

LQTM
LogisticsQuarterly.com

VOLUME 9, ISSUE 1, SPRING 2003
\$2.75 (CANADA \$1.99)

Trends in Transportation

AN EXECUTIVE CLM ROUNDTABLE FIVE-YEAR FORECAST

PAGE 19

PLUS

***eProcurement
In Canada: Let's
Make a Deal!***

PAGE 15

***A Well Executed
Transportation
Strategy***

PAGE 22

***Post 9/11 US Security
Measures &
Growing Quality
Logistics Practices***

PAGE 24

We invite you to join us in
the inauguration of LQTM's
On-Line Logistics Forum.
This month's forum focuses
on eBusiness

www.LQ.ca/forums.htm

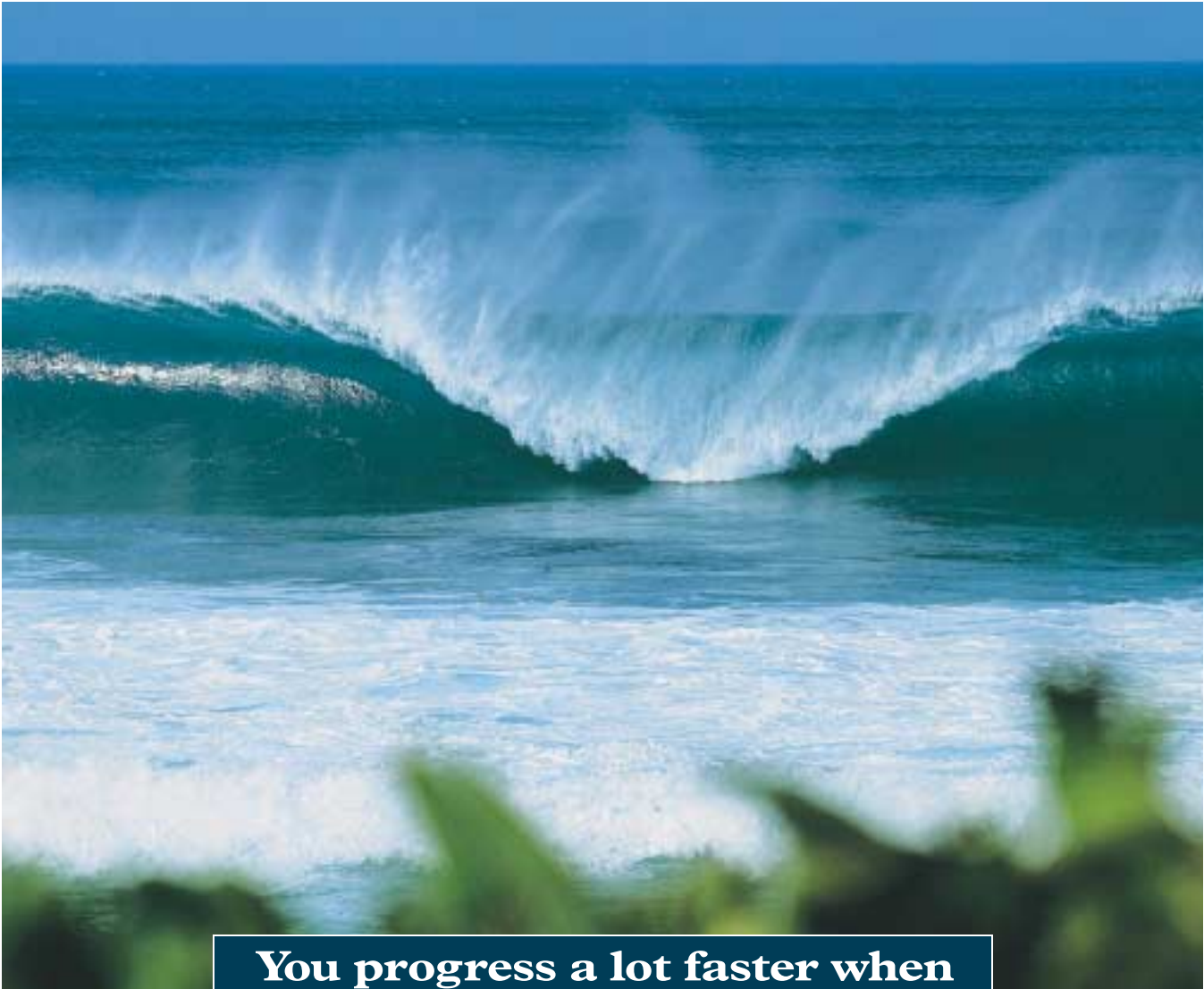


Nobody does logistics better



a  **TPG** company

TNT Logistics North America
1-888-LOGISTX • www.tntlogistics.com



You progress a lot faster when you surf the choicest location.

You could search the web for a week and get nowhere. Or pay one visit to our Logistics Gateway at www.loginstitute.ca, and find everything you need to power up your logistics career or business.

Our virtual classrooms, for instance, give you the opportunity to upgrade your logistics and business skills in a growing number of subject areas (Integrated Logistics Networks or Team Dynamics, to name two) without leaving your keyboard.

Or, you can register online for our full Certification Program, with its mix of session and virtual modules leading to your P.Log. (Professional Logistician) designation. The session modules are held regularly in major cities across Canada, so they're easy to attend no matter where you live.

The Logistics Gateway is also a virtual career centre, with links to potential new hires, employment opportunities, training resources and labour market surveys.

With so many powerful connections at your fingertips, why look anywhere else?



www.loginstitute.ca

THE LOGISTICS INSTITUTE
Logistics. The driving force of human achievement.

ingenuity

ingenuity \In'ge*nu'i*ty\, n.
1 providing new ideas and creative solutions to difficult problems. a : being resourceful when facing challenges. b : dynamic results from inspired moments of thought.



At CPR, we're much more than tracks and trains. We're a network of possibilities delivering innovation and creative problem solving through a portfolio of comprehensive transportation solutions. These solutions extend beyond rails and terminals into the heart of our customers' businesses. It's something we call ingenuity and it's part of everything we do.

www.cpr.ca

CANADIAN PACIFIC RAILWAY Ingenuity.

features SPRING 2003

15



eProcurement in Canada: Let's Make a Deal!

After decades of buying and selling flowers, an Oakville-Ontario based flower business inaugurated its Internet-based-auction system eight years ago with dismal results. Today, hundreds of buyers vie for a deal and a sophisticated supply chain management systems stands as the centerpiece of its business model. This logistics case study, written by BearingPoint's Nicholas Seiersen, shows how they've succeeded.

19



An Executive CLM Roundtable Five-Year Forecast: Trends in Transportation

Often the greatest corporate turnaround plans stall. In this article we provide the insights from three leading executives at this year's Council of Logistics Management (CLM) Toronto Roundtable who focus on the means to recast their companies, and offer lessons to prevent the best made plans from faltering.

22



A Well Executed Transportation Strategy

The trend to outsource to third-party providers continues to grow as more companies choose to strategically focus on their own core competencies. But after they've made the decision to outsource, it's vital they're informed about the complete gamut of options available to leverage to meet their customers' requirements, writes Doug Hill, Vice President, Operations, Ryder Canada.

24



Post 9/11 Security Measures & Growing Quality in Logistics Practices

The tragedy of 9/11 has been a catalyst for reform in the supply chain, notes consultant, Russ Doak in this article, as evidenced by an estimated \$8.8 billion budgeted by the U.S. government for transportation security. Here's a snapshot at how such an unparalleled crisis has driven quality into the supply chain.

Contents

departments SPRING 2003

News

- 8** INDEX
Company Finder
- 9** INDUSTRY NEWS
Who is Shaping Your Customs Future?
- 10** ANNOUNCEMENTS
Industry Announcement
- 11** INDUSTRY CALENDAR
Upcoming Events
- 28** NEW PROFESSIONAL LOGISTICIANS
Who Reads LQ™

Columns

- 13** STRATEGIC PARTNERS IN THE SUPPLY CHAIN
Managing in a World of Change: How Railways are Delivering Value
by Fred Green
- 14** PRESIDENT'S VIEWPOINT
GlobalConnections
by Victor Deyglio
- 18** OUTSOURCING LOGISTICS
Redefining 4PLs in the Global Marketplace
by Mark Morrison
- 30** EDITOR'S VIEWPOINT
Leadership in Transportation and Logistics
by Fred Moody

Ideas for Leadership in Logistics



VOLUME 9 ISSUE 1, SPRING 2003



THE LOGISTICS INSTITUTE
160 John Street, Suite 200
Toronto, ON M5E 2E5

Logistics Quarterly (LQ™) (ISSN 1488-3309) is published four times annually by Elefant Enterprise Communications Inc.™ (EECI) to an ABC audited readership and is the official publication of The Logistics Institute. LQ™ is written for professionals in logistics.

Subscription Services at:

www.LogisticsQuarterly.com Canada Post Publications Mail Sales Agreement Number: **40032602**. CANADIAN POSTMASTER: send subscription orders, address change notices and undeliverable copies to **LQ™, 2 Bloor St. W., Suite 100, Box 473, Toronto, ON, Canada M4W 3E2**

STATEMENT OF OWNERSHIP, MANAGEMENT AND CIRCULATION

EDITORIAL POLICY

The opinions expressed in this publication do not necessarily reflect the policy of The Logistics Institute or Elefant Enterprise Communications Inc.™ (EECI). The editors reserve the right to select and edit material submitted for publication. Not responsible for unsolicited material. EECI is a Toronto-based corporation and publisher. LQ™ is wholly owned and operated by EECI. All rights reserved © by Elefant Enterprise Communications Inc.™ 2003. Reproduction without written permission of the publisher is forbidden. LQ™ welcomes your comments, letters to the editor, or written submissions for consideration. (LQ™ is available on-line at: www.LogisticsQuarterly.com)

CIRCULATION

Logistics Quarterly (ISSN 1488-3309) is distributed to more than 9,300 logistics professionals.

