was initially charged with transporting the massive kiln from Germany to Akron, the task didn’t faze him. “I thought we were just picking up a crate,” he recalls. But once he was briefed on the kiln’s weight and dimensions, he took the requisite deep breath. “I said, ‘OK, here’s another day in our life.’ There are always challenges in the life we live.

“I have been with Rockwell for 33 years, and have never moved anything this big,” Mauerer explains. “Besides the kiln, we also had to move 15,000 pounds of combustion chamber and seven ocean containers of auxiliary equipment.”

To make matters more interesting, Mauerer faced a ticking clock and looming winter.

vessel with so little notice? And how could they ensure the kiln arrived in mint condition, ready for a seamless installation? After all, the construction timeline and budget didn’t leave room for ordering a replacement kiln.

When evaluating shipping routes, the best option seemed to be the St. Lawrence Seaway to the Port of Cleveland. That would put the kiln within about 50 miles of its ultimate destination, thus eliminating the need to truck an oversized load from a New England port across several states—each with its own rules, regulations, and permitting.

Because the St. Lawrence Seaway typically closes sometime in December, the timeline left little room for flexibility. So

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The kiln was installed on Monday, Feb. 9, 2015, right on schedule. It was only then that Mauerer could fully relax, confident that the logistics team had delivered the kiln on time and in perfect condition. “Dealing with many of those deadlines created some anxious moments,” he says.

PRECIOUS CARGO: DELIVERING A CULTURAL HERITAGE

How do you move a few centuries worth of ideas and genius from one side of the pond to the other? By delegating, of course.

As an international science and cultural heritage organization, UK-based 1001 Inventions is in the business of educating people all over the world about the accomplishments of Islam’s golden age. When it needed to move five ocean containers of high-value reproductions and exhibit materials from a venue in Virginia to Karlstad, Sweden—home of the renowned Värmlands Museum—it trusted the job to Transplace, an international 3PL headquartered in Frisco, Texas.

“By the time Transplace became involved, the Virginia exhibit had already closed, and they had crated it,” says Mollie Bailey, Transplace’s director of LCB International Logistics.

The exhibit had been traveling the United States for five years and was due in Sweden one month ahead of opening day. The plan allowed time for travel by ship, but not a moment to spare.

Ordinarily, booking space on a ship wouldn’t have been a problem. After all, plenty of vessels regularly travel between the United States and Sweden. But, as Bailey discovered, just any vessel wouldn’t do.

“The hardest part on the front end was finding the right carrier with the right vessels,” she explains. Finding the “right” vessels proved of particular concern to risk-averse insurance companies.

“Securing marine insurance for the exhibit was challenging,” she recalls. Insurance companies wouldn’t provide coverage if they deemed a ship too old—and thus at higher risk for a jeopardized crossing. So Transplace had to locate a suitable ship of just the right age that would be traveling at just the right time.

And with just the right amount of space, Bailey adds. Transplace did not want to resort to the all-too-common recourse of splitting containers between ships. What’s more, it wanted direct transit, with no stops between Virginia and Sweden.

Those tricky issues resolved, Transplace also worked to monitor the loading of the containers. “These were valuable materials,” Bailey says. “They could not just get slammed into the ship.”

The journey took three weeks, and throughout that time, Bailey imagined the many possible scenarios of things gone awry. “In the past, I have had containers fall off ships,” she says.

And therein lies the challenge. “To me, logistics is a game of chess,” says Bailey. “In chess, your competition is the other player, but in logistics, your opponent is everything else—the elements, the schedule, the entire A to Z gamut of things that can go wrong.”

As it happened, the vessel docked on time, the cargo cleared customs without a glitch, and the exhibit materials made their way to their next gig in the spotlight.

THINKING OUTSIDE THE BOX AND ON YOUR FEET

When it comes to transporting items that don’t fit neatly within a crane-friendly crate, it’s important to think outside the box, to improvise, and to check and double check the math.

Just ask Jacksonville, Fla.-based marine solutions, transportation, and logistics company Crowley Maritime Corp. Tasked by ATS International to transport two electrical equipment enclosures from the United States to Puerto Rico, it began troubleshooting the job even as the ink was drying on the signed contract. And that wasn’t a moment too soon, considering the sheer size and weight of the enclosures. Together, the 12-foot-tall, 16-foot-wide, and 63-foot-long enclosures weighed a staggering 196,000 pounds.

“Generally, when looking to move a piece of equipment like this, the biggest considerations are weight and dimensions,” says Bob Weist, vice president of North America transportation for Crowley. In the case of the enclosures, their heft meant special equipment and procedures every step of the way. Just delivering them to the port required over-length, four-axle specialty trailers.

The enclosures were scheduled for a late February 2015 crossing aboard *La Princesa*, Crowley’s 580-foot triple-deck barge. Despite *La Princesa*’s delicate name, she boasts the deck strength to handle supersized cargo.

Loading the enclosures aboard the craft required a seldom-used procedure: shifting the barge so the trailers carrying the two pieces could be rolled onto the lower deck without obstruction from the loading ramp.

Each step of the process required careful analysis, because, as Weist says, there was no margin for error. Were top-loading



ATS International contracted Crowley’s liner services group to transport two 12-foot wide, 16-foot tall, 63-foot long enclosures containing generating equipment.



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“In chess, your competition is the other player, but in logistics, your opponent is everything else—the elements, the schedule, the entire A to Z gamut of things that can go wrong.”

— Mollie Bailey, Director of LCB International Logistics, Transplace

cranes needed? Floating derricks? Where, given weight distribution, should the enclosures ride out the trip?

“Crowley has zero tolerance with regard to incidents and accidents,” Weist says, noting that the enclosures were one-of-a-kind items that could not be refabricated quickly, easily, or cheaply.

To get the enclosures safely aboard *La Princesa*, a tug pushed the barge 100 feet beside its normal berth. There, it was secured to the dock with wires and chains. The barge was then ballasted down to match the dock height, while two harbor tugs pressed against it on opposite sides at 90-degree angles to hold it in place. Even the slightest movement would have been unwelcome, Weist notes, so plans called for the crew to work during a time with no ship traffic, to avoid even

a moderate wake upsetting the operation.

Once the barge and dock were level, the trailers carrying the enclosures were backed onto the vessel, where they took up eight trailer spaces in the barge’s stern. The enclosures were the last items loaded, Weist says. Six days later, on schedule and in good condition, they were the first unloaded in San Juan.

When odd- and over-sized items must move by air, the process is just as complex and detail sensitive.

Steve Downing, project manager of the Engineering & Logistics Centre at Volga-Dnepr Group, specializes in just such projects, par avion.

With offices in Russia, the United Kingdom, and the United States, Volga-Dnepr maintains a fleet of 17 An-124-100 freighters, which Downing describes as

“the largest commercial cargo aircraft in the world.” They’re ready to fly a load to its destination when, say, special equipment is needed to address an emergency in an oil field or a problem arises at a remote construction site.

Siemens, Europe’s largest engineering company, recently commissioned Volga-Dnepr’s logistics team to deliver a 50-ton rotor from an airport in Germany to Mumbai, India. The job didn’t require an overnight turnaround, but it was marked ASAP. In other words, there was no time to send it by sea.

“We got the inquiry from the client on January 28, 2015. Seventeen days later, we flew and delivered the cargo,” Downing says, noting that ideally, the logistics team prefers six months for planning.

Regardless of the time frame, the process begins with load and route planning. Load planning encompasses a review of the technical drawings. “We hope these show the various lashing and securing points,” Downing explains. That helps the team plan how the cargo will be situated within the craft. If the drawings aren’t adequate, a load-planning expert may travel to the origination point to examine the cargo in advance to determine whether adjustments need to be made.

The route planning pros, meanwhile, review everything from the permits associated with highway travel to the “traffic lights” associated with entering the airspace of any countries on the flight plan. They also make sure that, when road travel is involved, any bridges or tunnels along the way can handle the load’s weight, width, and height.

Throughout the process, the team envisions all the things that can go wrong and elicit an “Oh, crikey” from Downing.

What if the destination airport doesn’t have the infrastructure for offloading heavy equipment? What if recent floods have washed out a critical road? What if, what if, what if...?

“You can’t factor in or plan for everything,” Downing acknowledges, but you can draw on experiences. And sooner or later, almost every eventuality is bound to arise.

“Many times, when you are in the eye of the storm, you want to run for the hills,” he says. “But you have to stick with it.” ■



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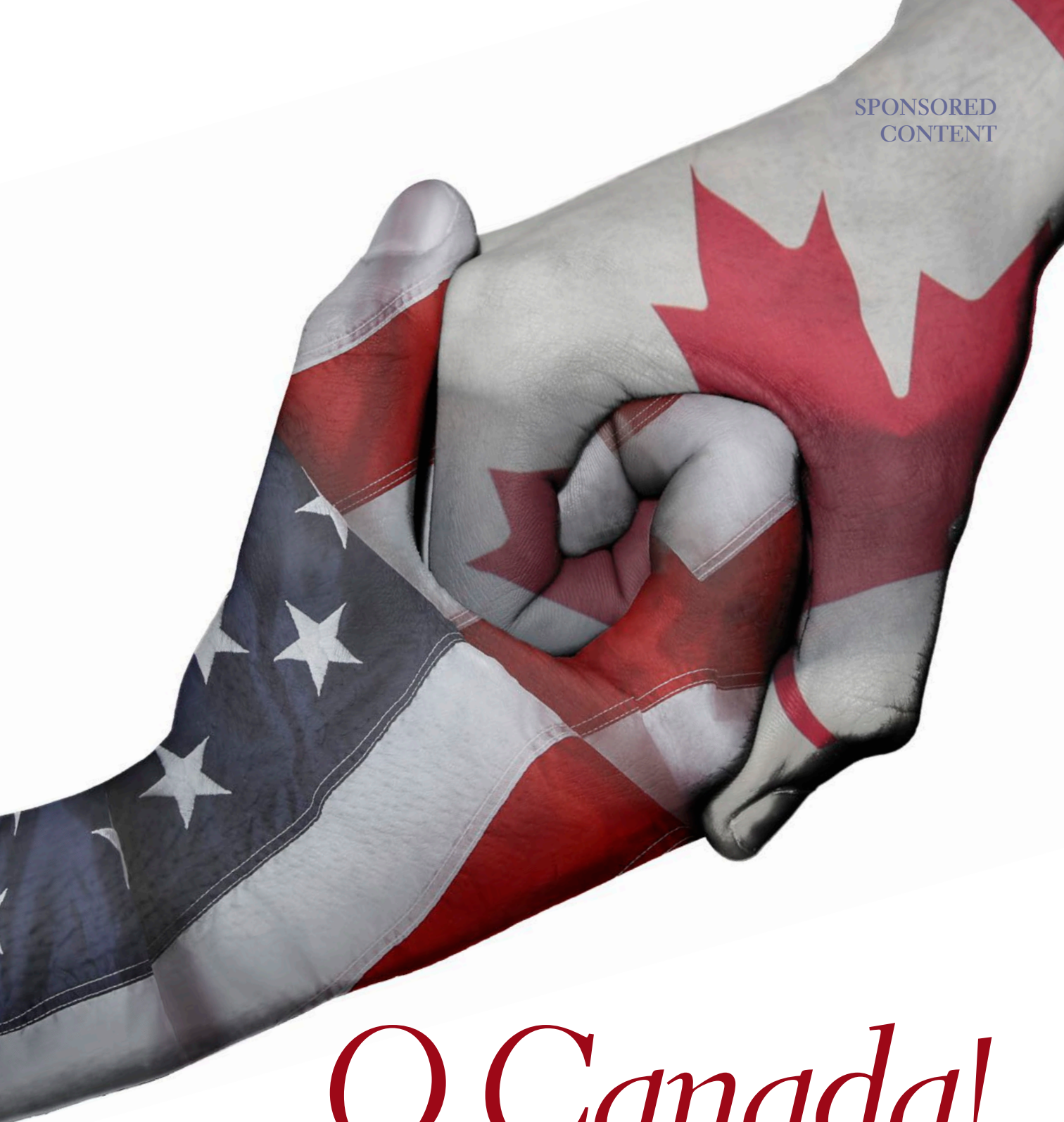
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CONTENT



O Canada!

In the logistics of trade, the relationship between Canada and the United States is friendly and advantageous on both sides of the border.

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In its official statement on the matter, the U.S. Embassy in Ottawa sums it up succinctly: “The United States and Canada share the world’s largest and most comprehensive trading relationship, which supports millions of jobs in each country.”

Furthermore, Canada and the United States enjoy one of the world’s largest investment relationships. The United States is Canada’s largest foreign investor, and Canada is the fifth-largest investor in the United States.

It is little wonder, then, that the relationship between the two countries is extraordinarily friendly and efficient on both sides of the border. First in line to shake hands where north meets south are logistics professionals who have forged a working relationship proving that cross-border cooperation can be a win-win situation.

ECONOMY IS KEY

Economic conditions play a major role in the climate for cross-border trade. Dollar for dollar, Canadian exporters have good reason to do business with their trusted neighbors to the south.

“The Canadian dollar is extremely favorable to the export market and the United States in particular,” says Jake Holzscheiter, CEO of A.N. Deringer Inc., the largest privately held customs broker in the United States. “Long term, it depends on the industry, but most analysts expect conditions to stay favorable at least through the end of 2015.”

While Holzscheiter views the cross-border landscape from the U.S. side, his overall perspective is both global and — from a logistics standpoint — comprehensive.

Headquartered in St. Albans, Vt., Deringer is a leading provider of international supply chain services including freight forwarding, warehousing and distribution, customs brokerage, logistics consulting, cargo insurance, duty drawback, and meat inspection. Deringer combines more than 30 U.S. offices with a global agency network to facilitate cargo movement throughout the world.

U.S. companies should view Canada in both economic and strategic terms. “For example,” Holzscheiter says, “if a vessel arrives in the Port of Vancouver or Montreal with goods from Asia destined



“We work to be the eyes and ears of our clients. We spend a lot of time helping clients prepare for Customs changes and manage data effectively.”

Jake Holzscheiter, CEO, A.N. Deringer

for the United States, they can avoid certain fees — such as harbor maintenance fees — because they didn’t come directly to the United States.”

Moreover, shippers can bypass the need to file an Importer Security Filing (ISF) when U.S.-bound shipments come through Canada. ISF filings, mandated by U.S. Customs and Border Protection, are designed to identify high-risk cargo for additional inspections as it moves.

As if these advantages were not enough, transit times are sometimes shorter. “Prince Rupert is the shortest route from Asia to North America,” Holzscheiter notes.

The prospects for growth in cross-border trade between the United States and Canada, “tells a positive story, when we look five years out,” says Jean-Jacques

Ruest, executive vice president and chief marketing officer for CN, “North America’s Railroad.”

His perspective is especially well informed. Ruest and his CN colleagues view the cross-border landscape from an ideal vantage point. CN, formerly owned by the Canadian government, was privatized in 1995 and went through one of the most profound transformations in Canadian business history: A remarkable journey from a state-owned company focused primarily on Canada, to a full-fledged, shareholder-owned North American railroad serving customers across the continent.

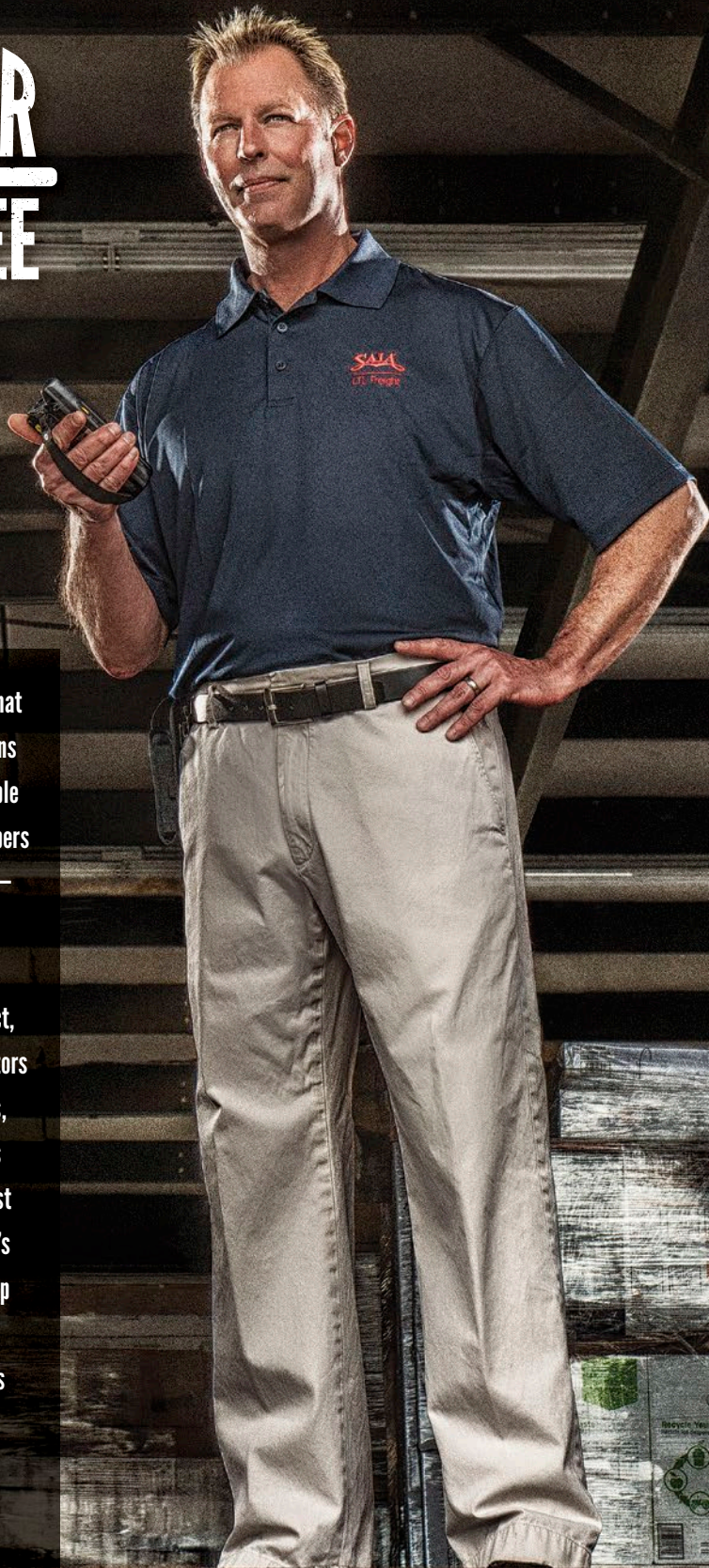
As Canada’s only transcontinental railway company, CN offers integrated transportation services including rail, intermodal, trucking, freight forwarding, and warehousing and distribution. Its rail network spans Canada and mid-America, serving all major Canadian cities and ports as well as the U.S. metropolitan areas of Duluth, Minn.; Superior, Wis.; New Orleans; Mobile, Ala.; Chicago; Memphis; Detroit; and Jackson, Miss., with connections to all points in North America. CN moves overseas container traffic to the U.S. Midwest from the Canadian ports of Vancouver and Prince Rupert, B.C.; and Montreal, Quebec.

