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CARRIER UPDATE

UPS & TEAMSTERS REACH DEAL

Now that tentative five-year agreements between UPS Inc. and the Teamsters union have been reached, about 250,000 workers in the company's package and freight units will vote in a ratification process that may take two months .

There are separate agreements for the 238,000 Teamsters in the UPS package unit and 12,000 at UPS Freight, the less-than-truckload

subsidiary.

UNION LEADERS APPROVE ABF DEAL

Leaders of the Teamsters union last week said they approved a tentative five-year contract agreement with ABF Freight System that includes a 7% pay cut, setting the stage for rank-and-file voting to begin June 3.

The wage reduction would be in effect until June 30, 2014, followed by two 2% increases and a 2.5% rise in 2017 that would bring wages back to current levels. As part of the deal, ABF won new operating freedom, including some subcontracting of work and more flexible job assignments.

RATE INCREASE

LTLs FEDEX, CON-WAY INCREASE RATES

FedEx Freight and Con-way Freight, two of the three largest less-than-truckload carriers, announced rate increases last week, following similar actions by competitors.

FedEx Freight's 4.5% increase, announced June 10, is effective July 1.

LTLs RATES 5.9%

YRC Freight effective 5/20/13, ABF Freight System effective 5/28/13, UPS Freight effective 6/10/13, and Con-way effective 6/24/13 announced 5.9% rate increases.

CONNECT & COLLABORATE TO BETTER MANAGE FREIGHT SPEND

What are the current challenges of managing freight spend?

In today's slow-growth economic environment, organizations are pressured to reduce costs and manage inventory well. The result is demand for frequent deliveries, which amplifies the need to control shipment costs, according to research by the Aberdeen Group. In addition, organizations operate increasingly complex supply chains that reach around the world.

Many companies have divisions or suppliers – or both – in different countries. That makes managing freight spend and payments challenging, because rules and regulations vary by geography. Frequently, organizations use different local freight audit and payment systems that do not connect to each other or to financial management systems. Only 36 percent of companies have a

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centralized spend management platform with multi-currency and multilingual capabilities, according to a 2012 study by the Aberdeen Group. This “silo” approach makes controlling freight spend difficult-and the outcomes are costly.

ARE YOUR PROCESSES ADDING VALUE OR WASTE?

Packaging helps protect and preserve products, but these days companies tend to over-package and over-protect. Excess packaging illustrates the waste known in Lean methodology as overprocessing. Added processing that doesn’t bring value to goods or services in the customer’s eyes creates unnecessary waste.

When trying to eliminate overprocessing waste, start by focusing on standardized work. The first step is creating standard operating procedures (SOPs). With today’s technology, it is easy to create SOPs that include digital photographs of important steps in a process, as well as simple written instructions-often in more than one language. These SOPs should be easy to understand and follow, and kept in a visible place in the appropriate work area.

Developing SOPs can be incorporated into a Workplace Organization Kaizen event or part of the Standardize step (the fourth S in the 5S process). They reduce variability to improve quality and minimize unnecessary overprocessing.

The logistics and transportation sector presents many opportunities to reduce overprocessing. A good example is the value-added services typically performed by third-party logistics providers. These activities include assembly or kitting processes as part of a postponement strategy.

This mechanism helps operators avoid mistakes and eliminate product defects by preventing, correcting, or drawing attention to human errors as they occur.

Putting more thought into preventing overprocessing during product development can help avoid waste from the start. The concept of Value Engineering involves improving design and specifications during the research, design, and production stages of product development.

Another important practice that can reduce overprocessing is Concurrent Engineering, which employs cross-functional teams during the product development process.

For example, involving supply chain and logistics personnel early on can help avoid types of overprocessing that add unnecessary cost to shipping and handling due to extra weight or cube.

We can avoid much of the overprocessing found in our supply chain and logistics process if we focus on it in the first stages-and the earlier in the process, the better.

GENERAL INFORMATION ARTICLES

THE JOURNAL OF COMMERCE

2012 Top 5 Expedited Carriers

- Revenue, in millions of dollars.

2012 Rank	Carrier Name	2011	2012	Year-over-year percent change
1	FedEx Custom Critical	\$375	\$393	4.8%
2	Panther Expedited Services	\$185	\$204	10.3%
3	UPS Express Critical	\$135	\$129	-4.4%
4	Landstar Express America	\$129	\$137	6.2%
5	Express-1	\$88	\$94	6.8%
	Total Top 5 Expedited Carriers	\$912	\$958	5.1%

BORDER CROSSING DOCUMENTS REQUIRED BETWEEN USA & CANADA

The documents required to bring a shipment into Canada are a Bill of Lading, a Commercial Invoice and a NAFTA Certificate.

INTERMODAL TO STAY AHEAD OF ECONOMY, EXPERTS SAY

Intermodal shipments in 2013 should continue growing faster than the economy because of increased shorter haul business, tightening truck capacity and the potential for more cross-border traffic with Mexico, industry experts say.

Intermodal Association of North America is projecting a 4% to 6% volume increase in 2013, according to its quarterly report issued earlier this month.