(Advertisers' notice: an audited circulation by ABC is available at www.LogisticsQuarterly.com.)

ADVERTISING

Fred Moody,
LQ™
2 Bloor St. W.,
Suite 100, Box 473,
Toronto, ON, M4W 3E2,
Tel: (416) 461-8355
Toll Free: 1-800-843-1687
Fax: (416) 465-7832
Email: fmoody@LogisticsQuarterly.com



Audit Bureau of Circulations
Member

IT'S ALL A MATTER OF LOGISTICS.



Improve Efficiency with Schenker's Integrated Logistics and Supply Chain Management

Schenker takes a holistic approach, covering the entire value chain including procurement, transport, value-added services and distribution. Nationally or globally, integrated logistics management is one of Schenker's core competencies. We leverage the vast international

presence of Stinnes worldwide to provide the most comprehensive service available.

Technology is the key to managing the flow of goods and information. With our performance management tools, Schenker optimizes service requirements thus reducing operational costs. Our distribution operations and warehousing facilities in key Canadian markets

provide you with the confidence you need to Conquer New Markets.

**Schenker is a Stinnes AG company.
Stinnes. It's all a matter of logistics.**

Schenker of Canada Limited
N.A. Toll Free: 1-800-791-1778
E-Mail: sales@schenker.ca
www.schenker.ca

Company and Organization Listing

Page numbers listed indicate the first page of the article in which the company and organization appears — or where there is simply a notation or credit to a company.

3PL Links	10	Merchant Marine Academy	26
Access Flower Trading Inc.	16	Michigan State University	10, 12
AMR Research	22	Nadiscorp Logistics Inc.	10
BC Hydro	14	National University of Singapore	14
BearingPoint	12, 17	Princeton	11
Canada Customs and Revenue Agency	9	Pulp and Paper Association of North America	10
Canadian National Railway	9	Queen's School of Business	9
Canadian Pacific Railway	9, 13, 26	Ryder Canada	10
Canadian Tire	13	Ryder System Inc.	10
China International Chamber of Commerce	26	Ryder	21, 23
CIBC	9	Schenker Canada 19, 21	
Connetix	13	Schneider National, Inc.	19, 20
Council of Logistics Management	10, 11, 30	Schulich School of Business	10
CTI Logistix	18	SCM	10
Deloitte Consulting	9	Sears	13
Deloitte Touch Tohmatsu	9	Shanghai Professional Association	26
Descartes	18	Shanghai Vocational Institute	26
Doak Consultants Inc.	23	Springhill College	10
Effem Inc.	9	Sunnybrook & Women's Colleague Health Sciences Centre	10
Eli Broad College of Business	10	Systems Research Inc.	10
EXE	18	The Financial Post	9
Executive Centre for Supply Chain & Logistics Management, York University	10	The Logistics Institute	9, 26
FedEx	17, 19, 20	The Logistics Institute, Georgia Institute of Technology	11
FIATA	11	TMCA (Transportation, Marketing Communications Association)	11
FlowerBuyer.com	15, 16, 17	TNT Logistics North America	10, 18
Fortune	14	TNT Post	18
G&G	17	Tronicus	13
GoLog	18	U.S. Bureau of Customs and Border Protection	9
Gannett News Service	10	U.S. Customs	22
GCL Group Inc.	10	Unigistix	9
General Motors	10	USA Today	10
Healthcare Supply Chain Network	10	Vector	10
Hong Kong Logistics Association	14	Walmart	19
iz	18	Warehouse Association of North America	9
Institute of Industrial Engineers	26	Warehousing Education and Research Council	11
International Society of Logistics	11	Wesbell	10
Kimberly Clarke	19	World Productivity Congress	26
LanChile	17	Wynnchurch Capital, Ltd.	9
Loomis	10		
Manhattan Associates	18		
Meeting Professionals International (MPI)	11		

Companies and Organizations with New PLogs

Companies referred to in LQ™'s New Professional Logisticians Section (pages 28 & 29)

Abbott Laboratories	Fritz Starber (UPS)	Overwaitea Food Group
Apotex Inc.	General Mills Canada	Pfizer
BC Hydro	Global Maritime & Transportation School	Schenker of Canada
Canada Post Corporation	Goodyear Canada Inc.	Shell Canada
Canadian Tire Corp.	Hudson's Bay Company	Sobeys West
Celadon Canada	Johnson Group	The International Group, Inc.
Consolidated Fastfrate Inc.	LCBO	The TransX Group
Department of National Defence	LePage, Div. Of Henkel Canada Corp.	TransAlta
DND	Maple Leaf Pork	Tronicus
DND (FMF Cape Scott)	Natrel, Division of Agropur	Unigistix Inc.
DND (Formation Logistics)	Neptune Food Service Inc. - A GFS Canada Company	UPS Logistics
DND - Supply Chain Project (3rd Floor Lorne Bldg)	Nestle Canada	
Enmax Corporation	Nova Chemicals Canada	
Formation Logistics / Shearwater Supply Group		

Advertisers

Companies listed in alphabetical order

Canadian Pacific Railway	4	The Logistics Institute	3
Norman G. Jensen Inc.	30	TNT Logistics North America	2
Ryder	31	Unigistix Inc.	27
Schenker	7, 32		



LQ™ ADVISORY BOARD

MIKE BERNOS
Senior Manager, Corporate Communications,
TNT Logistics North America

DAVID J. CLOSS
Department of Marketing and Supply Chain Management
Michigan State University

JIM DAVIDSON
Vice President,
iWheels Logistics

RUSS J. DOAK
Principal,
Doak Consultants Inc.

JIM ELLIS
Senior Manager,
BearingPoint LP.

DAVID FAORO
Director Transportation,
Unisource Canada Inc.

SARAH FRIESEN
Director, Supply Chain Services and Biomedical Engineering,
Sunnybrook & Women's College Health Sciences Centre

JOE GRUBIC
Senior Manager, Alliance/Network Management,
Nortel Networks Global Logistics

ROB HAMILTON
Planning, Timing & Control Manager,
DaimlerChrysler

GEORGE KUHN
Executive Director,
CIFFA

PIERRE MASSICOTTE
Vice President Supply Chain,
L'Oréal

MARK MORRISON,
Senior Vice President of Business Development,
TNT North America

ROBERT NOVACK
Associate Professor of Business Logistics,
Department of Business Logistics, Penn State University

STUART PENMAN
Vice President of Logistics
Acklands-Grainger Inc.

JASON READ
Partner,
3PL Links Inc.

MICHAELA RADMAN
Manager, Marketing & Tender Mgmt.
Schenker of Canada Ltd.

KURT M. RITCEY
Partner,
Deloitte Consulting

LARRY RODO
Senior Vice President, Sales and Marketing,
Nadiscorp Logistics Inc.

NICHOLAS SEIERSEN
Senior Manager,
BearingPoint LP.

MICHAEL SNEDDEN
Manager of Distribution Operations,
IBM-Canada Ltd.

MAGAZINE

FRED MOODY
Publisher & Editor
fmood@LogisticsQuarterly.com

VICTOR DEYGLIO
CPLI President & Editorial Director
vdeygl@loginstitute.ca

GREG SHANKS
Creative Director
gshanks@LogisticsQuarterly.com

BILL MCCARVELL
Circulation Manager
bmccarvell@LogisticsQuarterly.com

industry news SPRING 2003

UNIGISTIX CHAIRMAN AND INSTITUTE VICE CHAIR GEORGE MARKOU, AND MICHAEL DUNLOP, UNIGISTIX FOUNDER, DESIGNATED TO BE AMONG CANADA'S BEST

George Markou, Vice-Chair of The Logistics Institute, who at the conclusion of last year became Chairman of the Board of Brampton, Ontario-based Unigistix Inc., made the news again this quarter based on his company's stellar performance.

Unigistix's earned the designation of being one of Canada's 50 Best Managed Companies at the tenth anniversary of this program, sponsored by the Financial Post, Deloitte Consulting, Queen's School of Business and CIBC.

Unigistix's momentum in business continues to grow, and it is reported to be poised for significant growth this year as evidenced by its recently inaugurated marketing department, established to garner more business in a marketplace where Unigistix had previously developed all of its new clients exclusively through referrals.

Companies vying for coveted placement on the final 50 Best list completed a comprehensive questionnaire and an extensive indepth interview process that enabled the panel to examine their management practices. This year's independent judging panel evaluated how each of the finalists addressed various business challenges, such as new technologies, globalization, brand, leadership and the new generation of people entering the labor market.

Established in 1993, the 50 Best award is a national program, recognizing Canadian companies that have implemented world-class best business practices and created value in innovative ways.

Unigistix Inc. has set new standards for third party logistics services. We provide all of the physical elements of logistics - facilities, equipment and storage systems. Unigistix configures all of these elements into highly flexible e-commerce logistics management solutions tailored to meet the varied and rapidly changing needs of companies. The core of our strategy is to effectively integrate our people, processes and technology in the delivery of superior customer service at competitive prices to our clients. This is critical and appreciated by our clients, in increasing the breadth of services offered and the achievement of the desired strategic partnership.

UNITED STATES AND CANADIAN CUSTOMS AGENCIES AND CANADA'S RAILWAYS STRENGTHEN SECURITY MEASURES FOR TRANSBORDER SHIPMENTS.

Canadian and United States customs agencies and Canada's two major railways recently announced they have signed a declaration of principles to further enhance security at the Canada-U.S. border and to ensure secure rail access to the United States.

The joint government-industry initiative is the culmination of several months of discussion about ways to enhance the security of U.S.-bound rail shipments while ensuring trade continues to flow smoothly between the two countries. These discussions were part of the larger process of implementing the Smart Border Declaration adopted by Canada and the United States in December 2001.