“Cross-border trade will grow faster than the overall economy, which may experience setbacks,” Ruest says, adding that CN continually increases its U.S. presence with the objective of capitalizing on the Panama Canal expansion project to be completed in late 2016. With the canal expansion, CN sees a “third-coast” opportunity for container traffic entering the U.S. Midwest via the Gulf of Mexico ports of Mobile and New Orleans, and moving to destinations over CN’s rail network.

Among CN’s U.S. initiatives is a growing intermodal partnership with Arkansas-based J.B. Hunt Transport Services, one of the largest transportation logistics companies in North America. Through this affiliation, CN is working to follow the U.S. model of east-west rail services with similar services north-south.

From where Ruest sits, the horizon is crystal clear. “We believe there is further highway-to-rail conversion,” he says, adding that prospects for growth in cold chain and cross-border dry freight are particularly

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bright. Likewise, he does not see bureaucratic obstacles in the path of cross-border traffic. CN's customer service group helps shippers with the paperwork required to cross the border without difficulty. "We have been doing cross-border for so long, delays are not an issue," Ruest says. "The main reason CN is successful is fluidity. That is the CN advantage."

NEW INTERMODAL TERMINAL

CSX, meanwhile, is making it easier for shippers to move freight between the United States and Canada with the opening of a state-of-the-art intermodal terminal located in Salaberry-de-Valleyfield, Quebec, about 40 miles outside Montreal.

Together with its subsidiaries, CSX Corporation is one of the nation's leading transportation suppliers. The company's rail and intermodal businesses provide rail-based transportation services that include traditional rail, and intermodal container and trailer transport. Overall, the CSX Transportation (CSXT) network encompasses about 21,000 route miles of track in 23 states, the District of Columbia, and the Canadian provinces of Ontario and Quebec. The company is based in Jacksonville, Fla.

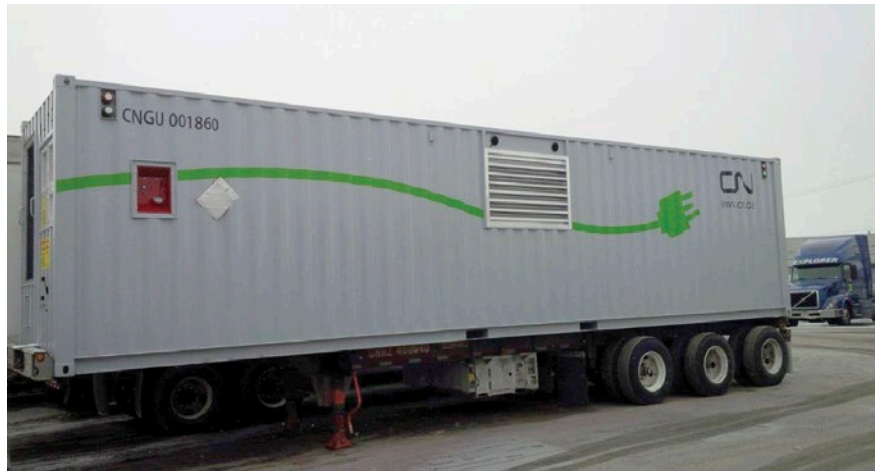
The newest CSX Intermodal Terminals facility, which opened in December 2014, is strategically positioned on the CSXT network to enable connectivity and efficiency for cross-border intermodal freight bound for locations across North America.

"The location of our facility meets the trend of distribution centers and industrial parks moving outside of city centers to take advantage of cost savings," says Ryan Houfek, assistant vice president-marketing for CSXT Intermodal.

"The Valleyfield facility is exciting because it is part of the Vaudreuil-Soulanges logistics pole established by the provincial government," he adds. A logistics pole is an area designed to act as a resource center for transportation services.

Houfek credits the city and the provincial government for helping to prime the pump for the project. "Without the public-private partnership, the Valleyfield terminal wouldn't have happened," he says.

The \$100-million, 89-acre facility at Valleyfield is fully functional and can handle 100,000 containers annually. "From



CN continues to invest in innovative temperature-controlled equipment and new technologies to better serve the cross-border market.

Valleyfield, shippers can access the full CSX network through the northwest Ohio intermodal hub," Houfek says. "From there, shippers are able to reach two-thirds of the U.S. population."

On the north side of the border, meanwhile, the terminal serves an area with a population of about four million. The rail terminal is in close proximity to Quebec's new Autoroute 30, a 100-mile highway connecting the U.S. border to the interior province.

"With the opening of the Valleyfield terminal, CSXT now provides shippers a far-reaching and seamless intermodal solution, connecting the United States, Canada, and Mexico," Houfek says.

HUB PLANNED

CN's growing intermodal business is evidenced by the company's recently announced plans to build a C\$250-million intermodal and logistics hub adjacent to the railroad's main line in Milton, Ontario, 30 miles west of Toronto. Milton offers ready access to major highways reaching key industrial and commercial areas in the greater Toronto and Hamilton area.

"The new hub will benefit our customers and the regional economy by improving central Canada's access to the key trans-border market, as well as the Pacific and Atlantic coast trade gateways we serve," says Claude Mongeau, CN president and chief executive officer.

CN's intermodal business — principally containerized international and domestic cargo moving in cooperation with trucks

and ocean-going ships — is one of the company's fastest-growing business segments and its largest single business unit with 2014 revenues of more than C\$2.7 billion.

Mongeau also welcomes the Prince Rupert container terminal expansion. In March 2015, Maher Terminals announced that it will expand the capacity of the Port of Prince Rupert's Fairview Container Terminal to more than 1.3 million 20-foot equivalent units (TEUs) annually, from the current annual container-handling capacity of about 850,000 TEUs.

"This investment in terminal expansion to accommodate future growth in overseas container traffic is good news for CN's customers and the Pacific Gateway we serve," Mongeau says. "Fairview Container Terminal has become a major gateway success for trade between Asia, Canada, and the U.S. Midwest."

The expansion is expected to be complete in spring 2017. "This will be a significant asset," Ruest says, adding that the majority of in-out shipments will be handled by rail.

UNDERSTAND THE LANGUAGE

When shippers move product from Point A to Point B—especially when crossing the border—it is essential they understand the language of cross-border logistics.

To help shippers navigate cross-border logistics, CSXT has developed a variety of resources, including a glossary of terms and acronyms for decoding the industry-specific language associated with shipping freight between the United States and Canada.

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The new CSX Transportation-served, intermodal terminal in Salaberry-de-Valleyfield, Quebec, located 40 miles outside of Montreal, provides shippers a new capacity option when shipping freight between the U.S. and Eastern Canada.

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The logistics vocabulary guide, as well as customs checklists and other border-crossing resources, can be found in both French and English on IntermodalCanada.com.

Shippers can find additional intermodal information and insights at Intermodal.com, also operated by CSXT. The dual sites are part of the company's efforts to demystify highway-to-rail conversion.

Houfek characterizes crossing the border by rail as a "very straightforward" process. "CSXT is dedicated to providing shippers an effortless experience when shipping cross-border," he says. To assist shippers new to cross-border intermodal shipping, CSXT provides full onboarding and training to ensure shippers and their freight are ready for the customs process.

Intermodal rail transportation fits easily into a company's supply chain, Houfek says. It is not a case of trains replacing trucks, he explains, but rather trains as well as trucks working together to deliver goods with improved efficiency. Intermodal rail transportation can provide shippers increased access to capacity, deliver substantial cost savings, and offer significant environmental advantages, he adds.

As the world becomes more focused on responsible environmental stewardship for future generations, the focus on environmental issues in the logistics segment is becoming "less superficial and more meaningful," Houfek says. Coupled with capacity and economic advantages, the earth-friendly benefits of rail transportation make it increasingly attractive to shippers.

"Our mission is to help shippers understand how intermodal is an important part of a balanced supply chain portfolio," Houfek says. "Shippers are well served to introduce intermodal rail into their supply chain portfolio before capacity tightens to take advantage of short-term cost savings while securing longer-term capacity benefits."

INTERMODAL CONVERSION

CSXT's Highway to Rail (H2R) Optimizer tool helps shippers identify the over-the-road freight in their supply chain best suited for intermodal conversion. Based on the results of all shipper data the H2R Optimizer analyzed in 2014, CSXT discovered that 96 percent of shippers currently have freight moving over the road that would be a better fit for intermodal rail. Shippers can request a free analysis of their

supply chain by visiting Intermodal.com.

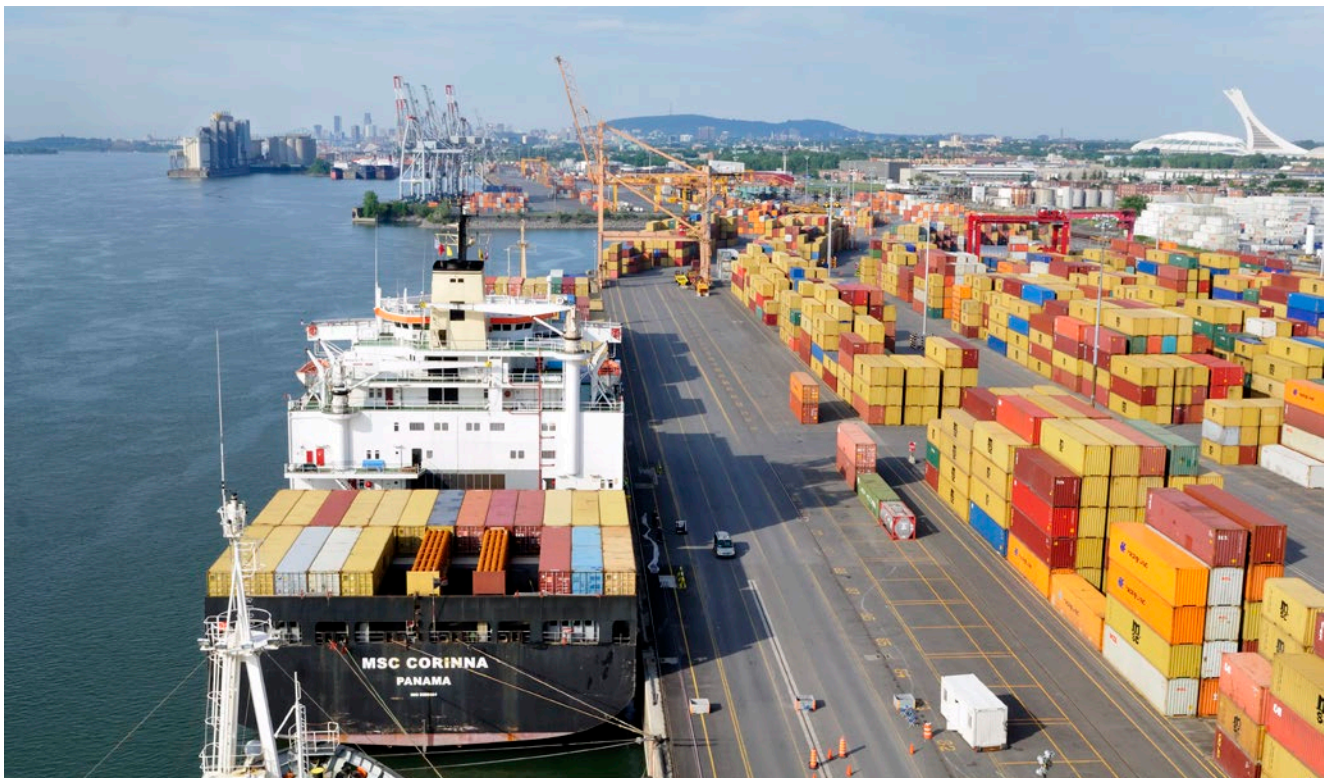
"Understanding the tax and regulation requirements before you ship is critical," says A.N. Deringer's Holzscheiter. "Sometimes companies don't realize that until the last minute. Some shippers run into trouble right at the border because they didn't do their homework."

Deringer stands ready to assist U.S. companies moving cargo into Canada, Holzscheiter says. That assistance is vital so that companies fully understand and ideally minimize the costs and regulations they encounter along the way.

While the border once was considered "casual," Holzscheiter says, it is decidedly less so since the Sept. 11, 2001, terrorist attacks. "It is not casual at all now," he says. "Both the U.S. and Canadian governments are continually ramping up."

One significant example is the increasing demand for data collection. "As a U.S. broker, our focus is on the United States, but we continue to see both governments collecting more data," Holzscheiter says. "Many shippers are not prepared for that."

On the Canadian side, the Canada Border Services Agency (CBSA) is utilizing the Advance Commercial Information



Deringer's long-standing relationships with premier Canadian customs brokers enables fast and efficient Customs clearances coast-to-coast at all ports in Canada, including the Port of Montreal's Maisonneuve Terminal.



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(ACI) program to modernize and improve cross-border commercial processes. When fully implemented, ACI will require all carriers and importers to send advance commercial information about their shipments to the CBSA. The ACI system will make Canada's border processes more consistent with U.S. standards.

Electronic data collection also will grow on the U.S. side. "In November 2015, U.S. Customs will mandate migration to the Automated Commercial Environment (ACE) computer system," Holzscheiter says. "Customs is changing the process to help manage risk and monitor compliance. It's easier to analyze data on spreadsheets than sort through a box full of paperwork."

Holzscheiter says ACE already is "part of Deringer's culture. We transmit close to 90 percent of our business through ACE."

In addition, he says, all Participating Government Agencies (PGAs), including the Food and Drug Administration, U.S. Department of Agriculture, Department of Transportation, and Consumer Product and Safety Commission have undertaken new data-collection initiatives, which is a major change.

"We work to be the eyes and ears of our clients," Holzscheiter says. "We spend a lot of time helping clients prepare for Customs changes and manage data effectively. We put a lot of emphasis on technology and efficient compliance management, and help clients use the data to their best advantage."

RELATIONSHIPS HELP

Just as good information and connections are essential components of successful logistics, so are good relationships along the way. When product moves across the border, it helps to have a partner on both sides to maximize the opportunities for trade.

"The U.S.-Canada border is one of the largest trade borders in the world," says Jon Routledge, vice president, sales and marketing for Purolator International. "The United States is a big country, but geographically, Canada is even bigger. Some 80 percent of Canadian consumers live within about 100 miles of the U.S. border, but that means 20 percent live far out."

Logistically, he says, reaching all 34 million Canadians efficiently and cost-effectively requires multiple strategies



By partnering with Concord in Canada, Saia LTL Freight enables shippers to move freight to any postal code in the country. Saia LTL Freight's scheduled daily departures provide the flexibility shippers need in today's just-in-time market.

designed to optimize access to those both near and far. As a subsidiary of Purolator Inc., Canada's leading integrated freight, parcel, and logistics solutions provider, Purolator International has access to Canada's most extensive transportation and logistics networks to do just that.

Purolator International — based in Jericho, N.Y., about 25 miles from New York City — helps U.S. companies manage their cross-border business with Canada. Purolator International operates about 30 branches in cities across the United States. "Our job is to represent Purolator outside of Canada," Routledge says.

Purolator's slogan, "We deliver Canada," is designed to send a message to both sides of the border. "U.S. businesses depend on us," Routledge says, "and we have responded by building hubs in the United States to expand our capacity and capability while creating custom shipping and supply chain solutions."

Through Purolator Logistics, the company offers a single, customized solution for the entire portfolio of supply chain management, including warehousing, fulfillment, and returns processing, to maximize the speed of getting products to diverse markets across Canada.

Routledge is enthusiastic about the prospects for future growth in the trade relationship between North America's friendly neighbors. "The retail segment in particular is accelerating," he notes.

To that end, Purolator has developed PuroPost™, a hybrid of Purolator International and Canada Post, which provides guaranteed service to residential locations in Canada within two to eight days. PuroPost provides B2C shipping services to all Canadian postal codes, which translates into nationwide coverage, faster speed across the border, and zone pricing. All packages are pre-approved for clearance, and arrive on the consumer's doorstep from their familiar Canada Post uniformed delivery person.

Partnerships enable Saia Inc., which maintains 147 terminals covering 34 U.S. states, to extend its reach not only to the balance of the United States, Puerto Rico, and Mexico, but also to Canada. With three operating service groups — Saia LTL Freight, Saia Logistics Services, and LinkEx — Saia provides complete transportation and logistics solutions. The company is based in the Atlanta, Ga., suburb of Johns Creek.

Saia's Canadian partner is Concord Transportation, which specializes in



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the expedited cross-border transportation of high-value and time-sensitive commodities. Concord is a Canadian-owned-and-operated company with more than three decades of experience in the premium transport of LTL and truckload freight throughout North America.

For northbound shippers, Concord's network allows it to deliver freight to every postal code in Canada. For southbound shippers, carriers such as Saia allow the company to reach every point in the United States.