MICHIGAN MAY LIFT HAZMAT BAN ON BRIDGE

A Michigan Department of Transportation study has recommended lifting the ban against transporting some hazardous materials across the Ambassador Bridge, the busiest crossing along the U.S.-Canada border. MDOT is taking public comment on its study until May 27.

TRUCKING LOSES 700 JOBS DURING MAY

The U.S. trucking industry lost 700 jobs in May as the nation's unemployment rate slightly increased to 7.6%, the Labor Department reported June 10, 2013.

Revised figures showed the trucking industry gained 12,500 jobs in April, which was higher than the 11,700 rise reported for the month.

DHL OPENS LARGER HUB IN BID TO GROW U.S. SHARE

DHL Express officially opened the \$46 million expansion of its U.S. air hub at Erlanger, Kentucky in an effort to build the market share and sustain double-digit package and express volume growth.

5 GUIDELINES TO FINDING THE RIGHT 3PL

- 1. Choose carefully.** Until recently, Internet access and \$10,000 was all it took to get a broker surety bond and become a transportation broker. The U.S. Congress, however, recently passed legislation that raises the surety bond price to \$75,000, effective in October 2013. This is good news for shippers, as the new requirements will likely be too high for fraudulent brokers to acquire a new surety bond.
- 2. Use 3PLs for more than just a back-up plan.** A common misconception is that 3PLs can always move a load at the last second. While 3PLs can often find the capacity needed in a pinch, it's not a guarantee, and you could be missing out on many benefits 3PLs can offer if you only use them this way.
- 3. Ask what the 3PL does best.** Like most companies, many 3PLs excel in certain niches, such as flatbed, less-than-truckload, or global shipments.
- 4. Use your 3PLs as solutions providers.** Treat them as an extension of your supply chain. Many 3PLs can operate as an outsourced traffic department, and can manage as much or as little of the shipping process as you need.
- 5. Less does not necessarily mean more.** When receiving quotes from transportation providers, consider more than just price. A good 3PL will make sure all carriers are insurance verified, and have a satisfactory safety rating, established business history, and authority that is in good standing.

NAFTA TRADE GROWS, SAFETY A CONCERN

NAFTA trade is heating up at just the right time. Nearly 20 years after the North American Free Trade Agreement was first ratified in 1994, commercial truck crossings into the United States from Mexico and Canada are steadily climbing, reaching 10.7 million in 2012, a 3.6-percent increase over 2011, according to the U.S. Department of Transportation's Bureau of Transportation Statistics (BTS). This follows a 1.7 percent rise between 2010 and 2011.

SENSOR-BASED LOGISTICS: MONITORING SHIPMENT VITAL SIGNS IN REAL TIME

The global supply chain's rapid growth is encouraging companies to look for new ways to improve efficiency, cut waste, and enhance supply chain dependability to deliver a superior customer experience. One tool for accomplishing these goals is sensor-based logistics (SBL).

SBL provides full visibility inside shipments while they're in motion, helping to insure they reach their destination in the customer's anticipated condition.

Using GPS technology, SBL allows shippers to create customized, location-based alerts called geofences to inform them if a shipment deviates from its route, and whether it is scheduled for timely delivery.

Keeping customers informed extends past simple package delivery, however. By receiving continuous data while shipments are en route, users can take advantage of intervention services such as re-icing cold chain shipments, inspecting and repackaging damaged goods, or involving law enforcement to pursue stolen products. Instead of reacting to supply chain faults, SBL places control in the hands of the management team to proactively avoid these issues.

8 TIPS FOR EFFECTIVE E-MAIL MARKETING

E-mails have special appeal as a marketing channel. To begin with, they're Free!

- 1. Brief, specific, avoid the P.S.** If your e-mails have a reputation of being brief and specific, they are much more likely to be read to the end. Most readers will not follow the message all the way to the end, let alone read a P.S.
- 2. One topic per e-mail.** Stick to one idea per e-mail, presented clearly and with a link or action item for more information.
- 3. Subject Line – Utmost Importance.** Use a Grabber in your subject line to get them to open the message.
- 4. Response requested – prominent.** If you are sending an e-mail that needs a response, such as an RSVP, use the subject line to indicate an answer is expected.
- 5. Avoid forwarding jokes and Internet-provided facts –** You risk sharing information that turns out to be incorrect, if you forward unsubstantiated facts off the Internet. It could affect your credibility with your client.
- 6. Avoid CC clutter.** Choose carefully those to receive a copy of your e-mail. Don't feel the need to hit "reply to all" because you were on a group e-mail address.
- 7. Respond quickly.** Same day response is best; within 24 hours is acceptable.
- 8. Read before you send.** Do not be in such a hurry that you assume you have made no typos or incorrect references.

WCA is committed to improvement for our entire industry. That's why **WCA** works with our clients to determine the best solutions to reduce cost and improve supply chain management. Our business is to make your business better. If you would like additional information on how we might assist your company, please contact us at www.wcalogistics.com or phone us at 937-653-6382, our assessments are always FREE! For rate quotes e-mail: dispatch@wcalogistics.com.