The declaration of principles, signed by the U.S. Bureau of Customs and Border Protection (CBP), Canada Customs and Revenue Agency (CCRA), Canadian National Railway (CN) and Canadian Pacific Railway (CPR), outlines the principles for targeting, screening and examining rail shipments transported by the two Canadian carriers into the United States. It includes guidelines for collecting advanced electronic manifest information and installing imaging and radiation detection equipment at seven CN and CPR border crossings.

In addition to the efforts related to the declaration of principles, CN and CPR have both secured accreditation under CBP's Customs-Trade Partnership Against Terrorism (C-TPAT) program. C-TPAT is a joint government-business initiative designed to build cooperative relationships that strengthen overall supply chain and border security.

The railways and Customs officials are already working to implement the measures outlined in the declaration of principles, and expect this work will be completed over the next several months.

DELOITTE TOUCHE TOHMATSU ENDS DISCUSSIONS TO SEPARATE DELOITTE CONSULTING

Deloitte Touche Tohmatsu announced today that its member firms have ended their discussions to separate Deloitte Consulting through a buy-out of that practice by the consulting group's partners. The global organization cited external factors including the tight credit market and the uncertain state of the economy.

Deloitte Consulting partners will continue to provide a broad set of professional services, principally focused on non-audit clients. Deloitte Touche Tohmatsu member firms, including Deloitte Consulting, will continue to fully comply with the form and substance of the Sarbanes-Oxley Act of 2002 and the SEC's independence rules in the United States and with all regulatory and legislative requirements in other countries.

Deloitte Consulting had sought to become a privately held partnership and had achieved agreement internally with the Deloitte Touche Tohmatsu member firms on organizational and financial terms of the separation.

Deloitte enjoys a strong capital structure, a position that is necessary to be able to continually invest in initiatives to enhance the quality of audits. In an uncertain economic environment, financial terms of the proposed transaction that might have weakened this position were unacceptable to both groups of partners.

Deloitte Touche Tohmatsu, one of the world's leading professional services organizations, had announced on February 6, 2002 that it intended to separate Deloitte Consulting. In the United States, the firm then, as now, is not required to separate the consulting organization. Deloitte expressed appreciation to its partners and professionals, clients, advisors, regulators and lenders for their assistance in the effort to achieve a separation.

The member firms of Deloitte Touche Tohmatsu deliver world-class assurance and advisory, tax, and consulting services. With more than 100,000 people in over 140 countries, the member firms serve over one-half of the world's largest companies, as well as large national enterprises, public institutions, and successful, fast-growing global growth companies.

The company's mission is to help clients and its people excel. Deloitte Touche Tohmatsu is a Swiss Verein, and each of its national practices is a separate and independent legal entity.

IWLA BUSINESS OUTLOOK REPORT

Uncertainty about the overall economy and world events has resulted in greater pessimism regarding the overall 2003 business climate, according to the annual Business Outlook published by the International Warehouse Association of North America (IWLA).

Up to 66 percent of IWLA's members report that their company is in a growth mode, and 60 percent intend to hire more employees in 2003. However, while 60 percent are either cautiously optimistic or very optimistic about the business climate for 2003, 40 percent are concerned or very concerned. Last year, only 29 percent were in that category.

The results were based on a 30-question survey sent to IWLA's 550 members in March. Aside from the positive results concerning business growth, the survey also reveals gains in space utilization for 2003. Just over half (51 percent) of respondents project using more space this year than in 2002. And while 35 percent projected using less space last year, only 15 percent fall into that category in 2003.

The other bright spot is that 43 percent of IWLA members say business is better this year as opposed to last year, while 26 percent say business is the same. However, nearly one-third (31 percent) claim business is off from last year. The results are marginally better than last year, when nearly half of respondents (46 percent) said business was down, with only 35 percent claiming an increase.

Increasing costs continue to be a concern, especially when it comes to insurance. Sixty percent of respondents expect health insurance costs to increase greatly, while another 37 percent expect slight increases. Almost all respondents (93 percent) also expect some sort of increase in property insurance. Members also anticipate costs hikes for utilities and transportation.

The study also shows that 36 percent of IWLA members are concerned with the financial status of their top 20 customers, and that 85 percent expect pressure from customers to reduce prices while increasing services. Sixty-five percent plan to purchase technology in 2003. Forty-one percent plan a major equipment purchase this year. Half of those respondents expect their capital expenditure to be less than US\$250,000.

CORRECTION

In the winter edition of LQ (Vol. 8 Issue 4) the editors regret the an error of attribution in the byline concerning the co-authored article, Supply Chain Efficiency Through Collaboration, which did not give due credit to Mr. Jerry Forsythe, Senior Logistics, Manager, Effem Inc., in the byline. This article was prepared jointly by Mr. Forsythe and Dale Ross, vice president, Logistics/Commercial, Effem Inc. We regret any inconvenience for this error and omission. An online version of this article is available at www.LQ.ca for our readers.

Announcements

on the move SPRING 2003

LQ ADVISORY BOARD ANNOUNCEMENTS

We are pleased to announce that Mike Bernos, a senior manager of Corporate Communications, TNT Logistics North America, based in Jacksonville, Florida, and Sarah Friesen, Director, Supply Chain Services and Biomedical Engineering Sunnybrook & Women's College Health Sciences Centre, Toronto, Ontario, have accepted our invitation to join LQ's Advisory Board.



Mike Bernos

Prior to working in the logistics industry, Mr. Bernos served as a media relations consultant to Sears and Sprint PCS while president of Mike Bernos Media and Public Relations, Inc. Prior to working as a corporate communications consultant, he was a journalist for Gannett News Service and USA Today.

Mr. Bernos is a member of the Transportation Marketing and Communications Association and is a graduate of Springhill College.



Sarah Friesen

Sarah Friesen brings more than 20 years of supply chain experience to her position as Director of Supply Chain Services and Biomedical Engineering at Sunnybrook & Women's College Health Sciences Centre. For the past three years, Ms. Friesen's main focus has been to lead the integration of the supply chain and biomedical engineering for the three S&W sites. This includes designing and implementing a new supply chain model, policies and procedures, a performance measurement framework and supply chain best practices. Recently, Ms. Friesen integrated Sterile Processing into her portfolio, and is busy looking for efficiency opportunities in that area.

Sarah is co-chair of the newly formed Healthcare Supply Chain Network, and she developed the Healthcare Supply Chain Management Course for the Executive Centre for Supply Chain & Logistics Management at York University's Schulich School of Business.

LQ's Advisory Board performs a pivotal role in directing LQ's business practices to ensure it remains a leading source of the best business ideas for logisticians who are leading and transforming and developing business. Since LQ's founding in 1995, it has upheld a tradition of being the only publication with the consistent mission to be a logistics publication written by professionals for professionals in the field of logistics in Canada.

NEW COLUMNIST JOINS LQ'S TEAM

We are pleased to announce that Philippe Gautrin and John Smye have accepted LQ's invitation to participate as editorial contributors in new columns to be inaugurated in subsequent editions of Logistics Quarterly.



Philippe Gautrin

Philippe Gautrin, P. Eng., is a partner at the GCL Group. For more than 10 years, Mr. Gautrin has worked in the field of logistics where he has acquired extensive expertise in the area of logistics performance improvement for enterprises in Canada, the United States and Latin America. He has supervised more than 200 projects related to the rationalization and improvement of logistics of chain supply operations and mastered the application of new distribution technologies and information systems. He is a member of the CLM (*Council of Logistics Management*), the Supply Chain and Logistics Canada, the WERC (*Warehouse Education Research Council*), the CSIE (*Canadian Society of Industrial Engineering*), the Chamber of Commerce of Montreal and L'Ordre des Ingénieurs du Québec.



John Smye

Mr. Smye is the CEO of Nadiscorp Logistics Inc. The newly integrated Nadiscorp Logistics Group is a full service turnkey North American 3PL with 250 employees and 1.2 million square feet of facilities. Nadiscorp's client base is heavily concentrated in packaged goods and high value high tech. manufacturers.

Prior to becoming the CEO of Nadiscorp, Mr. Smye was the CEO of Loomis, a North American transportation and logistics company that encompasses several courier operations, of which Loomis Courier Service is the largest.

DR. DAVID J. CLOSS APPOINTED AS JOHN H. MCCONNELL CHAIRED PROFESSOR

The Eli Broad College of Business is proud to announce the appointment of Dr. David J. Closs as the John H. McConnell Chaired Professor.

Mr. Closs is a professor of logistics in the Eli Broad College of Business Department of Marketing and Supply Chain Management, Michigan State University. A true Spartan, he received his BA in mathematics, his MBA and his Ph.D. at Michigan State University. In addition to working as manager of system development for Systems Research Inc., and as president and CEO of

Dialog Systems, Inc., he has consulted with more than 100 of the world's Fortune 500 corporations regarding logistics strategy and systems.

Mr. Closs is a principal researcher in the Broad School's ongoing investigation of world-class supply chain capabilities. His research interests include the development and application of computer models and information systems for logistics and supply chain operations, and he has authored more than 100 articles and co-authored seven books.

An active member of the Council of Logistics Management and a former editor of the *Journal of Business Logistics*, Mr. Closs is on the Board of Directors of Vector, SCM, the logistics integrator for General Motors.

Mr. Closs is also a member of LQ Magazine's Advisory Board.

JASON READ JOINS 3PL LINKS INC.

Walter Grossi, President, 3PL Links Inc., is pleased to announce the appointment of Jason Read as vice president, Sales and Marketing.

Mr. Read serves as a Director on the Council of Logistics Management Toronto Roundtable and has done so for five years. In addition, Mr. Read has published material in *Logistics Quarterly* and services on the magazine's Advisory Board. Prior to joining 3PL Links Mr. Read held a variety of consulting and industry positions. Mr. Read holds a Master's Degree in Engineering from the University of Waterloo in Systems Design Engineering.

3PL Links Inc. is a non-asset based third party logistics provider that provide various transportation and warehousing solutions to customers since it was founded by Mr. Grossi in 1998.