EXPERIENCED PARTNER

"Concord has 16 terminals and three gateway cities — Chicago, Los Angeles, and Seattle — that put the entire country within easy reach," says Ray Ramu, Saia's chief customer officer. "The carrier has more than 30 years of experience in the industry and is considered a cross-border specialist. It possesses fully approved status with all Customs security programs."

That type of expertise translates into streamlined movement of goods into and out of Canada. "With this strategic partnership, Saia offers hassle-free shipping to and from Canada, including all the advantages and accountability of partnering with a single carrier," Ramu says. "Customers have one direct point of contact, receive one invoice, access transit times to Canada via the Saia website, and track and report on shipments through Saia's web portals."

U.S. customers can also leverage the advantages of Concord's Pre-Arrival Review System (PARS). Developed by Canadian Customs, PARS allows for information to be reviewed and processed before goods arrive at the border.

"We image all the necessary documentation and forward it to Concord," Ramu says. "A PARS bar-code control number is applied to both the documents and the freight at the point Concord takes possession. They then electronically submit all the documentation with the PARS control number to the Customs Commercial System (CCS), and notify the customs broker of the PARS number and the estimated date the shipment will arrive at the border."

"The broker reviews all the information for completeness and accuracy, and presents the PARS info to Canadian Customs," he says. Customs then designates the shipment either for "release" so it can cross the border or "referral" for further inspection.

Meanwhile, Saia took steps to enhance the customer experience on both sides of the border by launching a mobile-friendly version of its website. "The future of the Internet is mobile as the public's preference for accessing and receiving information on the go grows," says Ramu. "Through our mobile site, customers can easily manage their supply chains from wherever they may be."

Content on the new mobile site is organized under five main tabs — Shipment

Tracking, Customer Shipping Center, Saia Secure, Shipping Services, and Resource Center. Additional contact information is provided as well.

Purolator's Routledge believes fluctuations in the exchange rate give less cause for concern when viewed through the prism of time. "We always keep a careful eye on the currency," he says. "The exchange rate over the past five years has been stable."

And while he points out the need to understand the nuances of different exporting and importing regulations — including regulations that may vary from province to province — Routledge says U.S. companies are wise to concentrate on the opportunities rather than the challenges of doing business with their northern neighbors. "As long as you are in compliance, the Canadian market represents a huge opportunity," he says.

Among the economic advantages companies may overlook is the ability to achieve the Non-Resident Importer (NRI) designation. "Establishing yourself as a NRI offers huge benefits," Routledge says. "Many companies don't understand that, so they view Canada as a greater challenge than it truly is. In reality, there aren't huge barriers."

CHALLENGES, NOT OBSTACLES

Routledge and his colleagues at Purolator International work to disabuse U.S. companies of the notion that small challenges are obstacles. With a laser focus on the Canadian market, they are in an excellent position to guide customers through the process.

"We *are* Canada," Routledge says. "That's what we do. It may be only five to 10 percent of your volume, but it is 100 percent of our focus. We provide guidance and expertise on handling the Canadian market, and then we provide access to three phenomenal networks — Purolator Courier, Purolator Freight, and The Canada Post Corporation."

Finding the right logistics resource — or combination of resources — erases challenges and creates opportunities. "The U.S.-Canadian border is a huge opportunity," Routledge says. "The Canadian market is far from saturated. And both economies are conducive to growth." ■



Saia LTL Freight offers extended cross-border services that let shippers track their freight with one pro number, access transit time information, and expedite customs processing.



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CN looks forward to the opening of the new intermodal rail facility at the Port of Mobile in 2016, allowing for new opportunities to help our customers stay competitive in their end markets.



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Summer Reading Guide 2015



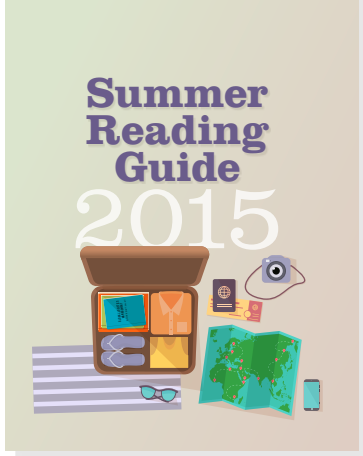
To stay current on the latest supply chain trends and topics, add these books to your vacation reading list.

BY JASON McDOWELL

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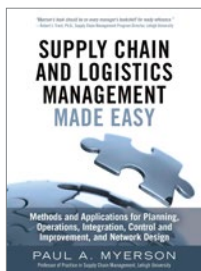
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Supply Chain and Logistics Management Made Easy: Methods and Applications for Planning, Operations, Integration, Control and Improvement, and Network Design

By Paul A. Myerson



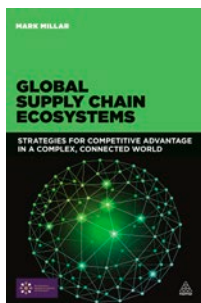
This guide introduces modern supply chain and logistics management, explains why it is essential to business success, shows how all its pieces fit together, and presents best practices. Author Paul A. Myerson, a professor of practice in supply chain management at Lehigh University, explains key supply chain concepts, tools, and applications, and provides real-world

examples that both students and industry professionals can relate to.

KEY TAKEAWAYS: Supply chain management can be difficult to understand. Even the basics sometimes cause confusion. When readers put this book down, however, they'll find themselves not only with a basic understanding of the current logistics management field, but also what to expect in the future.

Global Supply Chain Ecosystems: Strategies for Competitive Advantage in a Complex, Connected World

By Mark Millar

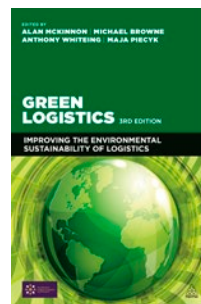


Modern supply chains form a vast, interconnected global network. Logistics and supply chain managers must be able to develop strategies that enable their companies to compete on an international scale. This book features real-world case studies, explores recent trends, and examines the critical elements necessary to maintain an effective supply chain ecosystem.

KEY TAKEAWAYS: The supply chain isn't so much a chain anymore, but a huge interconnected web of suppliers, distributors, manufacturers, providers, and other businesses. To maintain a competitive advantage, supply chain managers must be able to visualize the supply chain both at home and abroad, from developing to developed countries, and from a global scale down to a regional level.

Green Logistics: Improving the Environmental Sustainability of Logistics

By Alan McKinnon, et al

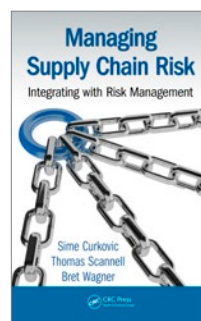


By its nature, cargo transport almost universally has a negative impact on the environment, and contributes to problems including climate change, air and noise pollution, and traffic accidents. This book provides insight into these types of environmental impacts, and what steps companies can take to negate, lessen, or avoid them.

KEY TAKEAWAYS: From the truck, to the warehouse, to the ocean, moving freight has inevitable negative consequences on the environment that companies should not ignore. There are always ways to improve any company's operation and make it greener — whether that means using greener transport modes, performing carbon audits, or installing energy-efficient technologies in facilities — and every organization should explore all areas of their operation to find ways to be as socially responsible as possible.

Managing Supply Chain Risk: Integrating with Risk Management

By Sime Curkovic, et al



Using data from firms and supply chain managers, this book identifies important factors — such as corporate strategy, information and technology, performance metrics, and process management — that play a key role in developing a system for managing supply chain risks. In addition, the authors discuss relationships and technologies that can be beneficial for companies trying to implement a supply chain risk management program.

KEY TAKEAWAYS: Risk management is no longer optional in today's supply chain and logistics sector. To keep products and materials flowing, organizations must implement risk management strategies into their supply chain planning, or face potentially harmful disruptions and delays that can affect the bottom line.

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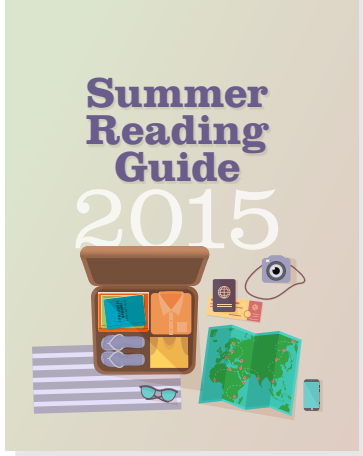


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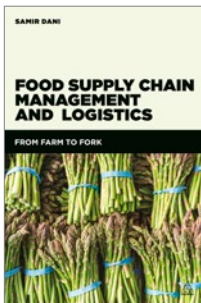
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Food Supply Chain Management and Logistics: From Farm to Fork

By Samir Dani

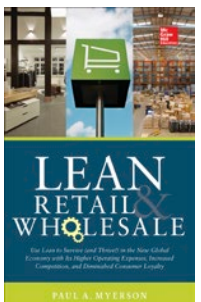


The food and drink supply chain comes with its own unique logistics and regulatory challenges. This book analyzes the design and governance of the global food supply chain, and examines the support mechanisms that exist to overcome challenges and make sure food safely reaches the consumer's plate.

KEY TAKEAWAYS: Complexities exist in the food supply chain that managers in other areas of logistics might not consider. There is no room for failure when it comes to getting products to market, especially in developing nations. Food supply chain managers must identify the risks involved and know how to deal with them, stay abreast of the latest best practices, and keep up to date on current technologies if they want to succeed and send a safe product to market.

Lean Retail & Wholesale: Use Lean to Survive (and Thrive!) in the New Global Economy with Its Higher Operating Expenses, Increased Competition, and Diminished Consumer Loyalty

By Paul A. Myerson



This book examines Lean opportunities from the viewpoint of retail strategy, merchandise management, and store and distribution operations. It also provides a holistic, systematic approach for identifying and eliminating non-value-added activities. The Lean techniques presented can be applied to traditional brick-and-mortar retailers and wholesalers, as well as e-business.

KEY TAKEAWAYS: Some people may think that Lean concepts are just a manufacturing practice. But Lean isn't just for manufacturing anymore. Every type of business along the supply chain, including retailers and wholesalers on the customer-facing end, can take a look at their operation and find ways to trim the fat and improve the bottom line.

A Mentor at Your Fingertips

By Suzanne Scheideker Cook



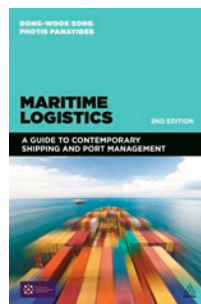
The right choices and direction aren't always clear when climbing the corporate ladder. Authored by a veteran transportation consultant and executive, this book guides corporate professionals through setting career goals, succeeding at interviews, and getting positioned for a promotion in a corporate setting, such as logistics or transportation. While much of the advice applies to a general audience,

the author also focuses on helping women succeed in male-dominated professions.

KEY TAKEAWAYS: Every logistics career is a work in progress, so there is always room for improvement. Knowing what to do and what to avoid, and when, can make or break a career. Learn how to dress for an interview, behave in the office, leave a job or change jobs with class when necessary, and get into a position where you stand out and are noticed, and you will be on the path to a successful career.

Maritime Logistics: A Guide to Contemporary Shipping and Port Management, 2nd Edition

By Dong-Wook Song and Photis M. Panayides



This text covers everything that students and industry professionals need to know about maritime logistics. This second edition has been revised with new chapters covering topics such as port-centric logistics, hinterland logistics, global supply chains, maritime transport, and future trends and developments.

KEY TAKEAWAYS: The balance of retail may be shifting between physical and online stores, but the majority of goods customers order still have to move by sea at some point in the supply chain. A solid understanding of maritime and port logistics is key for any logistics or supply chain professional.

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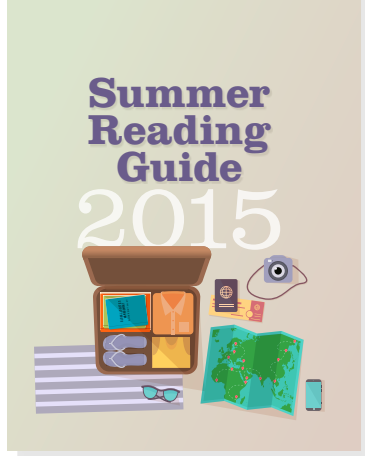
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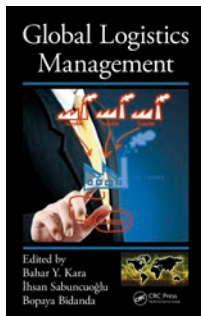
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Global Logistics Management

Edited by Bahar Y. Kara, et al

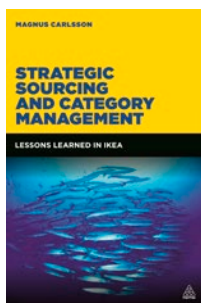


The field of logistics management has evolved considerably over the past few decades, and this book focuses on recent key developments and problems that need to be addressed from a global perspective. The book details a wide range of application-oriented studies, from metropolitan bus routing problems to relief logistics, and introduces the state of the art on some classic logistics applications.

KEY TAKEAWAYS: An abundance of issues and trends are in play in modern global logistics operations, and industry professionals may struggle to keep up. This book covers a variety of industries and applications, but with so many crossovers in today's supply chain, professionals can find value in seeing what their counterparts are doing in other areas.

Strategic Sourcing and Category Management: Lessons Learned in IKEA

By Magnus Carlsson



Are you ready to learn the purchasing secrets of IKEA? Author Magnus Carlsson shares wisdom gained from 20 years of devising and executing IKEA's purchasing strategies. This text is supported by insightful interviews, case studies, and practical examples, all compared and contrasted with examples from other companies. Connecting theory with practice, the book draws upon existing

practices and new tools to explain category-based sourcing, and how to effectively implement it.

KEY TAKEAWAYS: IKEA's strategic sourcing methods might not work for every company, but they certainly have a broad reach that goes far beyond the furniture retail niche. This book can help you discover if a category management program is a profitable choice for your organization. And if it is, you'll gain valuable advice and examples of setup and implementation from a real-world practitioner.

The Lean Supply Chain: Managing the Challenge at Tesco

By Barry Evans and Robert Mason



When global retailer Tesco decided to focus its business on customers rather than competitors, it deployed its strategy by building retail and supply chain operations that are both effective in delivering what customers want, and efficient in performance and cost metrics. This book explores how the retailer used Lean thinking, loyalty, and simplicity, and grew under a determined supply chain

strategy to achieve a global position.

KEY TAKEAWAYS: When considering a major undertaking such as building a Lean supply chain, it doesn't hurt to have a little guidance from a major global player. This book debunks many myths, and provides solid practical examples and advice for supply chain professionals looking to cut waste from their enterprises.

McToad Mows Tiny Island

By Tom Angleberger and John Hendrix (Illustrator)



McToad likes Thursdays. Why? Because on every other day of the week, McToad mows Big Island. But on Thursdays, McToad mows Tiny Island. To do so is no easy task. He puts his mower on the back of a truck, which drives to a train, which tracks to a plane, which flies to a helicopter, which zooms to a boat, which uses a crane to put the lawn mower onto Tiny Island. Once there, McToad mows, oils up the engine, drinks some lemonade, and before you know it, it's time to turn around and go back home. But first, the mower has to get lifted by a crane, to get put back on the boat, which is lifted by a helicopter...well, you get the idea.

KEY TAKEAWAYS: Grab your straw hat, a glass of lemonade, and your keys. McToad's adventures by truck, rail, and air will not only please your children, but also help them gain some understanding of what it is that you do every day when you head to the office. Logistics isn't an easy concept to explain to your children, but McToad and his lawn mower can lend you a hand.



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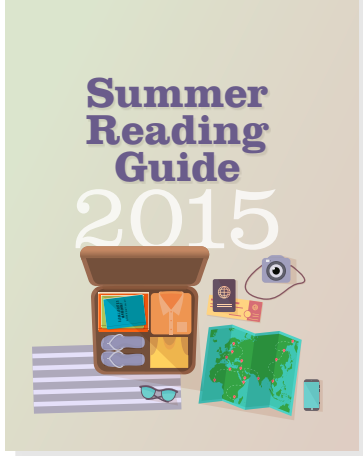
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Lean Supply Chain & Logistics Management

By Paul A. Myerson



This practical guide reveals how to identify and eliminate waste in your organization's supply chain and logistics function, and explains both basic and advanced Lean tools. The text also describes a Lean implementation methodology with critical success factors. Real-world examples and case studies demonstrate how to effectively use this powerful strategy to realize significant, long-term improvements, and

bottom-line savings.

KEY TAKEAWAYS: Your organization has to have a supply chain, so why not have a Lean one? All the theories in the world won't do your organization any good without some idea of how to practically apply them; this book's case studies and examples hold value for readers who want to tackle the construction of a Lean enterprise, but don't know where to start.

Inventory Management: Advanced Methods for Managing Inventory Within Business Systems

By Geoff Relph and Catherine Milner



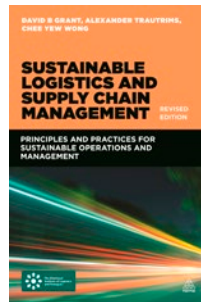
This book aims to achieve a balance between the philosophical and the practical, providing a mixture of theory, step-by-step instructions, and practical examples to help managers smooth out their inventory management processes and streamline operations. Case studies from diverse industries — from supermarkets to aerospace — help to illustrate the challenges faced in

managing inventory in today's world.

KEY TAKEAWAYS: Effective inventory management increases revenue, reduces costs, and improves cash flow. While board members set an organization's inventory budget, it's up to the inventory manager to know how much to have in stock, and when, where, and why. An effective manager operates within the budget and maximizes available resources to control and balance the flow of inventory using the latest methodologies and best practices.