ORLANDO MAZZUCA APPOINTED DIRECTOR OF BUSINESS DEVELOPMENT BY RYDER SYSTEM, INC.

Ryder System, Inc. recently announced the appointment of Orlando Mazzuca to director of Business Development for Ryder Canada's Dedicated Contract Carriage (DCC) business segment in Ontario, Quebec and Atlantic Canada. He is responsible for the business development of new opportunities for Ryder's Dedicated Contract Carriage and Transportation Management Solutions (TMS) product lines with an increased focus on the pulp and paper industries. Mazzuca will report to Vice President and General Manager of Ryder Canada, Pete Dalmaffi.

Prior to joining Ryder, Mazzuca was director of North American Logistics for Wesbell, where he was responsible for profit and loss of its North American logistics division. Mazzuca is a member of the Pulp and Paper Association of North America.

Ryder Canada is a division of Ryder System Inc., a Fortune 500 company providing leading-edge logistics, transportation and supply chain management solutions worldwide. Headquartered in Mississauga, Ontario and with a network of over 35 Company-operated facilities across the country, Ryder Canada is well positioned to provide consistent, high quality services through customized comprehensive business models designed to deliver efficiencies and profitable growth.

upcoming events SPRING 2003

June

June 8-13

Manufacturing Management Week. This program will include a cross-functional faculty team from academia and industry that provide participants with an overview of practical tools for supply chain management and multi-plant coordination. For more information on the program or opportunities for industry collaboration, contact Steve Fischer, Assistant Director, at 847/467-1061 or mmm@northwestern.edu. Web site: www.mmm.northwestern.edu.

June 15-17

TMCA 7th Annual Conference & Educational Forum, (Transportation Marketing Communications Association), the Crowne Plaza on Hilton Head Island, South Carolina, USA. For more information call: 952/442-5638

June 22-27, 2003 (This program is also available in fall, Nov. 9 - 14)

Essentials in Supply Chain and Logistics Management, cosponsored by the Council of Logistics Management, provides an opportunity to explore the latest developments in logistics strategy, interact with industry leaders, and map out innovative business planning tactics that will maximize your organization's profitability. It is an intensive and rewarding five-day in-residence program, York Keele Campus, Toronto, ON. (A "Special Fee" is available for P.Log members and CLM Members.) For more information contact: Elaine Gutmacher (416) 736-5079

June 24-27

World-Class Warehousing and Material Handling, The Logistics Institute, Georgia Institute of Technology. For more information visit: www.tli.gatetech.edu or call: 404-894-2343

July

July 2-4

Healthcare Supply Chain Management, The Executive Centre for Supply Chain & Logistics Management, York University. For more information contact: Elaine Gutmacher (416) 736-5079

July 21-22

Maximizing Warehouse Space: The Key to Productivity. Warehousing Education and Research Council, Princeton, NJ. This program provides some fundamental rules to help maximize the space in your warehouse. For more information contact: wercoffice@werc.org

August

August 3-5

MPI's 2003 World Education Congress in San Francisco, California. Contact: MPI Canadian Office 6519-B Mississauga Rd., Mississauga, ON, L5N 1A6, Tel: 905.286.4807, Web site: <http://www.mpiweb.org>

August 10-14

The 38th Annual International Conference and Exhibition, Melding Defense and Commercial Logistics, sponsored by The International Society of Logistics (SOLE). Hilton Huntsville Hotel, and von Braun Conference Center, Huntsville, Alabama. For more information call: 301-459-8446 or visit www.sole.org

September

Sept. 21-24

The 2003 Annual Conference of the Council of Logistics Management (CLM), Chicago, Illinois at the McCormick Place-Lakeside Center. For more information call: (630)574.0985 or visit www.clm1.org

Sept. 29-Oct. 3

FIATA's World Congress 2003, Bali International Convention Centre, Nusa Dua – Bali, Indonesia on Congress Organizer: Pacto Convex Ltd. For more information call (62-21) 570 5800 or E-mail: FWC2003@indosat.net.id

November

November 15-18

IANA Annual Membership Meeting & International Intermodal Expo. Ft. Lauderdale Convention Center, Ft. Lauderdale, FL. For more information call: 1-866-438-EXPO (3976) or contact Connie Sheffield, (301)982-3400, Ext. 12

Michigan State University's Master of Science in Logistics program

(Cohort starts in May each year)

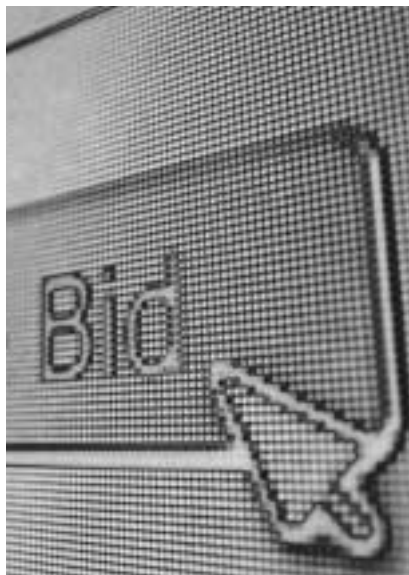
The next Michigan State Logistics cohort, designed for individuals who cannot afford to put their careers on hold while they participate in professional development programs, began in May 2003, with the first in-residency module for the 2003-2004 class set to start on May 11th. The second in-residency module will begin August 10. E-learning will be scheduled over the break between 2003 and 2004, and following this the in-residency modules will again be scheduled for May and August, 2004. (An estimated 25-to-30 students are to participate per cohort.)

This unique program provided by Michigan State University's enables individuals to expand their logistics knowledge without putting their careers on hold as they participate in a full-time program. This program affords an innovative blend of in-residency classes and e-learning segments from one of the premier logistics institutions in the world.

This program enables participants to complete the MS Logistics degree in 19 months while maintaining full-time employment. It is structured into four 12-day, in-residency modules. In-residence classes include: case studies, breakout sessions and simulation assignments featuring state-of-the-art programs. Introductory material is provided on-line before the start of each in-residence module. E-learning segments include class material, interactive case participation, simulations and software applications. The MS Logistics 2002 cohort has completed the first two modules of classes and are currently completing the e-learning segments.

The program cost is: (U.S.) \$29,500 and includes tuition and books, for Michigan residents. Additional program information can be found at www.msulogistics.org.

Intelligence in eBusiness



We invite you to join us in the inauguration of LQ™'s On-Line Logistics Forum. This month LQ's forum focuses on issues and strategies articulated by BearingPoint's Nicholas Seiersen that pertain to his article (page 15) "eProcurement in Canada, Let's Make a Deal!"

LQ's Logistics Forum is designed to provide professionals in the field with a forum to express their comments and ideas to their colleagues and garner information and insights about best practices in logistics.

We look forward to your comments at: www.LQ.ca/forums.htm



MANAGING *in a World of Change*

HOW RAILWAYS ARE DELIVERING VALUE

In the early 1990s, at the tail end of considerable consolidation, the North American rail industry peered into its crystal ball and saw what it had to do to stay relevant for the 21st century. The industry transformed and rebuilt itself. The change was nothing short of a metamorphosis. And as a result, the North American rail freight system is today the best, most efficient and most modern in the world.

North American railways invested a total of \$6.6 billion in their businesses in 2002 and they are going to continue to invest at that sort of level for the foreseeable future. Railways on average reinvest 25 per cent of revenues annually, and our customers benefit considerably from the productivity gains that we have achieved through this aggressive investment program.

Rail is an essential part of our customers' supply chain. But we are not just moving coal, sulphur and potash. Today's railways deliver just-in-time consumer goods for most major retailers. Virtually every automobile in Western Canada is delivered by train, except for the few miles from the rail yard to the car dealership. We are looking at this as part of a holistic solution for our clients.

Railway companies are building alliances. Alliances create joint operating and service efficiencies, and make the rail industry more competitive with trucks. Alliances say a lot about the inner workings of the railway industry today – about its increased flexibility

and how open it is to new approaches to business development and service improvement.

The railway industry today fully understands the supply chain management and logistics industry. We also understand that it is not just about our little piece of the puzzle. It is about holistic solutions. Alliances are part of the railway industry's metamorphosis. We are morphing to deliver solutions that the marketplace needs.

Meanwhile, the rail industry's innovation work has taken many forms. Everyone of my associates in the major Class 1 railways has a series of initiatives under way. Some of these initiatives will blossom and some may not. Some will morph into other new initiatives. Arguably, you could say that these initiatives are the rail industry's R&D and that tells you how serious we are about supply chain management and logistics.

Some of CPR's initiatives are focused on transload, supply chain management, co-location, intermodal and Expressway.

Our transload product, Connetix™, is a network of logistics and commercial product-handling experts and facilities delivering dock-to-dock transportation solutions. Connetix™ is not simply the old transload. It is working with customers and saying 'what are your problems?' and 'what are the solutions you need?' If you want, you can call this logistics. Or you can call it simple supply chain management. The point is the

client has a problem and we can help them solve it.

CPR has a business called Tronicus, which provides customers supply chain solutions for their inventory, transportation, facility, information and technology requirements. Tronicus services range from logistics re-engineering to supply chain management outsourcing.

In the area of co-location, major retailers such as Sears Canada and Canadian Tire, as well as the large freight forwarder Consolidated Fastfrate, have built regional distribution facilities next to our intermodal terminals.

Through Expressway, CPR partners with motor carriers to transport their trailers in the Montreal-Toronto-Detroit corridor. By using Expressway, truck companies and private fleet owners can save on tractor investments, and driver, fuel and maintenance expenses, and avoid lost time on congested roads. The Internet booking and simplified electronic check-in process provide excellent examples of how CPR understands the need for data accuracy, speed and the importance of being easy to do business with.

Shippers who haven't thought about what more rail can do for them might be missing opportunities – opportunities to improve their efficiency, to work with railways as partners, to gain access to North American Markets from

(STRATEGIC PARTNERS, continued on page 26)



GlobalConnections

In 1994, a quotation appeared in *Fortune* that focused on the emerging strategic significance of global supply chains: **As the economy changes, as competition becomes more global, it's no longer company vs. company but supply chain vs. supply chain.**

We no longer have the luxury of remaining "domestic only," and for the Canadian economy, we can no longer limit our thinking to NAFTA. Strategic supply chains are de facto global in scope and nature.

This is as true for logistics professionalism as it is for logistics business strategies. The P.Log. is emerging as the standard of competence in a global market, much as ISO certification is the entry requirement for companies who want to play in that market.

China

With admittance into the WTO at the end of 2001, China committed to develop business and commercial practices in line with global standards. In addition to all other requirements, this process also entails the implementation of international standards, the development of workforce skills to meet these standards, and the delivery of training to build those workforce skills.

Logistics has been identified by the People's Republic as one of the most significant business processes, and consequently, among the most important skill sets, to be developed in China at this time. In the rush to build logistics

infrastructure (regional DC's) and implement networks (IT management systems), little has been done to train the Chinese workforce in logistics skills. The demand runs the gambit of the workforce, ranging from operations to senior management and executive leadership, from inventory handling to supply chain strategies.

Occasional efforts at training are flooding the China and Asia Pacific markets. Two recent ones include:

- the partnership between the US-based ASTL and the Hong Kong Logistics Association, focused on transportation logistics certification;
- The Logistics Institute – Asia Pacific (TLI-AP), a collaboration between the National University of Singapore and the Georgia Institute of Technology, focused on research, education and industrial engineering.

To date, however, no attempt has emerged to design, develop and deliver a systematic, comprehensive and consistent approach to logistics skills development aimed at the entire workforce.

Since the Summer of 2001, the Logistics Institute has been contacted by a number of individuals, agencies, groups and businesses, from Canada, the US and China, interested in delivering skills development and training programs. A number of these contacts are expressly interested in professional certification as the way to meet and tie into global standards. The P.Log. is the "value add" in this equation.

China Strategies

The Institute is exploring entry into China on three levels:

Strategic Level: "top-down approach," transferring expertise in a consultant capacity, working with Chinese national, provincial, regional governments to develop policies and programs focused on workforce development:

- by establishing standards (occupational, skills, curriculum), and
- developing training programs that meet standards requirements.

Professional Level: "top-down meets bottom-up," creating a Chinese professional community allied with the Logistics Institute focused on;

- establishing the P.Log. as a profession in China;
- delivering P.Log. certification programs as per professional policies;
- developing P.Log. professional community roles/responsibilities.

Commercial Level: "bottom-up approach," providing training products/services, working with in-country agents:

- to sell and deliver training;
- for the general public;
- in partnership with Chinese commercial operations.

China Steering Committee

In 2002, the Board established a China Steering Committee to lead these efforts in China. Chaired by Frank Bennett of BC

(PRESIDENT'S VIEWPOINT, continued on page 26)



eProcurement In Canada

Let's Make a Deal!

by Nicholas Seiersen

EVERYTHING MUST GO!

It is 2 pm on Friday December 27, 2002. Like every other every Monday, Wednesday and Friday, a Dutch Auction has just started on the Internet. Every ten seconds, the eight items on the screen are sold or continue to decrease in price by 10 percent every 10 seconds. Flowers are auctioned to professionals (strictly B2B) using the Dutch Auction system, meaning that the prices start high and decrease rapidly. Blink, and you may have missed your chance. When all the items on the first screen are sold out, eight new items appear, and the process starts all over again. By about 4 pm, all the flowers sitting in a cooled warehouse in Miami will be sold. For another several hours, buyers can secure flowers that are still growing in Colombia or Ecuador. In fact, many of the flowers that will be given to North America's sweethearts on Valentine's Day were already betrothed on the Internet by Christmas. By the end of each auction, some 12,000 boxes of 3,000 different flower/category/grower auction lines will have been offered. An estimated 2,000 of those cases are sitting in Miami to be sold, no matter what the price. They will be merged with about as many cases bought as "futures" during previous auctions. Each bidder will receive a

single shipment, with all the flowers they have bought this week and earlier, from every grower that has chosen to use FlowerBuyer to reach the North American market.

Buyers from across North America convene here three times a week. They buy specific flowers from specific growers, with detailed characteristics, to be shipped from Miami on a specified date. Today, a florist somewhere in North America bought two boxes of carnations for \$60, two more of the same at \$54, and was tempted to buy yet another at \$20. At that price (s)he knew (s)he could find customers! The flowers were all from the same lot, from the same grower, cut the same day, somewhere in South America.

Buyers can go online to see what will be on offer 36 hours before the auction starts. They can see the quantities (in standard boxes of about 10 Kg. on average 177 flowers). They can research each grower, see what they specialize in, and see the ratings of their merchandise by the unique Grower Rating system developed by FlowerBuyer.com. The buyers can purchase the product outright before the event starts (the prices go up when the auction starts). They can place proxy, or unattended,



*During the
Valentine period of
2003... 70 million roses
(more than 350 tonnes)
moved through the
FlowerBuyer
Miami facility in
one week.*

bids if they will not be able to attend – when the auction price reaches their price, the system will place their bids. If there are any still left, it will be theirs. Or they can wait for the auction. Once they have bought flowers, it's cash on delivery, either by credit card, direct debit, or fax-check in the United States.

ROSES ARE RED, MY DEAR...

Growers go online to see what prices are being offered at what dates. If they like the prices, they can cut their flow-

ers, calibrate and hydrate if necessary, then pack them in customized FlowerBuyer boxes (the standard flower "half-box" is used for 95 percent of their volume), and deliver them to one of the four consolidation centers in Quito and Guayaquil (Ecuador), or Medellín and Bogotá, (Colombia), two days before the auction. From this point, the flowers are under FlowerBuyer.com's quality control. The boxes are bar coded and air freighted to Miami. After passing USDA and customs, the flowers arrive at the Miami consolidation center. There, flowers are pre-cooled to ensure maximum stability and longevity. Using a Webcam, any box can be viewed from the Oakville office. For growers outside these areas, such as the Dutch Tulip growers or the New Zealand calla lily growers, they can ship them direct to the Miami consolidation center. Once bought, they are shipped out by the least destructive mode. For Toronto, that means 36 hours by "reefer" truck rather than another airlift. In Canada, Customs duties are included in the prices, as well as conversion to Canadian dollars. Local delivery or pick up is available from Flower Buyer's

warehouse in Mississauga. For buyers in the United States (well over 90 percent of the business), delivery will be an airport pick-up (25 percent), an LTL reefer truck (40 percent) or a courier such as FedEx (25 percent), where FlowerBuyer takes their chances on the flowers arriving in good shape. When customers make claims, compensation is generous – unless the customer is unlucky too often, or if an onsite audit reveals the claim is not justified. This means that roses growing in the Colombian sun can be in your home as little as seven days later.

The FlowerBuyer team has been in the business of buying and reselling flowers for decades. In 1995, they tried an auction with faxed out lists and faxed in bids. It was exceedingly tedious, and they abandoned that trial after two weeks. In 1996 they started looking at the Internet and in 1997, one of the early auctions brought 54 buyers to bid on 400 boxes. 50 boxes were sold, 350 were destroyed, no-one wanted them at any price. Now 200-300 buyers attend each auction. Registered membership is more than 5,000 and growing by about one percent a week. FlowerBuyer eschews the big retailers as they refuse to become the puppet of one big customer.

EBUSINESS IS SUPPLY CHAIN BUSINESS

This is the business of FlowerBuyer.com, an eBusiness in sleepy Oakville, near Toronto. They buy cut flowers from across the Globe, and sell them three times weekly in these reverse auctions. The only issue remaining is at what price a deal will be made... and, as we all know too well, how these orders will be fulfilled. Supply chain management is the core foundation this business is built on. Traditional Dutch Auctions require the buyers to attend physically, and they typically carry away their purchases. This limits the reach of the market, and therefore its size and liquidity. FlowerBuyer is the only Dutch Auction for B2B flowers on the internet, selling

FlowerBuyer.com and TheAmericanClock.com are owned and operated by Access Flower Trading Inc., a private Canadian corporation, with its headquarters in Oakville, Ontario, Canada. Its logistical center for North America is located in Miami, FL, United States.

FlowerBuyer.com is the only Dutch-style e-auction trading service available to North America's commercial flower buyers and is strictly B2B. FlowerBuyer.com's website trading system is unique. There are no competitors offering similar trading services in the cut-flower commodity industry.

FlowerBuyer.com's e-auction service enables purchases of an extensive variety of cut flowers from Central and Latin America, Italy, New Zealand, Thailand, Australia and The Netherlands. Regardless of source, quantity or destination, each client's order is consolidated into one shipment. All sales are through live, online auctions, held three times per week. Its logistical support system ensures rapid and reliable delivery.

Commercial buyers throughout North America and the company's flower suppliers view the e-auction service as effective and reliable as traditional wholesale distributors. It provides competitive 'at-market' prices and is far more convenient than traditional auctions. It allows buyers to select flowers from a particular grower, country or even continent.

For more information, please contact:

Cor Keeren
President & CEO
Access Flower Trading Inc.
E-mail: cor@flowerbuyer.com
www.flowerbuyer.com

mostly blooms from Ecuador and Colombia, but also from California, Costa Rica, Guatemala, Thailand, New Zealand, Australia, Italy, and of course, Holland. In Quito, the source of half of the FlowerBuyer product, they may be the largest player.

The cost of inbound consolidation, airfreight, USDA inspection and Canadian duties, the Miami DC, and the outbound freight, can be one third of the value of the flowers. The most critical part of the supply chain is the Miami DC, although it may only account for 15 percent of the supply chain costs.