Sustainable Logistics and Supply Chain Management: Principles and Practices for Sustainable Operations and Management

By David B. Grant, et al



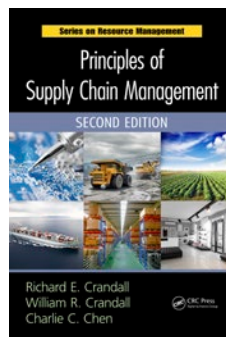
Based on expert research, this text covers the whole scope of sustainable logistics. Examining the subject in an integrated, holistic manner, this book analyzes all the key areas in sustainable logistics and supply chain management, including sustainable product design and packaging, sustainable purchasing and procurement, cleaner production, the environmental impact of freight transportation, sustainable

warehousing and storage, reverse logistics and recycling, supply chain management strategy, and more.

KEY TAKEAWAYS: Sustainability isn't just a one-off initiative. To implement a sustainable supply chain means targeting all areas of your company's operation, from production to the consumer, and back again. A sustainable company is always tightening its belt where and when possible, so it's important to keep abreast of the latest trends and technologies so you don't miss any opportunities.

Principles of Supply Chain Management

By Richard E. Crandall, et al



This book not only details the individual components of the supply chain, but also illustrates how the pieces must come together. To show the logic behind why supply chain management is essential, the text examines how supply chains are evolving, looks ahead to new developments, and provides a balanced look at supply chains from both the customer side and the supplier side.

KEY TAKEAWAYS: To understand the supply chain, practitioners must be able to break down each link and understand it individually, then put it back together and understand the whole. Case studies and real-world examples help students and readers grasp how those individual links operate, and how they fit together. ■

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DC Solutions | by Dinah Wisenberg Brin

Retail Collaboration: It's All in the Jeans

Work with a team of service providers to get a new retail distribution center up and running in only six months? We should all be so lucky.

When Lucky Brand Jeans was sold to a private equity firm, and had to separate from the supply chain of former parent company Fifth & Pacific Companies, the apparel business needed to quickly establish its own, standalone distribution center (DC). The company marshalled help from a third-party logistics (3PL) provider, a technology firm, and a warehouse management system (WMS) provider to build its new DC and have it fully operational ahead of schedule.

Founded in 1990, Los Angeles-based Lucky Brand sells its premium denim jeans and other southern California-inspired clothing and accessories – including belts, scarves, handbags, ties, and jewelry – in more than 250 company stores, on its website, and through other retailers such as Nordstrom and Macy's.

Lucky needed the new DC built and fully operational, including sorter functionality and systems integration, in six months. “The facility also had to service the company's current retail and wholesale operations, and provide capacity for future growth,” says Courtney

Lynch, Lucky Brand's senior vice president of operations. “In distribution, nothing else matters if you can't get the product out the door on time, and run a well-controlled operation that delivers consistently.”

The new DC was up and running in fewer than five months as the result of a collaboration between Ontario, Calif.-based 3PL Taylored Services, Los Angeles-based DC systems and technology firm SDI, and Lombard, Ill.-based WMS provider Zethcon Corporation.

In addition, Lucky, Taylored, and SDI agreed to a unique materials handling compensation structure designed



to allow the apparel company to save a percentage of costs over the life of the contract, while giving the service providers additional business.

“We signed the contract on June 26, 2014, and the DC went live on Nov. 3, 2014,” recalls Jim DeVeau, CEO of Taylored, calling the fast pace “unprecedented.” “It took a lot of team work, and a lot of collaboration among three different companies,” he adds.

Startup Struggles

The initial goal for the distribution center was the ability to ship 70,000 units daily. During startup, the DC had to struggle to reach that number. By June 2015, the operation shipped 286,000 units on its peak day, although not all units were processed that day.

From startup in November 2014 to mid-June 2015, Lucky had received more than 14 million units at the new DC, and had shipped more than 13 million units.

“With the startup, we’ve been successful in a short time, and we’re continuing to

work with our providers to hit our service levels consistently,” says Lynch.

Announced in December 2013 and completed in February 2014, Lucky’s sale to Leonard Green & Partners L.P. for \$225 million signaled the arrival of Carlos Alberini as Lucky’s chairman and chief executive officer. The deal also called for Fifth & Pacific to support the business for up to two years through a transitional services agreement while Lucky created standalone operations.

Alberini, former co-CEO of Restoration Hardware, had worked with DeVeau in the past, although not directly with Taylored. When the Lucky opportunity emerged, DeVeau reached out to SDI, a firm he has worked with for 20 years, about designing the DC’s automation solutions. Senior executives engaged in discussions about the feasibility of providing Lucky faster services at a lower cost.

“The project was a fun challenge,” says DeVeau. “Everybody came to the table and everybody’s goals were aligned.”

In addition to warehousing and

distribution, Taylored Services offers e-commerce fulfillment, packaging, and transportation management. SDI provides materials handling systems, specializing in apparel sorting and unit handling, engineering and design, and systems and software integration. Zethcon supplies warehouse management systems and 3PL software.

Taylored dedicated 300,000 square feet of its 400,000-square-foot facility in Chino, Calif., to Lucky’s contract logistics program. If necessary, the jeans maker can eventually expand into the remaining 100,000 square feet, now used for public warehousing. The 3PL worked closely with SDI to make sure the center worked for Lucky.

“We designed, built, and implemented the automation and materials handling solutions that Taylored Services uses to fulfill product for Lucky Brand,” says SDI CEO Krish Nathan. “They gave us an empty building, and we designed a system to fulfill Lucky Brand customer orders at the required rate.”

Meeting by Design

Working within the existing operations model that Lucky was migrating from its former parent, Taylored and SDI held several design sessions both in the Lucky offices and at the Taylored facility.

“The team visited the then-current Lucky facilities, and held reviews with several IT consultants, surrounding the integration of the WMS with Lucky’s enterprise resource planning system,” says Lynch. “One major enhancement the teams built was the ability to have two sorters – one for retail and one for wholesale – which allowed for increased capacity and functionality.

“We had a few small startup issues, as you would expect with an implementation of this magnitude,” says Lynch. “But through strong collaboration efforts, the teams knocked down the issues as they came up.”

Planning and modeling were critical and Lucky had to make some adjustments from its previous distribution facility, which its former parent operated in-house.

SDI obtained existing distribution



An existing Taylored Services distribution center was outfitted with new automation and materials handling solutions to provide Lucky Brand with fast order fulfillment.

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For More Info





equipment from an outside source that it re-engineered and re-purposed for Lucky's DC, which helped expedite the project. After that, SDI used its manufacturing capabilities to build additional equipment in-house, using multiple teams working additional hours on multiple shifts.

"At the height of the install, 50 to 60 people were working on the project six or seven days a week," says Nathan. "It was the fastest implementation we've done for a project of this size."

SDI was the single-source provider and integrator for all the materials handling aspects of the project, including electrical wiring, electric supply into the building, shelving, picking carts, software, support, high-speed conveyors, and onsite maintenance.

The new Lucky Brand DC system now includes:

- A high-speed carton sorter.
- Two SDI Bombay-type unit sorters designed to sort 4,000 units per hour per machine. Each machine has 310 destinations, is capable of supporting wholesale and retail sorting algorithms, and has the capacity to handle 60,000 units over two shifts per day.

■ Automated print-and-apply machines that process 25 cartons per minute and apply shipping labels to outbound cartons.

■ Storage capacity for at least 100,000 cartons or 3.4 million units of inventory.

The entire automated materials handling system is controlled by a DC management system, an SDI software package that interfaces with a host warehouse management system to ensure accurate processing through all automated equipment.

"The center is running smoothly and hasn't lost any production capacity due to downtime," says Nathan.

That doesn't mean everything has gone perfectly, however.

The teams initially decided the DC would go live before Nov. 1, 2014, but not with retail and wholesale at the same time. They wound up having to go live on Nov. 3, with retail and wholesale starting up at the same time. The best implementations are usually phased in, but Lucky Brand had a big-bang startup.

As a result, the first 60 days were tough. The DC, which has an average of 120 employees spread over two shifts on a



Lucky Brand invested in new racks and handheld inventory control systems to enhance its new distribution facility.

typical day, quickly hit peak numbers.

SDI has an ongoing, 24-hour remote support contract for the facility's software, as well as on-site technicians to provide support when the DC is operating. "We do everything we can to make sure that the facility runs at optimum capacity, and that system availability is high," says Nathan.

A Fitting Contract

The fact that Taylored and SDI were willing to be paid piecemeal will result in cost savings for Lucky over the life of the contract. A large part of the providers' compensation will be paid out on a per-unit basis, with a percentage paid up front. This compensation structure, which was designed to give the clothing company the benefits of scale, is estimated to save Lucky 25 percent on a per-unit basis. It's the first such contract that Taylored has entered.

In the aftermath of its sale, Lucky Brand continues to transition other aspects of its business. "We picked Taylored Services as our 3PL partner because we could continue to grow with it," says Lynch. "Within a short startup period, Taylored already meets our receiving, processing, and shipping expectations."

As a result of their strong partnership, Lucky Brand and its service provider teams will keep finding ways to optimize the distribution pipeline. Their collaboration remains the retailer's lucky charm. ■

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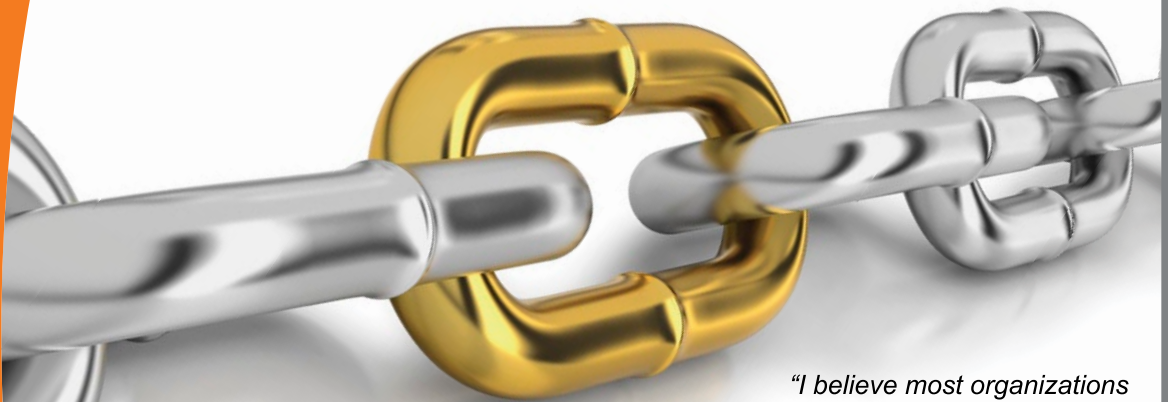
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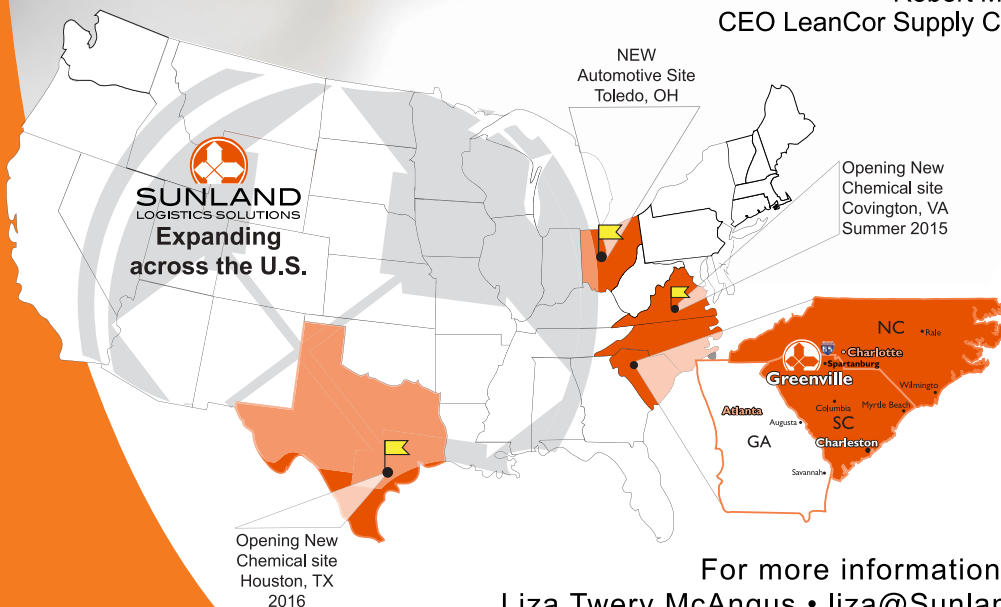
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Casebook | by Jason McDowell

BaubleBar Makes International Shipping Sparkle

When it comes to marketing and selling products on a global scale, the answer seems simple: Sell online. But what about taxes? Customs laws in the destination country? Trade embargoes? Shipping times? When going global, companies can attempt to tackle all these trade compliance issues on their own, or they can enlist help from a specialist.

The global economy represents myriad opportunities for small and mid-sized enterprises, but it can be hard to keep straight the nuances of international business practices. Not all countries are the same, so navigating the global marketplace's import and export laws is more complicated than just dropping off a pile of packages at the courier's door.

Established in 2011, BaubleBar Inc. learned the hard way that not all carriers are created equal in the international realm. Based in New York, N.Y., BaubleBar is an online jewelry retailer. The company's inventory is partly wholesaled jewelry that is resold, but an increasingly large portion of the

company's product offering consists of originally designed pieces. BaubleBar has seen exponential growth since its inception, and—especially for an American company—has become popular overseas.

Nearly 40 percent of BaubleBar's orders are placed internationally. Through tracking customers' online shopping carts, BaubleBar found that an international customer's average order is nearly twice that of a domestic customer. Also, when compared with rates for domestic orders, the return rate for international orders is almost nonexistent. The retailer realized that if it wanted to keep those international consumers

For online jewelry retailer BaubleBar, partnering with DHL to streamline international shipping was a gem of an idea.



coming back for more, it had to find a way to reduce international shipping costs and times, and streamline trade compliance.

“International customers buy more and return less,” says Dr. Rotimi Akinyemiju, chief operating officer of BaubleBar. “We had to find a way to streamline fulfillment operations and shipping times to maintain and expand that customer base.”

BaubleBar previously used its regular domestic carriers to ship its international orders. These carriers mostly offered only delivery-duty unpaid (DDU) options, so BaubleBar wasn’t able to give exact details to international customers when they ordered. “That made us less competitive, because the shipping costs were excessive, and the customer didn’t always know what the final price would be,” says Akinyemiju.

The retailer had used DHL Express in the past for occasional international shipments, so in April 2014, BaubleBar approached the provider about its delivery-duty paid (DDP) option. “Given the relationship we had with DHL through previous jobs, I reached out to them so we could offer DDP services to our customers, and optimize and streamline the fulfillment process for international orders,” says Akinyemiju.

Accessory to the Bottom Line

DHL also operates one of the largest logistics networks in the world. The provider’s experience, paired with its DDP shipment options, appealed to BaubleBar’s bottom line. “The carrier was competitive on pricing in the international market,” Akinyemiju says.

In addition, BaubleBar was able to leverage DHL’s influence with various governments to speed products to their destination. “The DHL team has access to many resources, and a lot of experience in international customs, so they have been invaluable in making sure we’re complying in all aspects of international trade,” says Akinyemiju.

“DHL provides two important resources,” says Eugene Laney, head of international trade affairs for DHL Express. “One is our global network and access to 220 markets.

The way we see it, 40 percent of all e-commerce will come from outside the United States, so there’s huge demand in markets such as Germany, China, and Mexico.

“We also see enormous growth in other areas, such as Australia. Having access to those markets has become critical,” Laney says. “DHL has operated in many of those countries for 20 years or longer.”

The second benefit of using DHL, Laney says, is the provider’s ability to deal with regulatory headaches that shippers often experience. “When companies get stuck, we can deal with border and tax issues, or just simple trade compliance problems when shipments get held up,” he adds.

This type of service can be critical to streamlining operations, especially for companies that do not have an internal compliance department. “In smaller companies, CEOs do all the heavy lifting. They don’t have time to focus on trade compliance, and that’s something DHL can bring to the table,” Laney says.

“In Latin America, the government holds back close to 30 percent of goods; in Asia, it’s only slightly less,” he adds. “We are always working to figure out ways to create harmonization in border laws around the world, and develop transparency in the rules and regulations to help shippers make decisions.”

Bringing DHL’s support into play for international shipments had a substantial impact on BaubleBar’s operation. When BaubleBar began operating in 2011, it shipped only a few international orders each week. Since then, international business boomed, and it now ships hundreds of global orders daily. This sales growth has also impacted the company domestically, as increased orders and profits create expansions and more jobs. The increase in international business, combined with continued domestic growth, made it necessary to expand with a new 52,600-foot warehouse in Brooklyn, N.Y.

“We’ve seen a tremendous increase in the number of international customers, and that segment of our business continues to grow,”



BaubleBar sells its jewelry online, and displays products at its New York City headquarters.

says Akinyemiju. “That’s because we’re now competitive on shipping costs, and able to get orders to their destinations with all the duties and taxes prepaid.”

With the higher average profit margin on international customers, and with many countries still untapped, BaubleBar is exploring markets in new destinations.

Currently, the retailer ships to eight countries, but expansion is on the horizon. “DHL can provide DDP shipments to 167 countries,” says Akinyemiju. “We want to pay duties and taxes in real time. We are currently upgrading our information systems so that we’re able to calculate duties and taxes in real time—then we can serve any customer, anywhere in the world where DHL is able to do DDP.”

DHL is also helping BaubleBar explore the international mobile market. “We see an interest in mobile commerce; one-third of the global population now uses mobile devices to purchase goods,” says Laney. With many countries around the world just beginning to adopt mobile technology for retail, the number of customers who can be reached is constantly expanding.

BaubleBar sees the value in finding new ways to reach consumers, and, with help from DHL, intends to be a forerunner in reaching international mobile consumers.



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takes to find new ways to reach customers, and streamline those sales and experiences.”

Shopping with mobile devices is occurring in places that would have seemed unlikely only a few years ago. “In countries that are early adopters of mobile commerce and technology, such as Nigeria, Mexico, and Australia, there’s great opportunity to meet the demand of young populations interested in shopping by e-commerce,” says Laney.