VALENTINE'S DAY MASSACRE

During the Valentine period of 2003, 40,000 boxes were sold. So 70 million roses (more than 350 tonnes) moved through the FlowerBuyer Miami facility in one week. This is the most important week of the year and over 10 percent of the yearly volume is processed in that one week. The logistical challenges for the industry are monumental: Special 747's will be chartered just to bring flowers into Miami, 10,000 cases-at-a-time. Traditionally, handling this surge in the DC has been a nightmare for the industry. For most players in the flower business, Miami is just a cross-dock operation. For FlowerBuyer, all product converges and is picked to individual customer orders, so the challenge is far more daunting. In 2003, through very careful planning and several changes in the way they do business, Valentine's Day went surprisingly smoothly. Two years ago, a new DC operator was selected. A long-standing freight forwarding relationship in Quito, an attractive financial offer, and a bungling incumbent ("they couldn't do worse than the others..."), closed the deal. Since then, the service has improved and prices reflect the new value.

- *Planning for Success:* Early in 2003, the president, Cor Keeren, met with the main supply chain actors (G&G, FedEx, LanChile), to assure their support at the critical Valentine's Day period.

- For two weeks, FlowerBuyer's managing director, John Lowe, was on

site to prepare and to handle onsite issues. He was the posterboy of a fundamental mindset change. The FlowerBuyer logistics suppliers, and the DC crew in particular, work for FlowerBuyer as their successes are FlowerBuyer's successes. They were able to negotiate preferential access to cooler space, crewing decisions and working conditions, and inbound freight capacity and priority.

- The DC crew was doubled, and training for pickers on the handheld scanners and the processes started as much as one month before.

- The "off" days were used to ship the pre-purchased flowers (remember, the auction continued after 4 p.m. on futures). This incurred additional outbound freight expense, but was passed on to customers.

- *Get the Product in the Door:* Product was broken into 500-box waybills (about one drayage truckload) – more expensive than chartering a single 757 from Quito, but the regular product flow was worth the additional waybill costs. They avoided split loads, holding product to top up the load, and the inbound cycle times were shorter and more predictable.

- Drayage fleets were dedicated to inbound runs from the airport and outbound runs respectively. This also improved flow and predictability.

- *Extra Money Well Spent:* Pickers were piece-paid by correct pick, and the supervisor also had a significant part of piece-pay, but was not allowed to touch the product. His only choice, to make it happen!

Next year, at Valentine's Day, all over again, flights will be delayed, cancelled even. Loads will be split, cases will be lost. Flowers will be damaged en route. Officials will get overwhelmed. Tempers will be frayed. But FlowerBuyer will make sure that you will have your dozen roses for your sweetheart.

NICHOLAS SEIERSEN is a Senior Manager, BearingPoint, Toronto.

We invite you to join us at our new LQ™ Logistics Form. An online resource for logistics managers.

To participate in our inaugural online logistics forum with other readers and the FlowerBuyer executives with regard to the following questions, please join us at: www.LQ.ca/forums.htm

1 *We're interested in knowing about similar cases where collaboration and information sharing has improved visibility of demand. We look forward to your comments about how this was achieved.*

2 *Given the growth in "made-to-order" offerings, and the dramatic increase in these sales during the past few years, what is the best way to forecast and accommodate demand, in your opinion?*

3 *With the noted surges in demand in the case of Flowerbuyer.com, contingency planning and crisis management in logistics practices by and/or with 3PLs are critical. We're interested to know who you think are the leaders in these practices. What they do well, and what operational and strategic capabilities they require to be effective at this?*

4 *FlowerBuyer is eager to automate the Miami DC operations, and they are wrestling with some practical issues. Are there other products that have counter seasonality and that could use a Miami based, automated, refrigerated sortation facility at 34° F and 95% humidity, that does not generate ambient ethylene?*

5 *What other businesses have peaks, which occur at least annually, where the peak exceeds normal or regular period activity by at least a factor of four? How is this surge handled by the supply chain?*

6 *How heavily (vs. theoretical capacity) are effective automation systems (such as conveyor systems, gantry cranes, carousels) loaded? How is capacity lost, and what can be done about it?*



Redefining 4PLs in the Global Marketplace

Five years ago, the term “4PL” was introduced into the supply chain to convey that deep informational technology skills and deeper analytical skills were required to achieve supply chain leadership.

In retrospect, the term 4PL has proven a harbinger as to how much the logistics industry has kept pace with the evolution of the Internet. Since that time, Internet-based services and applications such as ASPs, eCIs, SCEM, and ISMs have been spawned all of which seek to exploit supply chain cost efficiencies through real-time Web-based connections.

But the true evolution of the 4PL term is better defined in context of the global marketplace where outsourced logistics creates more of a partnership critical to success than a supplier/customer relationship. Companies in the global marketplace are finding that supply chain engineered logistics is not a commodity but vital to boosting their cost savings, enhancing their cash flow and improving servicing levels for getting their products to market.

Indeed, the need for global supply chain management has grown rapidly over the past few years. Already one-third of the world's traffic flow is global and best guess estimates of total logistics costs run in excess of \$2 trillion. Of that a mere 3.5 per cent is outsourced.

But those companies charged with providing outsourced logistics will not only have to possess a global footprint. They will also need to provide the right mix of internet-based supply chain

applications that can fully integrate all intercontinental trading partners. By definition, a 4PL or lead logistics provider in a super large global contract will be responsible for multiple facilities in many countries and in some cases overseeing other 3PL providers. This will require the depth versatility to integrate multiple disparate platforms. It will also require having a presence in those countries as well as understanding of that country's business protocol.

Fortunately, Internet-based supply chain applications now provide a panacea of services, the precursors of which were once the domain of a few ERPs and early exchanges. According to a Jupiter research report, much of the applications introduced by the early exchanges have been surpassed by off-the-shelf applications. Companies like i2, Vastera, G-Log Descartes, Manhattan Associates, and EXE technologies now provide second generation supply chain applications whose offerings include warehouse management systems, international trade logistics and connectivity/transportation management systems, all of which increase visibility into the supply chain, thus enhancing collaboration. But the technology is not limited to these suite of software providers. Some 3PLs are getting into the game bringing to bear their own expertise and vertical industry know-how on applications development. The result is the power to offer deeper analytics that yield comprehensive solutions.

The combination of technology and know-how (the logistics' industry's version of high-tech/high touch) has given birth to supply chain event management that goes beyond simple warehousing and distribution. These supply chain event management tools (important to the delivery of global logistics) enhance the value of warehouse and transportation systems by providing inventory and order status visibility at all levels including proof of delivery, as well as providing the capacity to respond to exceptions and unplanned events. All of which contribute to reduce cost and lower inventory levels.

Inclusive in these services are critical functions that allow for integration with procurement, production, distribution and marketing, sales and finance. Along with providing international trade services, freight forwarding and customs services, this new platform of will be the standard for delivery of global supply chain services.

And as logistics services continue consolidating to provide global scale as evidenced by the Ocean Group/Exel, TNT Post Group/CTI Logistix and APL/GATX mergers, the pressure to emerge as a true 4PL will increase. Only those companies with an authentic a global footprint and the technology to bind a growing number of disparate trading partners together will emerge with that nomenclature.

MARK MORRISON is Senior Vice President Business Development, TNT Logistics North America

Trends in Transportation

Mr. Schneider, who kicked off this roundtable, singled out visibility in the supply chain, information management and “the tools of technology” as critical elements that have led to reduced inventory levels and dramatic improvements in customer service. Technology has been vital not only on a transactional basis with regard to its considerable fleet of trucks and assisting customers, it has also enabled Schneider and its customers, such as Walmart and Kimberly Clarke, to share information and make more collaborative plans on a global level.



by Fred Moody

At this year's Council of Logistics Management (CLM) Toronto Roundtable, which focused on the theme, “Leadership in Transportation – Managing Change in the 21st Century,” the three-member executive panel was asked to focus on the transformation their company had undertaken to be a leader in their segments of the transportation industry.

This CLM Roundtable panel was comprised of: Vice President, **David Binks**, *FedEx Canada*; President and CEO, **Heiner Murmann**, *Schenker Canada*; and **Don Schneider**, CEO, *Schneider National, Inc.* Each of the CLM's keynote speakers agreed, increasing shareholder value, market penetration and value to customers, are largely predicated on the integration of organizations and a comprehensive transformation of business practices. This panel was chaired by *Grocery Gateway's* CEO, **Claude Germain**.

One of the most salient elements identified in corporate transformation during the evening by the panelists was information technology. It has helped to fuel corporate change and created visibility in the supply chain, enabling these companies and their partners to see the processes and challenges to be tackled proactively on an operational basis, as well as affording information for strategic decision making.



*The key
is seamless
communications
between different
trading partners
and integrating
multiple and
diverse trading
partners through
Electronic Data
Interchange (EDI).*

6,500 carrier partners, technology will be vital in helping Schneider to go beyond tracking a truck and tractor together. After they are untethered, and the tractor goes onto a train, or into a customer's yard, it's also important to be capable of tracking the tractor itself, Mr. Schneider pointed out. Schneider is working on these kinds of innovative technological solutions.

Despite the value created by technology and information management, concern about the financial health of the industry remains a daunting challenge, he emphasized. "One of the greatest challenges in our industry, and I am talking not only

about the truckload side, but also the less than truckload sector, is the challenge of the financial health of our industry," he said, referring to a record number of bankruptcies, low birth rates and the growing lack of available drivers and dramatic insurance increases.

"Because we are large enough, financially, we self-insure up to (U.S.)\$10 million on any incident, but you want to buy excess insurance and that has gone up by 250 percent."

He also pointed out the financial plight of many fleets has been aggravated by an abundance of equipment on the market. Traditionally, companies pay in the range of (U.S.) \$75,000 to \$80,000 for a Class 1 tractor, depreciating this asset over five years, leaving an estimated \$40,000 in value that could be realized when the company traded the tractor in order to update their fleet. Today, however, the surplus in equipment means such a tractor will likely fetch \$20,000, and if a company

has not been taking this into account on their financial statements they could face serious financial hurdles to mitigate when it's time to renew the fleet, Mr. Schneider cautioned.