Laney describes what he calls “the Uber effect”—when customers demand that what they buy today arrives quickly and on time. “This demand is changing the way DHL does business, and also changing the way many e-commerce businesses such as BaubleBar look at their customers,” Laney says. “In one study, the expectation for an international shipment delivery was two weeks. That’s changing globally, as consumers want their purchases on demand.”

BaubleBar and DHL Express continue to work together to get goods to market faster. And with a product as universal as jewelry, it isn’t likely that BaubleBar will hit a limit

“We need to acknowledge the many growth opportunities for U.S. companies overseas,” says Akinyemiju. “With such a large percentage of sales coming from outside the United States, we need to do what it

to the new markets it can appeal to anytime soon. With DHL onboard to streamline trade compliance and speed purchases to consumers, the partnership will continue to shine. ■

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I.T. Toolkit | by Jason McDowell

NFL Intercepts Challenges, Tackles Data Collection

The NFL couldn't afford a Hail Mary to improve statistics reporting capabilities. So it kicked off a well-tested logistics technology to help gather the data that fans demand.

If there's one thing diehard football fans love, it's statistics. How far was that run? How many yards on that throw? Pass completion ratios, pass reception ratios, yards-per-catch, first downs, and point spreads are just the beginning. And thanks to a technology born in the world of logistics, a few more yards have been added to the list of available stats.

When it comes to crunching numbers, the National Football League (NFL) is an old pro. The NFL has been reporting stats in some way or another since its founding in 1920, and today tracks statistics for 256 American football games every year, across 31 different full-time stadiums, for more than 1,600 players. That's no small feat.

But there are always more things to measure, more data to capture, and more efficient ways to capture it. To date, NFL statisticians have devoted countless intensive man-hours to manually measure distances on the field, or review photographs and recorded video, in order to compile stats. While those methods

still have their uses, many data points simply couldn't be captured by traditional means.

So the NFL began to explore other options to enhance its existing data collection methods. "Initially, we were looking for ways to gather more information about our game," says Matt Swensson, senior director of emerging products and technology for the NFL. "We thought it would be great to have more data around the game in addition to the standard statistics we capture."

After exploring myriad camera-based optical solutions that didn't go in depth enough, the NFL began looking at tracking and location solutions. Going down



this path led them to Zebra Technologies, a provider of tracking solutions for industries ranging from manufacturing, to transportation, to healthcare. At the same time, Zebra was looking to expand out of its comfort zone into some new sectors. A partnership with the NFL gave Zebra the chance to show what its technology could do for the sports world.

“We had several criteria going into the vendor selection process,” says Swensson. “For example, the solution had to be easy to deal with week in and week out. We didn’t want complications putting tracking devices on players’ shoulder pads. And we had to be able to enhance the fan experience without impacting the player in any way.”

“The NFL took a long look at the available technologies, including GPS, passive and active RFID, and beacons,” says Jill Stelfox, vice president and general manager of location solutions for Zebra Technologies. “Each solution has its pros and cons. The NFL evaluated the kind of technology it was looking for, and came up with active Real-Time Locating Systems (RTLS).”

RTLS is an active RFID solution that uses a wireless signal to track the exact location of a tagged piece of equipment. Through a series of receivers, the transporter’s location can be constantly monitored.

Zebra and the NFL explored using the same technology typically employed to track assets in a distribution center or warehouse to track players on the field. “We deploy this kind of solution for tracking assets, people, and transactions worldwide,” says Stelfox. “Sports are just another use for this technology.”

A New Play

The concept of using RFID to track athletes was new. While the NFL, National Basketball Association, and other major sports leagues employ a number of optical solutions to gather statistics, putting tracking chips on players hadn’t been tried before. Zebra and the NFL’s trial resulted in Zebra’s MotionWorks Sports Tracking solution. “We talked to many



A small RFID microchip on each shoulder goes unnoticed by players, but allows the NFL to track speed, direction, and distance, among other stats, and report that information directly to fans.

different companies and Zebra is the only one that was able to deliver on all fronts,” says Swensson.

Down, Set, Track!

Tracking the movement of a player on a football field and tracking the movement of an asset, pallet, or case in a warehouse aren’t so different from each other. Zebra’s experience with installing RFID tracking in yards and warehouses translated easily to the NFL’s sports complexes.

In each of the NFL’s 31 stadiums, Zebra hung between 20 and 22 receivers to collect data, placing the receivers in consistent locations at each stadium to help with troubleshooting. “We’ve installed in so many warehouses and yards that we understand the importance of a consistent deployment,” Stelfox says. “We support that remotely, so we know when somebody calls in and says receiver one is down, the person sitting in California, 3,000 miles away from New York’s MetLife Stadium, can visualize exactly where that is.”

Each player has an RTLS tag mounted in his shoulder pads. The tag allows for

movement tracking, whether it’s forward yards, or sideways motion. This happens nearly instantaneously. “The time between a movement happening on the field and the information being available in the computer is about 120 milliseconds,” Stelfox says. “Imagine we’ve tagged Reggie Bush, who starts running up field. The time from when he starts running to when we can show his miles per hour on the TV screen is less than half a second. That’s about 10 times faster than video.”

Much in the same way information is reported in high-volume, fast-paced shipping operations, this sort of speed enhances the NFL’s ability to present fans and analysts with statistics both in the stadium and on the TV networks. The implications of this data for future changes in fantasy leagues alone are drastic, but as it turns out, the value of the information gathered goes beyond fan interest and fantasy leagues. “It started as a fan solution, but it has turned into an operational solution for coaches and officials as well,” says Stelfox.

A Multitude of Benefits

The NFL saw a broad range of uses for the gathered information. “Over time, we came to find additional benefits to having this data, from multiple standpoints,” notes Swensson. “Besides the obvious media uses

in the broadcast and digital markets, we also want to enhance the in-stadium experience, to give fans something original at the venue.

“We can also augment our health and safety initiatives with the additional data. And the teams can use the data to enhance their fitness regimens, see how well players are running routes, what kind of improvements can be made in play calling, and more,” he adds.

First and Goal

Enough of the technology was implemented that the NFL was able to test it during the 2014 season, and the results were better than expected. “The results were overwhelmingly positive,” says Swensson. “We tested a lot of different systems in the past, and they all produced varying degrees of success. But in 2014, we tracked every player in the league and gathered an immense amount of data.”

The technology may have been most noticeable to fans during the 2015 Pro Bowl. “With different players from different teams, it’s hard for fans to keep track of who is on the field and when. We were able to put that information on the screen in real time, which was well received by fans.”

The technology will be installed in all of the NFL’s venues by the start of the 2015 pre-season, and while it may take some time to explore all the possibilities made available by the large volumes of data produced by the RFID solution, fans should start seeing at least some of the additional statistics this year.

As data is further analyzed, more statistics will become available. While still a ways down the road, Swensson’s long-term goal for the new technology has implications for many sports. “We have a lot of work ahead of us, but ultimately, we want to track the football,” says Swensson.





It’s likely that as fans and teams begin to reap the benefits of additional statistics, other professional and college sports will follow suit and start taking their cues from the logistics sector by tracking their most valuable assets – the players. Looking forward, it’s not hard to see the exact footage of a home run tracked down to the inch by a chip in a baseball, or the height of an NBA player’s slam-dunk measured by a tracker in his shoe.

Supply Chain Playbook

Popular sports have begun to implement practices that manufacturers and logistics providers have been using for years. If the big data trend has taught any lesson, it’s that there is value in compiling as many stats on your assets and products as possible. The NFL knows that, and other sports likely won’t be far behind. Enterprise asset management isn’t just for logistics and manufacturing anymore. ■



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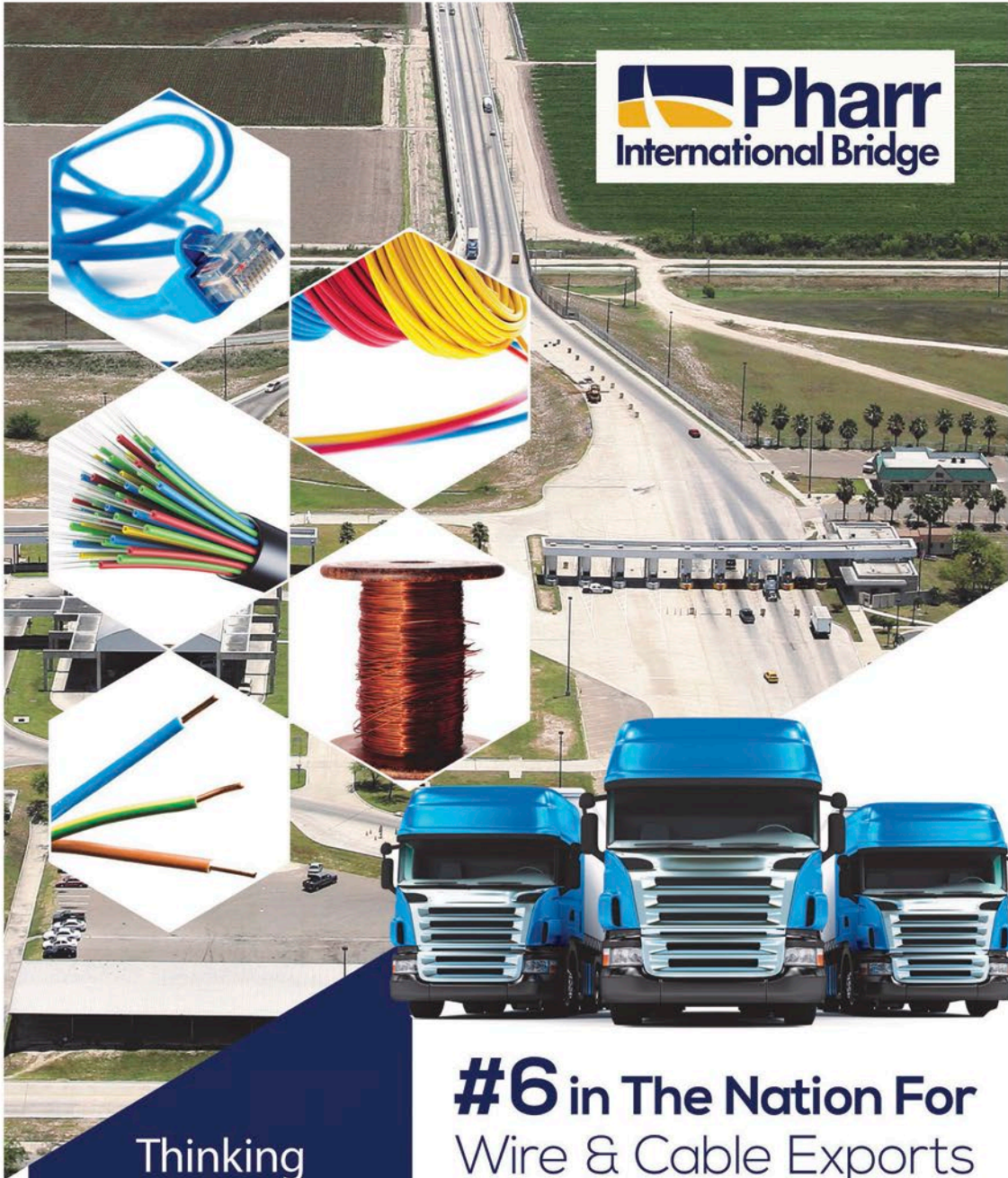


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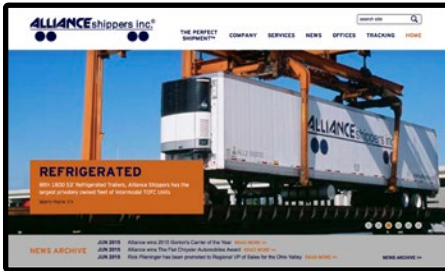
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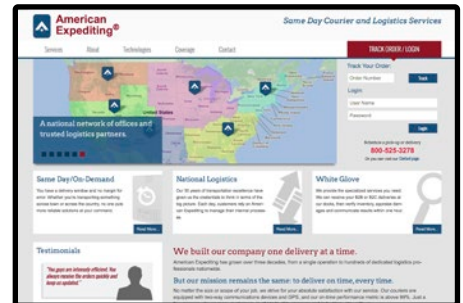
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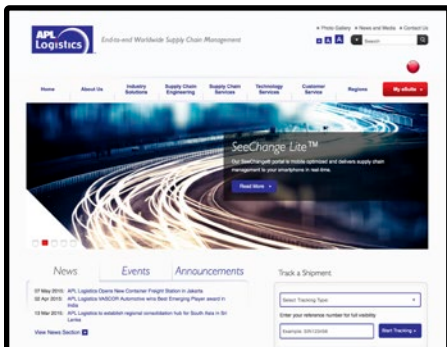
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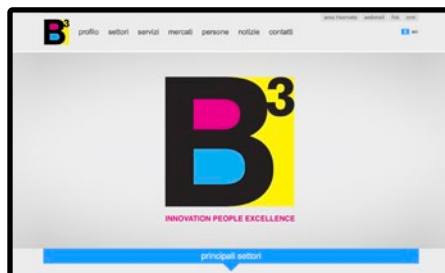


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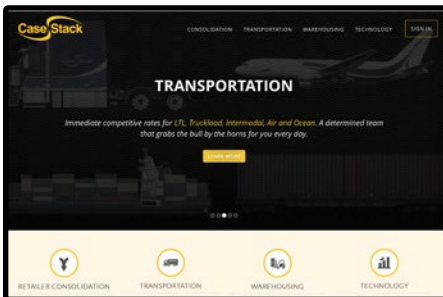
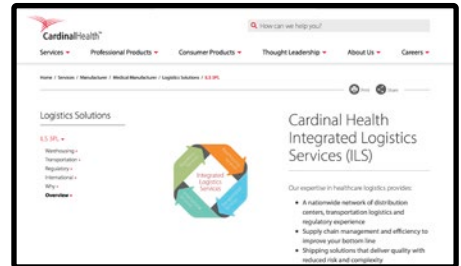


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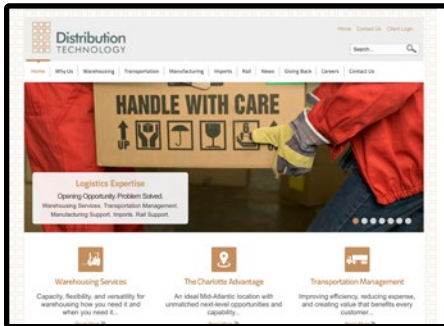
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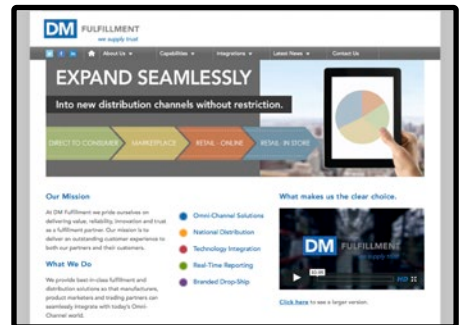


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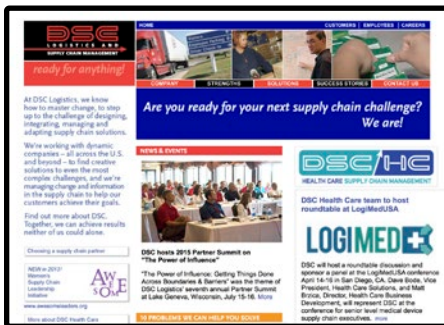
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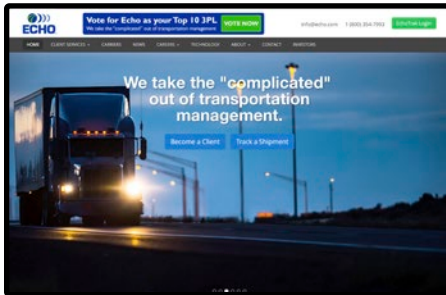
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From a truckload of paper with delivery within three days, to a truckload of automotive parts requiring JIT delivery, FLS is ready to take on your challenge.



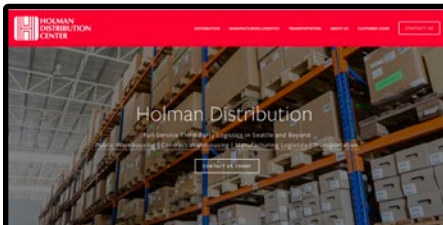
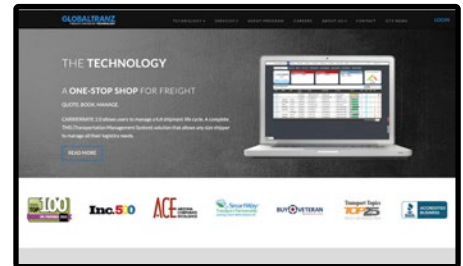


GEODIS • www.geodis.com

With 5,500 people and a global network, GEODIS is one of the world's largest freight management companies, serving customers with integrated supply chain solutions that deliver cargo by sea and air. The company's expertise, value-added services, and e-services enable you to streamline the flow of goods. We also make your supply chain more transparent and easier to manage. A self-reliant network of offices, and air and ocean hubs in more than 50 countries, ensures that your cargo flows efficiently and consistently across the world.

GlobalTranz Enterprises • www.globaltranz.com

GlobalTranz is a privately held, Phoenix-based logistics company specializing in freight management services including LTL, full truckload, supply chain management, and domestic air/expedited shipping. We focus on innovative technology and partnering with sales professionals who possess energy, insight, and a fervent customer service mentality. GlobalTranz was named the Arizona Corporate Excellence (ACE) Awards 12th Largest Private Company in Arizona and 3rd Fastest Growing Company in Arizona 2014.