Another trend, possibly one of the greatest opportunities and challenges, he referred to, is

globalization. "One of the hottest economies today is China," he said, adding: "where you have a real challenge with ground transportation and add to that the ports and the complexity of marine transportation...you have 25 times the complexity of moving a shipment in good condition and on time."

Outsourcing to third parties will continue to grow, he forecast, as it enables companies to focus on practices and processes core to their business and leverage the expertise of third party providers and their information infrastructure to reduce their costs and heighten efficiencies.

FedEx Canada's Mr. Binks echoed those sentiments. "The key is seamless communications between different trading partners and integrating multiple and diverse trading partners through Electronic Data Interchange (EDI). It is not only sometimes painful. It involves a lot of cost, and with increasing frequency a lot of companies are turning to those organizations who have already built those information houses and trading houses and share information and expertise, resulting in reduced costs."

This may involve something as simple as an alert message to a supply chain that signals something has been picked up or delivered, or a customized event-management notification that a particular delivery has been cleared at Customs.

FedEx has not, however, integrated all of its operating companies, Mr. Binks noted, as its management believes each operation should be run differently. "The way you run an LTL and an airline is different," he said, adding that FedEx seamlessly integrates the information flow between its operations.

After conducting research about market trends, Mr. Binks stated he found that "...what came out is the Canadian trends are very similar to those trends we are seeing around the world." He concurred with the vision of globalization in logistics and transportation that Mr. Schneider presented. "To participate in the global economy is nearly irresistible," he said, "but there are risks and challenges associated with going global."

As a market that is an estimated 61 times greater than the Canadian domestic market with the potential to duplicate a local success story and accelerate growth, create new efficiencies and bolster profit margins, globalization is critical to a growing number of Canadian companies, he stated.

He referred, however, to a daunting array of business decisions that come to the fore when businesses consider global sourcing. Government charges, transportation charges, insurance, taxes, fuel surcharges, new security procedures and Customs regulations, duties and trade barriers.

Even after an organization has “understood business globally and all the different regulations and trade barriers, and who they must compete with, just when they think have it figured out, it can change overnight,” Mr. Binks cautioned.

He also alluded to the problems that may arise when companies conduct global trade and business with multiple modes of transportation and use different carriers as this heightens the risk and complexity of shipments as well as often diminishing the visibility of the shipment in the supply chain.

Not surprisingly, he added, collaborative commerce is another trend that is accelerating efficient global trade with information being transmitted simultaneously to multiple layers of the supply chain.

A global presence and efficient integration have also been vital to Schenker’s leveraged growth strategy. To achieve its strong and sustained top-line growth the company’s senior management charted a course of departure from one of the mainstays of its business practice. Traditionally, Schenker Canada had operated in a decentralized manner, in tandem with a similar approach applied by Schenker’s broad base of operations in some 1,100 locations worldwide. This decentralized practice permeated Schenker’s Canadian operations on national, regional and local levels.

“We really needed the power of one integrated organization to continue our path of success,” Mr. Murmann noted. “Therefore, Schenker Canada, along with our other companies in our network, underwent a transformation that has made us much more integrated and a much more successful global player. And, in the process, we became much stronger on an individual basis.”

Since recasting its way of conducting business, Schenker Canada has increased its sales by 15 percent annually and tripled its bottom line during the past five years. “We have introduced many new products and services that integrate our overall service and offer more efficiency. We have implemented new information and automation systems that have raised our quality to standards that are much higher than what we had thought were possible,” Mr. Murmann reflected.

When singling out the most important elements that were leveraged for Schenker’s growth, he referred to five key principles as instrumental in their deployment at Schenker Canada in guiding the company’s successful transformation. “These principles involve new ways of looking at things,” Mr. Murmann explained. “Essentially, they involve a new way of thinking.”

The first principle involved a new balance in terms of thinking on local and global levels. “We learned to think globally but act locally,” he said. The company continued to focus on local Canadian markets but the decentralization that once had permeated the regional and branch offices was diminished as “...we also had to be sure to be aligned with our corporate objectives to deal effectively with our global customers and suppliers.

Specifically, it was imperative for us that our local people develop local relationships with our preferred global suppliers instead of making one-off deals with the most favored provider.” While local providers afforded short-term benefit, often identifying cost savings, this approach would have undermined the company’s profitability on a global level and diminished the purchasing power based on its global ties.

“Our key customers are much happier with us because we can deliver value that is far greater and at a lower cost than previously,” he said.

The second principle that Mr. Murmann presented is the emphasis on delivering virtually perfect service levels. In order to deal with vendors more effectively and mitigate any service problems in a highly proactive manner, Schenker developed rigorous quality systems to manage not only its vendors, but also its global network of offices and its operations in Canada.

Rewarding people and recognizing excellence in performance is the third critical principle that Mr. Murmann highlighted. “This principle is one of the main reasons why the turnover among our key staff members and management is among the lowest in the industry,” he said.

The fourth guiding principle involves overcoming obstacles. “We have created a culture that encourages people to proactively deal with obstacles. This principle has resulted in a significant reduction in our unresolved issues that we deal with on a corporate level.”

Our key customers are much happier with us because we can deliver value that is far greater at a lower cost than previously.

(TRENDS, continued on page 27)



By Doug Hill



A Well Executed

Transportation Strategy

In today's uncertain economic environment, companies are challenged by volatile costs and competitive market pressures. Expectations continue to mount for businesses to perform profitably and predictably, and to deliver value for both their customers and investors. Companies, therefore, must find ways to improve bottom-line performance and better respond to the pace and speed of change and rising customer expectations.

Notwithstanding the short-term environment, these same businesses must have time to focus attention on building their long-term business viability as well. That means having to strategically rethink how to manage their business by evaluating the time needed to support areas of non-core business functions, and the capital investment needed to remain competitive. Clear direction and attention given to the company's core competencies should deliver the greatest return to the company's customers, shareholders and employees.

For companies that choose to strategically focus internal resources on their own core competencies, they need to be aware that inbound and outbound transportation, fleet management and maintenance of the fleet are just a few critical areas companies must address to ensure products are delivered to the customer when and where they are needed. If not properly executed, this could seriously impact business and profitability.

Transportation is a complex industry and one that requires expertise. The truck's technology is becoming more complicated, which takes new diagnostic tools and considerable training for

qualified technicians to fix them. The new clean EPA certified truck engines introduced in late 2002 not only cost more to purchase, but may cost more to maintain, adding unavoidable cost increases to an already performance-stressed business. This, in addition to rising insurance premiums, continuing labor issues and access to capital are just a few additions to the perennial pressures inherent in doing business today. No matter how good a company may be at managing its fleet, the added pressures of the marketplace and economy are catalysts to outsourcing all or part of the transportation side of your business.

The options for transportation outsourcing, and the solution sets vary and should be tailored to meet a company's specific business objectives. However, there are several key considerations to think about when selecting a transportation provider.

First, you want to engage a partner who will become the fabric to your business, with a proven process in place to evaluate the value the transportation solution brings to your current business objectives. Specific goal-setting, aligned with your own business objectives is key. The provider should be focused on monitoring key performance indicators and should guarantee performance.

Secondly, the provider should demonstrate consultative and operating experience to provide the right mix of common carrier options and dedicated fleet alternatives with the flexibility and quality service needed to achieve predetermined goals.

Another factor to consider is the resources and networks the provider has in place to support a company's goals for growth, as well as help provide a shield from the uncertainty that often results from regulatory developments and market fluctuations.

Ultimately, a business needs a process with which to evaluate a provider's plan, so it can be assured the plan will add value to its current supply chain and customers. This process becomes the yardstick for measuring the economic benefits and improvement to a company's competitive position, and determining what key performance indicators should be selected.

The choice between using outsourced transportation providers versus running a private fleet may be as simple as needing to improve business performance by relieving the company of its non-core business challenges. For example, a company may decide to own its fleet but engage a specialized maintenance and vehicle management service provider to help ensure the fleet is up and running efficiently. Or, because of the costly expense involved in purchasing a fleet of trucks, a company may decide to go with a full service lease solution which encompasses a turnkey fleet of vehicles and its required maintenance. Several immediate payoffs include reduced capital expenditures on non-core investments, avoidance of risks associated with the purchase, operation and disposal of depreciating assets, and predictable future costs. There may well be a cost reduction advantage for the business, as well as improved service levels to the company's customers.

Taking the outsourcing a step further, there is a continuing trend for Dedicated Contract Carriage (DCC) solution services. DCC is a customized bundle of transportation management services that is flexible and provides all the service advantages of a private fleet and the convenience of a for-hire carrier, with built-in optimization alternatives to refine transportation and logistics needs. It takes the consultation a step further by executing a strategy that may include transportation management expertise, labor procurement and performance management, labor training, routing & scheduling with a focus on maximizing asset utilization, safety, regulatory compliance and risk management. These are structured to meet the cost and service expectations mutually agreed upon at the start of the business relationship. DCC allows the customer's management to be more focused on its core business issues, to increase its competitive position and better meet the needs of its supply chain.

Other value-added services under this offering and provided to specific customers may include yard management, financial

The choice between using outsourced transportation providers versus running a private fleet may be as simple as needing to improve business performance by relieving the company of its non-core business challenges.

alternatives, special handling of products, unattended delivery, technology and communication systems support (including on-board computers), reverse logistics and a model for continuous improvement.

The result? A well-executed transportation strategy that provides better use of capital, less management time needed for day-to-day fleet activities, and improved customer service enhancing a business' competitive position and profitability.

And that's just what a garage door manufacturer discovered. This Mississauga-Ontario-based manufacturer of quality residential garage doors and industrial loading doors, providing 35 years of innovation and service to the industry, has a North American network comprises six manufacturing facilities and 46 distribution centres across the continent.