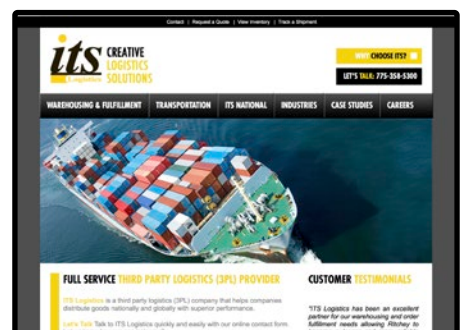


Holman Distribution • www.holmanusa.com

With warehouse facilities in Seattle and beyond, Holman Distribution is a leading provider of third-party logistics with base operations in the Pacific Northwest. From paper products to major appliances, Holman can offer you the 3PL and warehouse services you need to stay ahead. If you are interested in warehousing with us in Seattle, or beyond, contact us now.

ITS Logistics • www.its4logistics.com

Founded in 1999, and headquartered in northern Nevada, ITS Logistics is a premier third-party logistics company providing end to end supply chain solutions to include dedicated transportation services, transportation management, and warehousing and distribution solutions. We offer specialized programs in a wide range of industry verticals including food and beverage, consumer packaged goods, healthcare, and durable goods. We take a solutions oriented, problem solving approach to build lasting customer relationships.



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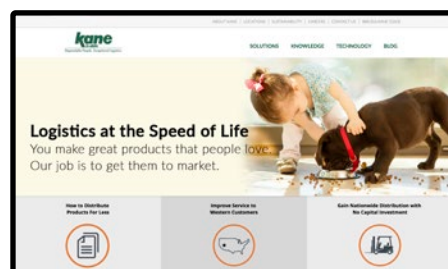


Johanson Transportation Service • www.johansontrans.com

Johanson Transportation Service (JTS) is a third-party logistics provider, NVOCC, and licensed ocean freight forwarder helping companies manage their supply chains with Justified Timely Solutions® that exceed their unique business challenges. Providing unmatched service at a fair price, JTS offers customized freight solutions including: dry and temperature-controlled TL, LTL, ocean and air; rail/intermodal; and comprehensive importing/exporting solutions with one point of contact. JTS adds value with logistics management, consulting, and IT systems with real-time online tools to facilitate seamless supply chain communications for its customers.

Kane Is Able • www.kaneisable.com

Kane Is Able is a third-party logistics provider that helps consumer packaged goods (CPG) companies warehouse and distribute goods throughout the United States. Our CPG logistics solution includes integrated warehousing, packaging, and transportation services specially designed to meet the needs of CPG manufacturers. Kane's complete platform of logistics solutions makes us the right choice for your supply chain. At Kane, we are able. We are the CPG logistics specialists.



Landstar • www.landstar.com

Landstar, a safety-first transportation services company, provides complete logistics services throughout the United States, Canada, and Mexico. Landstar's extensive brokerage network increases customer options as it brings a wider array of equipment options to handle the toughest transportation challenges. With innovative use of Internet technology, Landstar communicates in every medium, from the most sophisticated satellite tracking systems to the simplest pagers. That means customers know where their shipment is every step of the way, with every carrier selected. You'll find complete details on our website.

LeSaint Logistics • www.lesaint.com

LeSaint Logistics' overall objective is to provide customers with the opportunity to focus on their core business by offering the full range of 3PL services: contract and public warehousing, HazMat management, common carriage, dedicated transportation, transportation management, information management, customer call centers, inventory management, and fulfillment. We provide value-added fulfillment services such as pick/pack and ship, repack, labeling, subassembly, kitting, and returns management, to name a few. We're flexible to our customers' requirements, giving them the option of selecting from our menu of services, and choosing the capabilities that meet their specific needs.



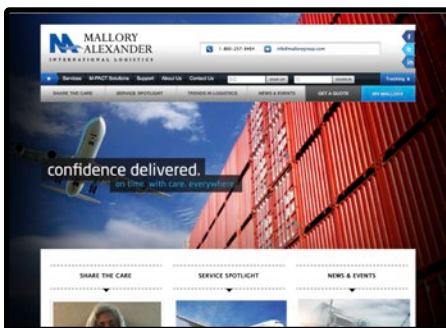


Lynden • www.lynden.com

Over land, on the water, in the air - or in any combination - Lynden has been helping customers solve transportation problems for almost a century. Operating in such challenging areas as Alaska, Western Canada and Russia, as well as other areas around the globe, Lynden has built a reputation of superior service to diverse industries.

LynnCo Supply Chain Solutions • www.lynnco-scs.com

LynnCo specializes in value-added supply chain solutions. We create tailored solutions by taking redundant links out of our clients' logistics networks. Whether it's upfront due diligence studying current distribution patterns, rationalizing facilities with state-of-the-art optimization tools, or analyzing entire supply chain networks, our mission is to provide our clients world-class solutions - creating bottom-line value.



Mallory Alexander International Logistics • www.mallorygroup.com

Mallory Alexander International Logistics is a leading third-party logistics (3PL) provider. As a specialist in global logistics and supply chain services, Mallory Alexander acts as a single source for all logistics and supply chain needs. Specifically, Mallory Alexander provides public and contract warehousing, freight forwarding (international, domestic, air, and ocean), customs brokerage, import/export services, intermodal trucking and transportation, logistics services, and consulting.

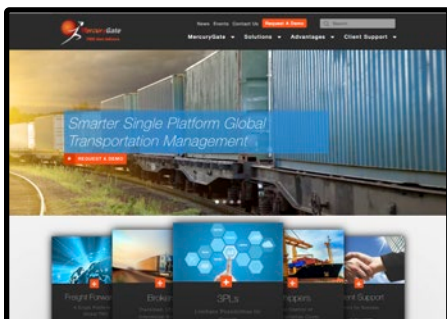
MD Logistics • www.mdlogistics.com

MD Logistics is a full-service provider of specialized logistics services focusing on fixtures, furniture, and equipment projects - and the special disciplines associated with those projects. MD Logistics manages the logistics component of all types of store projects, including new stores, remodels, and program rollouts. Specific transportation modes and services include conventional trailerload, air-ride blanket-wrap trailerload, hybrid LTL, merge-in-transit service, and, most importantly, time-definite service.



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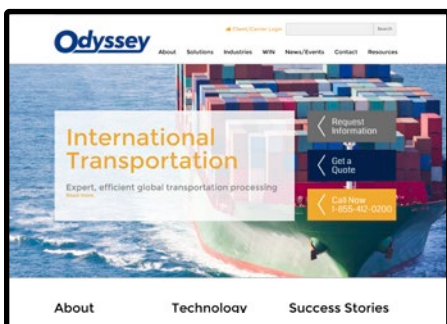
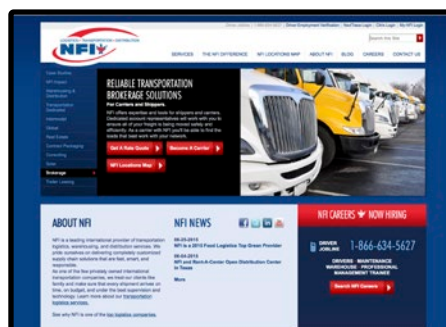


MercuryGate • www.mercurygate.com

MercuryGate delivers a multi-modal TMS solution that allows shippers, freight brokers, and third-party logistics providers to plan, execute, track, and settle freight movements. Customers use a single SaaS or self-hosted application to realize savings through consolidated loads, optimized carrier selection, and process improvements. For more information, visit www.mercurygate.com.

NFI Industries • www.nfiindustries.com

NFI is a supply chain management provider offering dedicated fleets, logistics, distribution, warehousing, intermodal, global, commercial and industrial real estate, consulting, transportation brokerage, and solar services across the U.S. and Canada. NFI owns facilities nationwide and globally, more than 2,000 tractors, and more than 7,000 trailers. Privately held by one family since its inception in 1932, NFI operates 20+ million square feet of warehouse and distribution space, and generates more than \$1 billion in revenue annually. NFI is an EPA Smartway Transport and WasteWise Partner and is dedicated to increasing energy efficiency and reducing the impact of the freight industry upon the environment.

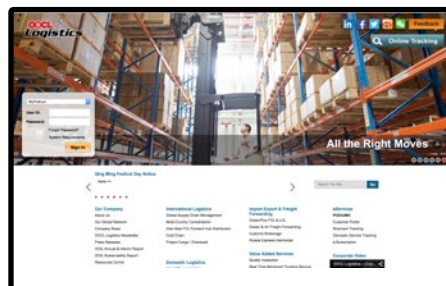


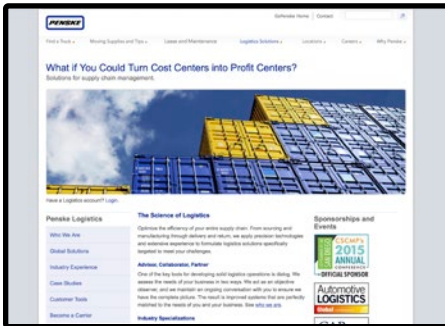
Odyssey Logistics & Technology • www.odysseylogistics.com

Odyssey Logistics & Technology combines deeply skilled industry professionals with a leading technology solution to provide multimodal logistics management services to the chemical industry and other process manufacturers. Odyssey Logistics & Technology enables these companies to outsource any part of the management and transportation of their raw materials and finished goods. They achieve cost savings through reduced transportation and infrastructure costs, measurable customer service and process improvements, and improved data quality and management.

OOCL Logistics • www.oocllogistics.com

As a world-class provider of innovative logistics and supply chain services and solutions, OOCL Logistics has an extensive network of 100 offices in 32 countries around the world. Providing advanced customer-specific solutions through its technology and value-creating services in supply chain management, OOCL Logistics' extensive service network and platforms allow you to make All the Right Moves for your business. Going global? OOCL Logistics' international group focuses on serving customers with global sourcing and supply chain management needs. The group creates value through innovative end-to-end international logistics services.



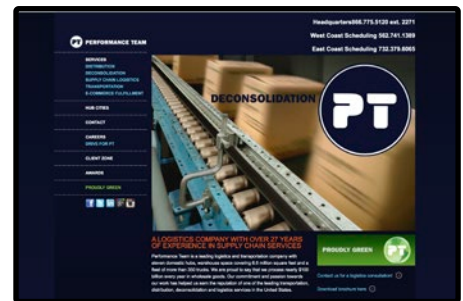


Penske Logistics • www.penskelogistics.com

Penske Logistics is an award-winning logistics services provider with operations in North America, South America, Europe, and Asia. Our products and services range from dedicated contract carriage and distribution center management to transportation management and fully customized solutions. No matter what your needs or industry, Penske Logistics engineers supply chain solutions that deliver business results like boosting productivity, improving service, and shrinking carbon footprints. Call us today at 1-800-529-6531 to learn more.

Performance Team • www.performanceteam.net

Performance Team is the only thing that should come between your products and your customers. For nearly 25 years, Performance Team has been offering its expertise to the retail and manufacturing industries with a broad range of supply chain services including trucking, distribution, logistics, and fulfillment. Through 11 domestic hubs, over 5.1 million square feet of warehouse space, and a fleet of more than 400 trucks, Performance Team's skilled team of employees processes approximately \$100 billion in wholesale goods. See why Performance Team continuously earns a reputation as the premiere trucking, consolidation, and distribution company in the United States; log on to www.performanceteam.net.



Pilot Freight Services, Inc. • www.pilotdelivers.com

Pilot Freight Services, Inc. is a full-service transportation and logistics provider with over 75 locations throughout North America, as well as stations in Amsterdam, Toronto, Vancouver, Mexico City, and A Coruña, Spain. The company's freight forwarding services encompass every mode of transportation, including air, ground and ocean, serving all corners of the globe. Pilot's logistics programs offer a complete line of expedited and time-definite services, international shipping solutions, product warehousing and inventory management. In addition, Pilot's online shipment navigator, CoPilot, makes online shipping fast, convenient and secure. Learn more about Pilot Freight Services at www.PilotDelivers.com.

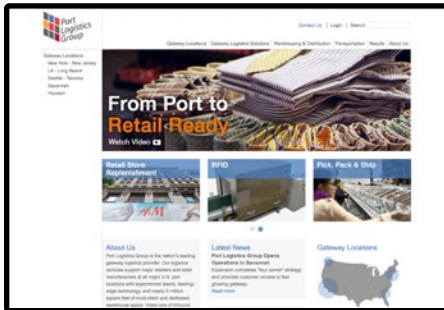
Port Jersey Logistics • www.portjersey.com

For more than 56 years, Port Jersey Logistics has been the number-one choice for transportation, warehousing, and distribution on the East Coast. Port Jersey operates modern, state-of-the-art warehousing space, as well as in-house trucking and logistics services. Along with our wide array of value-added services, and first-class customer service team, Port Jersey Logistics is your one-stop shop for all of your supply chain needs.



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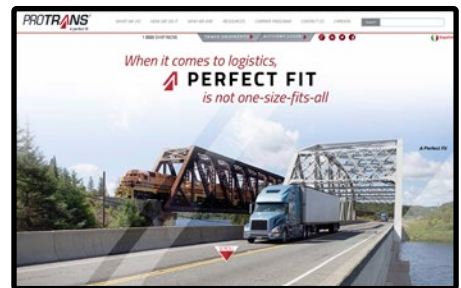


Port Logistics Group • www.portlogisticsgroup.com

Port Logistics Group is the nation's leading provider of gateway logistics services, including value-added warehousing and omni-channel distribution, transloading and cross-docking, e-commerce fulfillment, and national transportation. With 5.5 million square feet of warehouse space strategically located in and around major North American ports, Port Logistics Group provides the critical link between international transportation and the last-mile supply chain.

ProTrans International • www.protrans.com

For nearly two decades, ProTrans International has been dedicated to providing supply chain management solutions that optimize our customers' time, money, and resources. ProTrans recognizes that every customer's inventory needs and requirements are unique, so we offer a variety of inventory and fulfillment solutions that can be tailored to fit your specific situation.



Purolator International • www.purolatorinternational.com

Purolator International is the U.S.-based freight forwarding subsidiary of Purolator Inc., Canada's leading overnight courier company. Purolator International specializes in air and surface forwarding of express, parcel, and freight shipments, with enhanced supply chain solutions to offer delivery to, from, and within Canada. Purolator International offers preferred access to an extensive distribution network in Canada, which includes 11,000 dedicated employees, the leading air fleet, and ground network with the most guaranteed Canadian delivery points in Canada.

R2 Logistics • www.r2logisticsteam.com

Founded in 2005, R2 Logistics is a global provider of transportation services and logistics solutions. As a third-party logistics company, we provide access to more than 20,000 contracted transportation providers. With four operating branches located in Columbus, Ohio; Dallas, Texas; Detroit, Mich.; and Jacksonville, Fla., we are able to provide your company with any possible over-the-road shipping need nationwide, including Mexico and Canada. With the dedication of our employees, and our culture of Reliable Service and Relentless Passion, we've built a strong reputation as an industry leader.



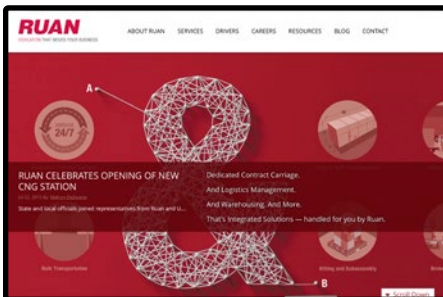


Regal Logistics • www.regallogistics.com

Regal Logistics' 40+ years of experience, and comprehensive services from port to sale - including leading-edge information technology, standardized for the logistics industry and tailored to mass retailers - increases supply chain efficiency and reduces costs, giving customers a competitive advantage. 1.6 million square feet of high-velocity distribution centers in Seattle, Los Angeles and Charleston accelerate product to market with multiple ship points and better access to important markets throughout the world.

RR Donnelley Logistics • www.rrd.com

Experience the benefits that only come from working with a major, global shipper that is also a top-ranked 3PL. We offer multiple transportation modes, an established multi-carrier network, volume-leveraged rates and service levels, along with technology-enabled systems and processes. Visit our website and contact us today to see why customers have relied on us for 150 years.



Ruan • www.ruan.com

With Ruan, you can take advantage of door-to-door shipping solutions without the hassles and overhead associated with owning and operating your own fleet of trucks. We have more than 5,200 employees operating, servicing and coordinating some 3,400 power units and 5,600 trailers out of more than 100 locations throughout the continental United States. But you get more than just drivers and equipment - we become an extension of your team, advocating for your bottom line. Find out why the right partner can drive costs out of your supply chain - call 866-RUAN-NOW or visit our website - ruan.com.

Saddle Creek Logistics Services • www.sclogistics.com

Saddle Creek Logistics Services is a third-party logistics company. We leverage our broad array of capabilities - including warehousing, transportation, packaging and fulfillment - to provide integrated solutions that support our customers' business objectives. For more information, visit sclogistics.com.



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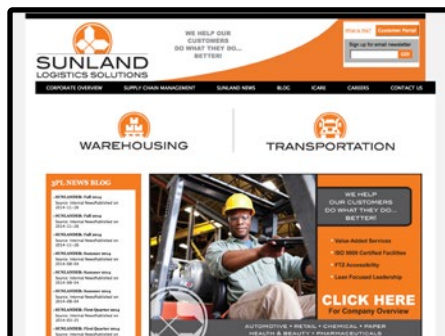


SEKO Logistics • www.sekoworldwide.com

SEKO prides itself on a commitment to customer service, whether it's a 2 a.m. pickup for a critical industrial part for a plant that is 4,000 miles away, or the cost savings achieved from proactive communication with your vendors overseas. SEKO offices have the knowledge and expertise to expedite or to consolidate, depending on your need. From Hong Kong to Amsterdam, SEKO knows how to serve its clients. As a non-asset-based third-party logistics provider, SEKO has the flexibility to meet your supply chain needs using a variety of modes and carriers.

Sunland Logistics Solutions • www.sunlandls.com

Sunland Logistics Solutions has warehousing operations conveniently located in and around Greenville/Spartanburg, S.C., and near the Port of Charleston, S.C. With 40 years of industry experience, Sunland specializes in providing warehouse services, transportation solutions, temporary staffing, and full supply chain management solutions. Sunland serves a number of verticals, including automotive, chemical (hazmat), retail, and paper. To learn more about Sunland, visit the website.



Syfan Logistics • www.syfanlogistics.com

Since 1984, Syfan has provided customers with a competitive advantage through superior transportation and logistics services. Syfan consistently strives to meet and exceed customer expectations of service through timely communication and quality information. Leveraging its rich experience and dedicated team, Syfan's commitment is to provide you with on-time pickup and delivery—every time.



Taylorred Services • www.taylorredservices.com

At Taylorred Services, we look at your business as if we were a box moving through your supply chain. Our goal: to provide a comprehensive array of fulfillment services that best fit your business needs. Award-winning retail experts. Strategically located bi-coastal facilities. Expertise in wholesale and retail distribution. Best-in-class systems and technology. A full range of logistics services including: drayage management, transload, DC bypass, crossdock, case distribution, unit fulfillment (B2B, B2C, Digital), and value-added distribution solutions (repacking, reticketing, point of purchase, display assembly, inserts and labeling, returns). Visit www.taylorredservices.com or contact sales@tpservices.com





TransGroup Worldwide Logistics • www.transgroup.com

www.transgroup.com provides comprehensive information about TransGroup Worldwide Logistics, including locations, services, and global transportation and logistics capabilities. Detailed information about TransGroup's Web-based logistics management tools is also provided, as well as customer log-in access and links to resources useful to shippers. To learn about TransGroup Worldwide Logistics, visit www.transgroup.com, or contact TransGroup at 800-444-0294, or by e-mail at info@transgroup.com.

Transportation Insight • www.transportationinsight.com

The first 4PL invited to join the International Warehouse Logistics Association (IWLA), Transportation Insight is one of the largest and most experienced global lead logistics providers in North America. Our service and technology offerings span domestic transportation, international logistics, and warehousing – creating end-to-end supply chain solutions. Our core services include carrier sourcing, freight bill audit and payment, transportation management system, and supply chain analytics and reporting. Other offerings include our Insight Fusion® Big Data solution, transactional services, transportation management, and secondary packaging. Contact us at info@transportationinsight.com or call 877-226-9950.

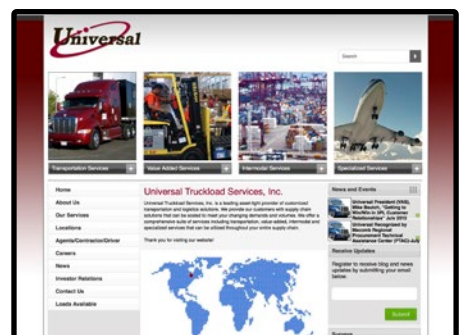


Tucker Company Worldwide • www.tuckerco.com

Experiencing truckload capacity problems? Receive steady waves of truckload equipment – from dry vans to flatbeds, refrigerated to specialized equipment – with Tucker Company Worldwide. Experiencing problems implementing an inbound freight management program? We get the job done, under budget and fully controlled. Tucker Company Worldwide operates one of America's oldest freight brokerages. We co-founded the TIA, and are active members of TCA, NITL, SC&RA, NASSTRAC, and CSCMP. We are always interested in sales agents, reps, or those selling brokerages/3PLs.

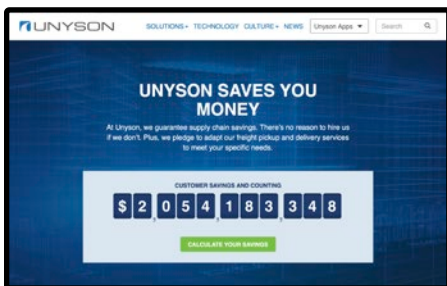
Universal • www.gouts.com

Universal is a leading asset-light provider of customized transportation and logistics solutions. We provide our customers with supply chain solutions that can be scaled to meet your changing demands and volumes. We offer a comprehensive suite of services including transportation, value-added, intermodal, air, ocean and customs brokerage services that can be utilized throughout your entire supply chain.



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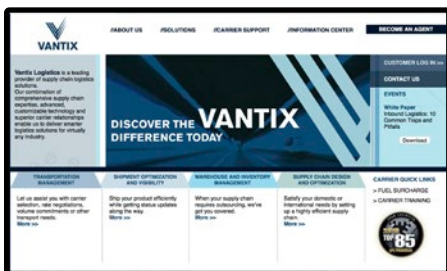
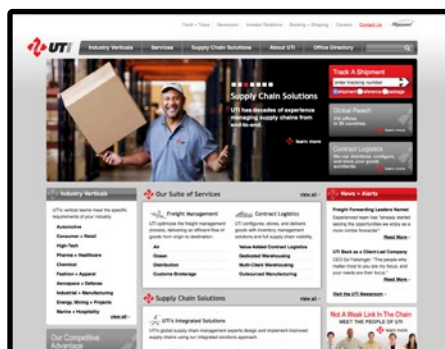


Unyson Logistics • www.unysonlogistics.com

Unyson Logistics provides the technology and resources to help businesses drive costs out of their supply chains. We do this by creating logistics solutions where our customers own and drive the process jointly, with us, in unison. Combining the stability and resources of our \$1-billion-plus parent company, Hub Group Inc., with this uniquely collaborative approach, Unyson surrounds customers with 360 degrees of measurable, strategic value - what we call The Y Factors: unity, opportunity, visibility, velocity, technology, delivery, capability, flexibility, stability, and integrity.

UTi • www.go2uti.com

UTi is an industry-leading supply chain management company that delivers competitive advantage to our clients' supply chains. With innovative, integrated solutions configured to your specific requirements within any major vertical market, we design, manage, and service supply chains efficiently and cost-effectively. UTi's 310 offices and 230 logistics centers in 59 countries enable us to develop and implement client-centric, global solutions with services that include freight forwarding, contract logistics, customs brokerage, distribution, and managed transportation services.



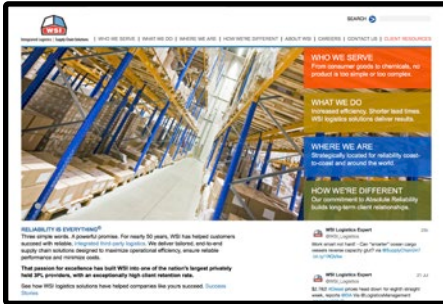
Vantix Logistics • www.vantixlogistics.com

Vantix Logistics is a leading provider of supply chain logistics solutions. Our combination of comprehensive supply chain expertise; advanced, customizable technology; and superior carrier relationships enables us to deliver smarter logistics solutions for virtually any industry.

Wagner Logistics • www.wagnerlogistics.com

Wagner Logistics offers dedicated warehousing, transportation management, packaging and assembly operations across the United States with over three million square feet of warehousing space. We provide genuine customer service to our customers and our superior onboarding process will make your customer's transition seamless. We work tirelessly to find innovative solutions to reduce supply chain costs while increasing your speed-to-market with our latest technology.



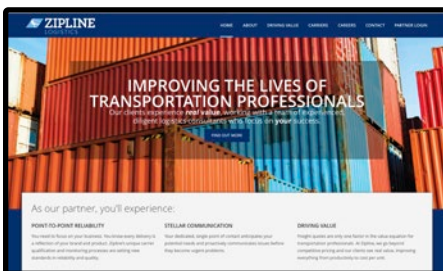
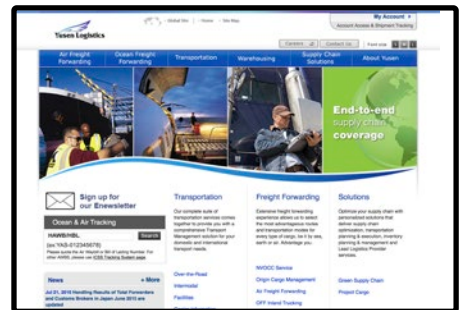


WSI (Warehouse Specialists, Inc.) • www.wsinc.com

Reliability is everything. At WSI, that has been our approach to integrated logistics and supply chain solutions for more than 40 years. Our promise of Condition, Count & Time ensures accurate, timely, and sound performance—every time. Recognized as one of the top 3PL companies in North America, WSI delivers custom solutions for warehousing/distribution, fulfillment, transportation, import/export, information technology, and customer support services. Depend on WSI for increased efficiency, reduced costs, and absolute reliability.

Yusen Logistics • www.us.yusen-logistics.com

Yusen Logistics offers a complete transport and logistics portfolio of services to some of the world's largest companies. We offer full end-to-end service coverage including origin cargo management, ocean freight forwarding, airfreight forwarding, warehousing, reverse logistics, surface transportation, and integrated supply chain solutions. We are committed to contributing to the sustainable development of our society through safe, environmentally friendly options.



Zipline Logistics • www.ziplinelogistics.com

3PL Zipline Logistics serves a comprehensive range of products, industries, and modes. Its customized analysis and reporting tools enable transport professionals to improve their decisions and reduce costs. Personal logistics consultants are experienced and equipped to help shippers explore new markets, new modes, and shipping plans for new product lines. Contact Zipline Logistics to learn how its team of experienced, diligent logistics consultants can focus on your success and provide real value.

AIR CARGO

Alaska Air Cargo • www.alaskacargo.com

Alaska Air Cargo provides reliable air cargo services to meet your shipping needs. Whether it be small packages, full ULD shipments, or chartered freighter service, Alaska Air Cargo offers a variety of options, including GoldStreak® Package Express, a next-available-flight service for items up to 100 pounds; Priority Air Freight for time-sensitive shipments that are larger than GoldStreak and need to be at a destination by a specific time; and Animal Express, a priority express service that ensures animals a safe and comfortable journey.



IN THIS SECTION:

Consultants - Intermodal

CONSULTANTS



Intelligent Audit • www.intelligentaudit.com

Intelligent Audit provides its clients with a global, all-mode transportation audit, recovery, freight payment, and business intelligence reporting partner. Started in 1997, Intelligent Audit has grown from a small parcel audit solution into one of the largest freight auditors in the marketplace today. Recently named the fastest growing company in the transportation and logistics industry by *Inc.* Magazine, Intelligent Audit works to analyze and recover transportation costs on behalf of nearly 2,000 clients across dozens of industries.

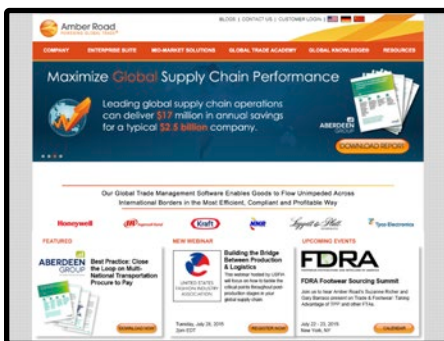
FREIGHT PAYMENT/AUDIT SERVICES

Intelligent Audit • www.intelligentaudit.com

Intelligent Audit provides its clients with a global, all-mode transportation audit, recovery, freight payment, and business intelligence reporting partner. Started in 1997, Intelligent Audit has grown from a small parcel audit solution into one of the largest freight auditors in the marketplace today. Recently named the fastest growing company in the transportation and logistics industry by *Inc.* Magazine, Intelligent Audit works to analyze and recover transportation costs on behalf of nearly 2,000 clients across dozens of industries.



GLOBAL LOGISTICS



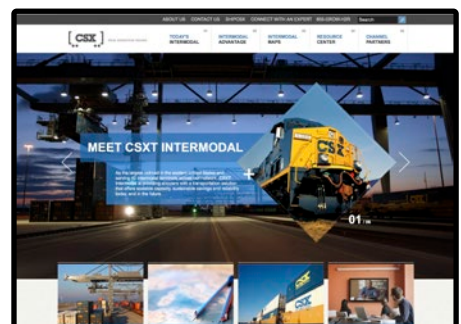
Amber Road • www.amberroad.com

Amber Road's (NYSE: AMBR) mission is to improve the way companies manage their international supply chains and conduct global trade. As a leading provider of cloud-based global trade management (GTM) solutions, we automate and optimize the supply chain functions required to import and export goods: collaborating with foreign suppliers on design and quality assurance; executing import and export compliance checks; booking international carriers and tracking goods as they move around the world; and minimizing the associated duties through preferential trade agreements and foreign trade zones.

INTERMODAL

CSX Intermodal • www.csxi.com

CSX Intermodal (CSXI) is an intermodal company with more than 1,000 employees serving customers from origin to destination with its own truck and terminal operations plus the assets of a dedicated domestic container fleet. CSXI, which is headquartered in Jacksonville, Fla., serves all major East Coast ports, operates more than 40 terminals across the United States, connects to all major Class I carriers, and provides transcon shipments from coast-to-coast in CSXU containers.



RAIL



Canadian National (CN) • www.cn.ca

CN's network of logistics parks is strategically located at the heart of North America to connect your business to world markets. Located in, or adjacent to, its intermodal rail yards, CN provides you with seamless and efficient transportation and easy access to major highways. CN provides access to all key logistics services—rail, intermodal, warehousing, distribution, CargoFlo liquid and dry bulk transload, and Autoport distribution facilities—in one location. As your supply chain partner, CN can help you find your new distribution home.

SUPPLY CHAIN MGMT/OPTIMIZATION

Intelligent Audit • www.intelligentaudit.com

Intelligent Audit provides its clients with a global, all-mode transportation audit, recovery, freight payment, and business intelligence reporting partner. Started in 1997, Intelligent Audit has grown from a small parcel audit solution into one of the largest freight auditors in the marketplace today. Recently named the fastest growing company in the transportation and logistics industry by Inc. Magazine, Intelligent Audit works to analyze and recover transportation costs on behalf of nearly 2,000 clients across dozens of industries.



TRANSPORTATION MGMT/FREIGHT MGMT



Intelligent Audit • www.intelligentaudit.com

Intelligent Audit provides its clients with a global, all-mode transportation audit, recovery, freight payment, and business intelligence reporting partner. Started in 1997, Intelligent Audit has grown from a small parcel audit solution into one of the largest freight auditors in the marketplace today. Recently named the fastest growing company in the transportation and logistics industry by Inc. Magazine, Intelligent Audit works to analyze and recover transportation costs on behalf of nearly 2,000 clients across dozens of industries.

TRUCKING

Continental Expedited Services • www.shipces.com

Continental Expedited Services (CES) is one of the largest and fastest-growing providers of premium transportation services in North America, accommodating a full range of transportation solutions with one-call, door-to-door services to and from almost any location in the world. CES's 24-hour service center can provide, within minutes, a competitive price and response time for your time-sensitive freight. When you have a critical shipping emergency, call CES for the most reliable expedited service throughout the United States, Mexico, Canada, and now around the world.



IN THIS SECTION:

Trucking - WMS



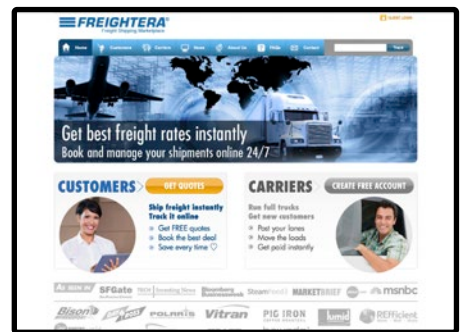
Saia LTL Freight • www.saia.com

For nearly 90 years, Saia LTL Freight has been providing customers with fast, reliable regional and interregional shipping. With 147 terminals located in 34 states, Saia LTL Freight offers a range of products and services that are backed up by a guarantee like no other in the industry. Our Customer Service Indicators, or CSIs, allow us to measure our performance each month against a set of six indices that our shippers said are the most important to them.

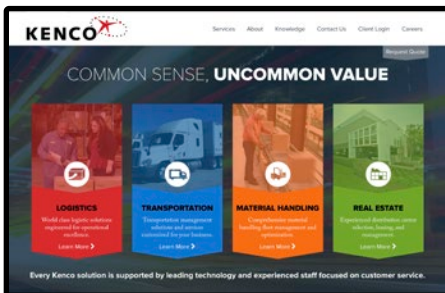
TRUCKING-LTL

FREIGHTERA • www.freightera.com

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WAREHOUSING



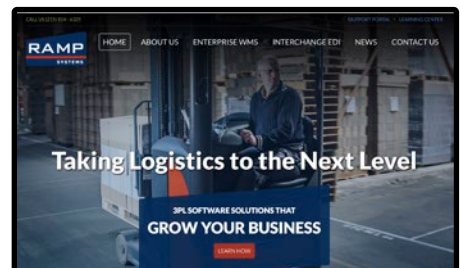
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Ramp Systems • www.rampsystems.com

Looking for 3PL software solutions to help grow your business? Look no further than Ramp Systems, an enterprise software and services company dedicated to serving the logistics industry. Discover why 350 customers in 10 countries around the world turn to Ramp's warehouse management, supply chain execution, EDI, e-commerce and application integration solutions. For more information, e-mail info@rampsystems.com, call 215-854-6325, or visit the website.



WhitePaperDigest

Industry experts amass supply chain management best practices and skill sets, and invest in new research and evaluation tools. Now you can benefit. *Inbound Logistics* has selected this collection of whitepapers that will give you a jump on important supply chain issues. For more information on any of these whitepapers, visit the Web sites listed below.



Amber Road

TITLE: *Three Must-Have Capabilities to Achieve Global Supply Chain Visibility*

DOWNLOAD: bit.ly/1lgNrmF

SUMMARY: Growing complexities, such as distance, culture, and time zones, make it difficult to manage international supply chains and can jeopardize competition in the marketplace. This eBook identifies three key capabilities for attaining global supply chain visibility: quick access to global supply chain information, proactive supply chain alerts, and efficient collaboration with global trading partners.

Schneider

TITLE: *Keeping Your Cargo Safe*

DOWNLOAD: bit.ly/1lgNDIQ

SUMMARY: While safely and securely shipping your product from Point A to Point B will never be as carefree as it once was, you can increase the security of your shipments. All it takes is engagement in the process. This whitepaper shows how you can work with your carrier to identify and close the gaps in your supply chain security, and collaborate with your internal team and the providers who touch your freight.

enVista

TITLE: *ABCs of Parcel Sourcing*

DOWNLOAD: bit.ly/1lgNuPd

SUMMARY: An effective Parcel Request for Proposal (RFP) is a labor-intensive process that requires a sound methodology, market intelligence, and well-thought-out execution, capped off with solid negotiation skills. The proper development and execution of a Parcel RFP is extremely important in this era of continued focus on cost containment. To learn more, download this free whitepaper.



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Penske Logistics

TITLE: *Turn Your Warehouse on its Head: Improve Productivity, Quality, and Safety from the Ground Up*

DOWNLOAD: bit.ly/1VBEQVF

SUMMARY: This whitepaper from the experts at Penske Logistics focuses on a bottom-up approach to successfully launching an effective labor management software program. It offers actionable steps for creating the right culture, phasing in the implementation, and ensuring benchmarks are met. Additionally, it cites an industry success story and lists six steps to assessing the efficiency of your warehouse.

Advanced Distribution Solutions

TITLE: *Seven Practical Tips to Eliminating Hidden Shipping Costs*

DOWNLOAD: bit.ly/1lgNA9y

SUMMARY: You'd be surprised how much your actual shipping costs are once carrier surcharges related to delivery problems are added to the bill. Hidden charges for incorrect dimensional measurements and shipping addresses, and missing shipping reference numbers can amount to thousands of dollars in unexpected shipping costs. Download this whitepaper to find out how you can get better control over this common problem.

Institute for Supply Management (ISM)

TITLE: *ISM Mastery Model: A Path to Mastery Designed Just for You*

DOWNLOAD: bit.ly/1lgNAXh

SUMMARY: What skills do supply management executives and their team members need to add more value to their organizations and advance to the next level? A new whitepaper from ISM provides a roadmap for success no matter where they are in their careers - from the "Essentials" to the "Executive" level. The whitepaper elaborates on the ISM Mastery Model, which was developed by practitioners for their peers. It takes a view of the changes that the profession has experienced, and looks at what is ahead.

Environmental Defense Fund (EDF)

TITLE: *Green Freight Handbook*

DOWNLOAD: bit.ly/1lgNGhp

SUMMARY: Environmental Defense Fund (EDF) has released its *Green Freight Handbook* - an easy-to-use guide to making changes that cut emissions and save logistics costs. This free publication can help you understand why green freight practices have become essential for controlling greenhouse gas emissions; establish metrics and measure program success; assess the best opportunities to drive down costs and greenhouse gas emissions; gain support for initiatives; and implement green practices with success.



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- NITL (National Industrial Transportation League)
- ASTA (American Spice Trade Association)
- CLFP (California League of Food Processors)
- IANA (Intermodal Association of North America)
- IDFA (International Dairy Foods Association)
- OAN (Oregon Association of Nurseries)
- OTA (Organic Trade Association)
- PMA (Produce Marketing Association)
- WSWA (Wine & Spirits Wholesalers of America)

//Transportation//

Lufthansa Cargo and **All Nippon Airways** expanded their joint venture with more than 90 weekly direct flights between Europe and Japan. Shippers in Germany, France, the United Kingdom, and Austria will participate in the partnership first, and all other European countries will follow.

American Airlines Cargo introduced the new, widebody Dreamliner for four international routes. The Boeing 787-800 has 28 positions for cargo; contains loftier aft and bulk doors

for loading larger shipments; and can carry up to 1,000 pounds of dry ice, a critical component in pharmaceutical and perishable shipments.

Yusen Logistics launched a direct LCL consolidation service from Nansha in Guangzhou, China to Tokyo and Nagoya, Japan. Yusen loads freight at the Nansha Container Freight Station, then ships directly to Japan, shortening transit time to approximately 10 days.

Trucking company **Roadrunner Transportation Systems** expanded its less-than-truckload service

in the Phoenix and Salt Lake City metropolitan areas. The new facilities focus on service to southern California, the Great Lakes, Tennessee, Texas, and the southeastern United States.

Florida East Coast Railway (FECR) expanded its intermodal rail service in central Florida with next-day service to Fort Pierce on weekends. Previously, FECR provided next-day service to Fort Pierce six days each week. The additional day helps retail customers begin replenishment at store locations before Monday.

Ocean carrier **Crowley Maritime Corp.** added sailings between Pennsauken, N.J., and San Juan, Puerto Rico. The 580-series, triple-deck Ro/Ro barge, capable of carrying 345 loads, alternates between the South Atlantic and North Atlantic services, and generates one southbound and one northbound sailing each month.



CaroTrans, an ocean carrier and freight consolidator, began a direct, weekly LCL import service from Milan, Italy, to Charleston, S.C., with a 21-day transit time. Connections to Miami; Tampa; Charlotte, N.C.; Atlanta; Savannah; Dallas; and Houston are one to three days.

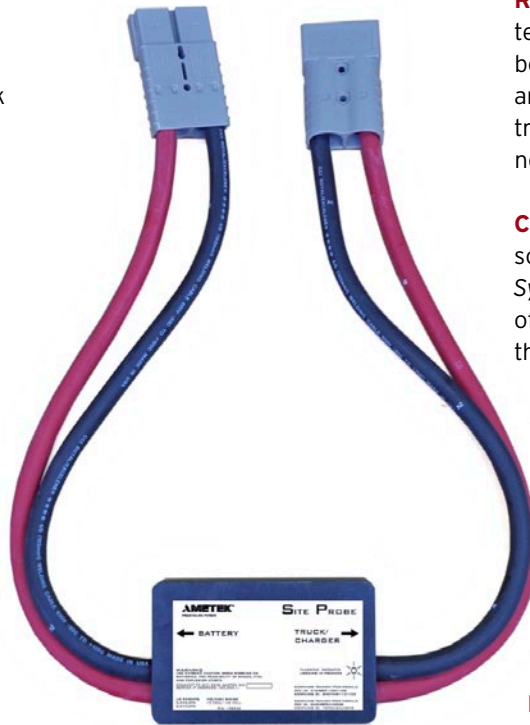
BNSF Railway began operating new service schedules for domestic intermodal shippers to and from Chicago and St. Paul to the Pacific Northwest. The schedules feature expedited service seven days per week for westbound traffic, and six days per week for eastbound traffic.

UPS added a less-than-containerload option for China-to-Europe rail shipments. The weekly door-to-door service is available from Zhengzhou to Hamburg, and shippers can track their freight for full visibility and real-time updates. The service also includes security measures and temperature-control options.

Ocean shipping companies **Swire Shipping** and **Rickmers-Linie** launched a connecting carrier partnership. Swire Shipping connects its breakbulk and project cargo in India and the Middle East through Rickmers-Linie's Middle East and India service to its network in Australia, New Zealand, and the South Pacific, via Singapore.

Canadian National Railway (CN) is acquiring 200 domestic, 53-foot temperature-controlled containers to add to its current fleet of containers circulating North America. The railroad is also acquiring 32 electrical generators to move 40-foot international marine reefers to and from CN-served ports on its intermodal trains.

DHL Global Forwarding introduced its Trans Border Connect LTL service between the United States and Mexico. Trans Border Connect offers a single quote for pickup transport, line-haul transport, border crossing, cross-dock, border clearances and delivery components, and U.S. and Mexico customs brokerage.



Industrial battery charging and fleet management provider **AMETEK Prestolite Power's Site Probe** monitors boost truck battery and charger usage. The Site Probe conducts a complete power study of each facility, and serves as a diagnostic device to find the causes of application problems that prevent maximum throughput and productivity.

//Technology//

Intra-logistics systems provider **Dematic** launched a suite of e-commerce order fulfillment solutions. The multiple pick, pack, and ship solutions accommodate small order sizes, and seasonal and promotional peaks in order volume, and help reduce processing time.

Ryder's TranSync automated technology tool helps shippers make better transportation decisions by analyzing the best combination of transport modes at the lowest total network cost in real time.

Choice Logistics, a supply chain solutions provider, launched *Service Sync* for mission-critical logistics that often rely on delivery times of fewer than four hours, and delivery windows of fewer than 10 minutes. *Service Sync* coordinates deliveries so shipments and the people who need them arrive simultaneously. The multi-vendor solution provides real-time arrival times, geo-fencing, event-driven alerts, a messaging system, and an audit trail for every delivery.

Badger, a logistics data firm, launched its *Badger Freight Tracking* app, which gives shippers an overall view of the shipping process, including the shipment's origin, destination, and completion; delays; and automatically updated delivery ETAs. The app sends real-time updates to the user's mobile device.

Wyleless, an Internet of Things global managed services provider, and **TotalTrax**, an automated real-time tracking provider, teamed up to provide TotalTrax Telematics

customers with a wireless networking solution based on cellular technology and services supplied by Wylless. TotalTrax telematics technologies turn forklifts into smart trucks that provide real-time operating data and alerts to improve safety, fleet utilization, labor productivity, and inventory accuracy.

Intelligent sensing provider **PakSense's** AutoSense system monitors temperatures in a facility's stationary areas. The wireless system connects to the cloud, and alerts users of temperature exceptions via email or text. It also provides automated compliance reporting.

Manufacturing ERP software provider **IQMS** added two new language packs, Japanese and Portuguese, to its business management solution. Now users can access the system in 10 different languages, including English, Chinese (simplified), Dutch, French, German, Italian, Japanese, Mandarin, Portuguese, and Spanish.

ProShip, a software provider, partnered with **OSM Worldwide**, a parcel delivery provider, to launch a new certified carrier module within the ProShip Product Suite. The new module allows ProShip users access to the OSM Premium Network, which ships packages nationwide within one to five days.

Software provider **JDA Software Group** is collaborating with Google to create its next-generation, cloud-based omni-channel and supply chain solutions via Google Cloud Platform. Through the collaboration, Google will provide a scalable and flexible technology platform to support JDA's future application development and delivery.



NFI, a supply chain solutions provider, opened a distribution center in partnership with Rent-A-Center. The companies introduced a supply chain solution that leverages strategically located facilities and integrated transportation. The new facility in Lancaster, Texas, supports Rent-A-Center operations across North America.

All-cargo carrier **Coyne Airways** introduced a smartphone app that allows shippers to track their shipments globally. Users can

create an account to view tracking information for their shipments using their airway bill number, and access flight schedules.

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//Services//

3PL **WOW Logistics** began a 193,000-square-foot expansion project in Jerome, Idaho. The new space interconnects with the 350,000+ square feet of dry ambient warehousing the company already operates in Jerome. Davisco Foods International will occupy the space when it is completed in January 2016.

PECO Pallet opened a new pallet depot to service shippers in Calgary and surrounding areas. PECO Pallet's service network now includes more than 1,300 recovery locations, service depots, and manufacturing locations throughout North America.

DB Schenker, a global integrated logistics service provider, relocated to a new facility in Houston to support its oil and gas customers. The Houston hub facilitates the coordination of logistics throughout the region, including the Gulf of Mexico and border operations.

3PL **Kerry Logistics** opened a new office in Portugal as part of its ongoing expansion plans across Europe. The office enhances the 3PL's European freight network, and gives shippers greater access to markets across Africa, South America, and Brazil.

Logistics management company **ProTrans** recently expanded its consolidation center in Milwaukee, Wis. The new facility has eight dock doors, and provides expanded coverage across the north central United States.

3PL **Logistics Plus** opened a new office in Ankara, Turkey, located at the center of Turkey's highway and railway networks. The office serves as the marketing center for the surrounding agricultural area. The company also has offices in Istanbul, Izmir, and Mersin.

Motor carrier **R+L Carriers** opened a new service center in Kennesaw, Ga. The facility provides easy access to the I-75, I-575, and I-285 shipping corridors, and provides guaranteed morning and hourly window delivery.

UPS is building a new healthcare distribution center in Roermond, the Netherlands, to accommodate growing demand. This third dedicated healthcare facility in the area strengthens the capacity of UPS's European distribution campus.

3PL **King Solutions** is expanding its Minnesota headquarters to include an additional 54,276 square feet of warehouse space. The new facility will accommodate an additional 3,000 pallet positions, and house a fleet of more than 150 trailers.

//Products//

Yale Materials Handling Corp.'s MPB045VG walkie pallet truck with a lithium-ion battery pack is designed to last up to five times longer than traditional lead acid batteries. The new lithium-ion option reduces



CAS DataLoggers' HOBO Temperature/Relative Humidity data logger uses internal sensors to record temperature and relative humidity in indoor environments. These matchbox-sized devices have a built-in LCD screen to check current temperature and relative humidity levels in real time.

the truck's overall turning radius, providing improved maneuverability in confined spaces.

Temperature assurance packaging provider **Sonoco ThermoSafe's** Via Blood Transporter handles the transport and temporary storage of red blood cells and platelets. The reusable container uses advanced technology in phase change - called PureTemp - for strict temperature control, and safe and compliant transport of blood.

Data logger supplier **Onset's** HOBO MX1102 device records and transmits carbon dioxide, temperature, and relative humidity data wirelessly



Whiting Corp.'s AccessPoint uses smart card technology to prevent unauthorized people from using fixed and mobile machinery and security storage. AccessPoint also records when equipment is accessed and for how long.

to mobile devices via Bluetooth Smart. The unit features audible alarm notifications so users can take immediate, corrective action if problems arise.

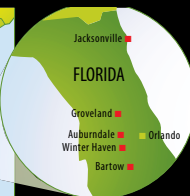
Pallet rack and steel tube manufacturer **Hannibal Industries'** TubeRack helps reduce damage to stored goods. The system's dual-movement frame allows flexibility both front-to-back and side-to-side, giving it the ability to withstand impacts and seismic activity.



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American Production and Inventory Control Society

APICS 2015

www.apics.org | Las Vegas, Nev. | OCT 5-7

AUDIENCE: Supply chain and logistics professionals

FOCUS: Best practices in sustainable supply chains, solutions exhibition, the future of supply chain and operations management

OCT 19-21, 2015 Chicago, Ill.

Customized Logistics and Delivery Association

PARCEL Forum '15

www.parcelforum.com

AUDIENCE: Distribution, logistics, supply chain, and warehouse managers; small-package supply chain stakeholders

FOCUS: Parcel industry educational tracks and case studies; dimensional weight pricing; home delivery strategies; distribution center tours; regional carrier, warehousing, and materials handling exhibition

OCT 27-29, 2015 Miami, Fla.

WTG Events

13th Annual Supply Chain & Logistics Summit

www.supplychain.us.com

AUDIENCE: Logistics and supply chain professionals

FOCUS: Leaders in the supply chain renaissance; economic forecasts for the supply chain; talent management; risk management; visibility and transparency in the supply chain; supply chain optimization

NOV 16-19, 2015 New Orleans, La.

National Industrial Transportation League

2015 NITL Annual Conference & Freight Exhibition

www.nitl.org

AUDIENCE: Supply chain, logistics, and transportation professionals

FOCUS: Transportation-focused educational sessions and roundtables; transportation equipment and technology exhibition

SEMINARS & WORKSHOPS

SEPT 18 & 25, 2015 Bethlehem, Pa.

Lehigh University Center for Supply Chain Research

APICS Certified Supply Chain Professional Certification

cvc.lehigh.edu

AUDIENCE: Logistics and supply chain professionals

FOCUS: Supply chain management best practices, concepts, metrics, techniques, and methodologies; impact of sales and operations planning on the supply chain; implementing change in supply chain management

CONFERENCES

AUG 31 - SEPT 2, 2015 Chicago, Ill.

International Quality and Productivity Center

Food Safety and Logistics Summit

www.foodsafetyandlogistics.com

AUDIENCE: Cold chain stakeholders

FOCUS: Proactive versus reactive approach to the food safety supply chain; opening communication between supply chain parties; RFID tags and retail; challenges of the Food Safety Modernization Act

SEPT 11, 2015 Los Angeles, Calif.

USC Marshall Center for Global Supply Chain Management

3rd Annual Global Supply Chain Excellence Summit

globalsummit.uscsupplychain.com

AUDIENCE: Supply chain and logistics professionals

FOCUS: Vertical markets breakout sessions; competency sessions on supply chain risk, procurement, manufacturing, logistics and distribution; supply chain outlook; emerging market supply chains

SEPT 20-22, 2015 Ft. Lauderdale, Fla.

Intermodal Association of North America

Intermodal EXPO

www.intermodal.org

AUDIENCE: Supply chain and transportation professionals, intermodal shippers and stakeholders

FOCUS: The future of intermodal in 2015 and beyond; effects of maritime labor uncertainties; chassis provisioning; intermodal conversion; managing drayage relationships; intermodal legislative update; intermodal solutions exhibition

SEPT 27-30, 2015 San Diego, Calif.

Council of Supply Chain Management Professionals

CSCMP's 2015 Annual Conference

www.cscmp.org

AUDIENCE: Supply chain, logistics, and transportation professionals

FOCUS: Key supply chain challenges and innovations; cultivating an environment that fosters leadership; manufacturing performance from a supply chain perspective; supply chain solutions and practices; energizing and strengthening supply chain infrastructure

SEPT 28-30, 2015 Princeton, N.J.

Worldwide Business Research

LogiPharma 2015

www.logipharma.com

AUDIENCE: Pharmaceutical supply chain stakeholders

FOCUS: Supply chain integrity, visibility, and risk management; customer-driven supply chains; supply chain segmentation; emerging markets; working capital management and optimizing inventory; supply chain planning and forecasting

OCT 5-9, 2015 Boston, Mass.

International Quality and Productivity Center

GDP & Temperature Management Logistics Global Forum

www.coldchainglobalforum.com

AUDIENCE: Cold chain stakeholders

FOCUS: Evolution of the supply chain; FDA's risk-based supply chain strategies; applying data analytics to the temperature-controlled supply chain; new challenges in the European Union GMP Guide; supply chain distribution practices; cold chain challenges; supply chain and logistics trends through 2020

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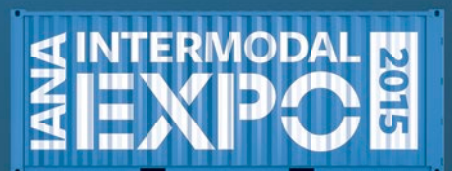
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