The Canadian company services Southern Ontario and Quebec from its Mississauga base, making deliveries from Windsor to Orillia in the north, and stretching to Quebec City to the east. Originally, the manufacturer's customers, primarily retailers and installers, would receive their orders from independent transportation carriers, paying them directly. Eventually, the manufacturer invested in its own specialized fleet of trailers, customized to transport the heavy, bulky doors. The product was loaded at the depot for each independent driver to pick up and haul. However, the products were often damaged when they were unloaded on-site. This costly factor in addition to scheduling conflicts created an inefficient delivery system with poor customer service.

This burden challenged and began to jeopardize the garage door manufacturer's growth strategy of trying to get their products into large national retailers. The garage door manufacturer recognized that to reach their growth goals, they would require a reliable and efficient delivery system, and that good customer service could only be achieved with an outsourcing partner. The manufacturer made the decision to outsource their transportation functions to Ryder. After careful analysis, a Dedicated Contract Carriage solution was implemented. The program



(STRATEGY, continued on page 27)



Post 9/11 US Security Measures & Growing Quality Logistics Practices

No one will argue that the horrific attacks of 9/11 changed the rules for receiving global supply and established security measures. The result – the U.S. government has now placed the burden for compliance on the shoulders of business and requires documentation as much as 24-to-48 hours before goods leave their countries and ports of origin.

“Many of the issues being addressed by these trade security initiatives have existed for decades. The 9/11 attacks simply served as a catalyst for reform.”

– Adrian Gonzalez of ARC Advisory Group

As onerous as this challenge is, there may be a silver lining; This increased focus can have a positive downstream effect.

Specifically, it has heightened the value of possessing a responsive global supply chain with improved quality of information in the form of key shipping data flowing to international trading partners at earliest possible moment.

In the project logistics area, this approach is not new. Pre-inspections and key shipping/documentation information have always been sent well ahead for customs clearances and customer contract requirements. It made good business sense and is comparable to the emphasis on quality measures taken in late seventies and eighties, with the focus on making it right the first time.

“With the Bush administration budgeting \$8.8 billion for transportation security in 2003, no single factor has as much prospect to change the way transportation is managed as the after effects of Sept. 11. Security concerns will require improvements to the process by which freight is moved, especially across international borders.”

– Jerry McNerney of AMR Research

Executives did not argue with the costs for quality initiatives in seventies and eighties or with recent popularity of programs such as the rigorous Six Sigma movement because of the improved positioning of companies with their customers. These initiatives resulted in profitability from retaining and growing market share versus companies that suffered because they did not get on board early enough. The bottom line is executives are realizing that the long-term benefits of quality far exceed the costs. The support by senior management for improving the quality of the global supply chains is already there. The security measures are prompting this change. Senior management will realize an eventual return on their investment in the form of greater efficiencies of supply chain, better contingency plans against disruptions such as port strikes or border delays, and improved levels of customer service.

Exhibit 1 the chart right demonstrates how key aspects of the quality initiatives can

complement supply chain security & compliance measures.

One of the immediate security measures is the hardening of U.S. borders – virtually extending their reach beyond traditional borders with the U.S. customs 24-hour rule. It requires ocean carriers and consolidators to submit cargo manifests electronically 24 hours prior loading containerized cargo onboard vessels at the port of origin. On Feb 2, U.S. Customs began enforcing the rule and, if ignored, can issue “do not load” messages for ocean containers that fail to meet the 24-hour advance manifest regulation.

If you can’t deliver on time it can cost you big money. Think of what it will cost if you must delay, even a day, to get your goods to market. That cost

- In the long term, look at technology solutions to assist. International trade logistics (ITL) software companies are focused on trade and customs compliance for global supply chains.

Post 9/11 created a golden opportunity to revamp supply chains, bringing about much needed reforms that seldom got beyond boardroom discussions. Now we can take from that quality experience and look at global supply chain security as an opportunity. Restoring confidence in the supply chain, while aligning good business practices for process and quality improvement is increasing productivity and reducing costs.

Major channel masters are continue to place an emphasis on securing measures with their vendors in form of proper documentation for shipping and

EXHIBIT 1	
SUPPLY CHAIN SECURITY AND QUALITY	
SECURITY & COMPLIANCE MEASURES	QUALITY INITIATIVES
Every stakeholder must be involved	Total Quality Management & Six Sigma require everyone’s involvement
C-TPAP, verifiable sealing and anti-tamper technologies	Emphasis on prevention – “Do it right the first time!”
CSI and source inspection	Source or pre-inspection
Automated chain of custody	Process control
Container tracking (RFID) & total visibility	Identify, track, and improve quality

Adapted from: Supply Chain Management Review

alone justifies what you must spend to meet these new requirements. But more than simply meeting rules, you have the opportunity to completely reevaluate the processes you use, and the quality you deliver.

A couple of actions to immediately consider are:

- Ensure your vendors are shipping with compliant carriers and consolidators for U.S.-bound ports;
- In the short term, consider increasing your supply chain cycle time for offshore supply coming via U.S. ports to meet U.S. customs cargo security rule;

custom compliance. The best companies won’t wait; they’ll use this opportunity to improve processes in their supply chains.

There are opportunities for major companies with their global supply chains. Inbound strategies and actions need to be put into place. In my next article, I will address some tactics and solutions for realigning the inbound strategy.

Russ J. DOAK is Principal, Doak Consultants Inc.

(PRESIDENT'S VIEWPOINT, continued from page 14)

Hydro, who is also Chairman of the Board, this Committee consists of a group of Chinese-Canadian businessmen and Institute professionals with connections in Hong Kong and on the Mainland.

Concrete possibilities are already emerging in 2003. Discussions have opened with the China International Chamber of Commerce and the Shanghai Professional Association, to deliver the Executive Certification Program to Chinese businessmen. Contact has been established with the Shanghai Vocational Institute, to design Logistics programs at the operational level. Opportunities are being explored to work with National Universities to develop degree programs in Logistics.

With a bit of luck the first cadre of Chinese nationals will earn their P.Log. designations by the AGM in April 2004. To celebrate the lunar Year of the Ram, we say *Gung hey fat choy (we wish you prosperity and good fortune)*.

South Africa

Patience is essential to succeed in the global arena. Much can be accomplished by planting seeds and watching new sprouts grow. To rush the process is to kill the plant.

Similar to China, the Institute has a vision to deliver workforce development, training, and certification in South Africa, and by extension to all of Africa. Complexities arise over the differences in culture among nations and regions, but the overall aim is comparable to the goals set for China. The strategies are the same, even if the points of access differ.

WCPS

Precisely a year ago this month I was in New York City being introduced to the World Confederation of Productivity Science. I am now a member of their board of directors, with leadership responsibility to help develop the 13th World Productivity Congress.

The WCPS Vision is deceptively simple: build peace through prosperity; develop prosperity through productivity. Peace, Prosperity, Productivity are integrally linked at all levels of development: from global and national, to systemic and programmatic, organizational and institutional, as well as individual and personal.

As a global group, WCPS works with local Productivity Centres, to sponsor

Congresses every two to three years. Working with the Pan African Productivity Association (South Africa, Mauritius, Botswana), WCPS is planning to hold the 13th Congress in Johannesburg, South Africa, in October 2004.

Fortuitously, both the WCPS and the Productivity Centre in South Africa expressed interest in developing professional certification for their members. The P.Log. process is being positioned by them as the model to follow. This opportunity emerged despite the Institute's plans to enter the South African market; we had not yet begun to roll out our plans when the South Africans initiated their request to work with us on certification.

The 13th World Productivity Congress is indeed emerging as a lucky event for the Institute. As a member of the Congress Development Team, I will be traveling to Johannesburg on a regular basis between now and October 2004. The Congress and Certification will be on my agenda.

USA

The Institute's US strategy focuses on building partnerships. The Institute is not an educational institution; we are a professional organization where practitioners can have their professional competence certified by earning the P.Log. The Institute has no intention of competing with American institutions on American soil. That would be suicide; hence the "partnership strategy."

Formal negotiations have begun to deliver the Executive Certification Program in partnership with the US Merchant Marine Academy by Autumn 2003. The added advantage is that I get to go to New York City on a regular basis. Both my parents are enjoying good health at the age of 83, and it is fun to visit them at the end of the business day.

(STRATEGIC PARTNERS, continued from page 13)

Canada to the U.S. to Mexico, to get access to overseas markets by connecting them with the major ports.

I challenge shippers to think of rail as a strategic partner.

The rail industry is stronger than it has ever been. We are hungry to work together. We are determined to expand our market place and our market reach, as well as the services we provide that marketplace.

Historically, the best way for our industry to grow has been to figure out how to help our customers to grow.

I invite shippers to leverage what our industry already has, challenge us to meet your unfulfilled needs and steer us to morph again so that we remain a vital component of your logistics and supply chain world.

FRED GREEN is Senior Vice President, Marketing & Sales Canadian Pacific Railway

The Institute of Industrial Engineers (Atlanta) started the process of building from our joint membership agreement to developing professional certification for their members. A partnership to deliver the Executive Certification Program is emerging, with implementation planned before the end of 2003.

Opportunities are being explored with a number of university-based Logistics institutes to develop certification partnerships. Centres in Texas, Kentucky and Florida all expressed interest in delivering the Executive Program.

The uniqueness of the Executive Certification Program is the integration of strategic supply chain issues with change leadership and management processes. The P.Log. is a leader, and not just a practitioner, in the field of logistics. That is core to our professional identity. And the US market is ready to embrace P.Log. logistics professional certification.

Conclusion. We have grown quickly from the first 52 P.Log.'s in 1997 to the current 1,300 in 2003. Annually, we process 1,000 registrants through the standard and executive certification programs, and include 80 major corporations among our members.

Statistics, however, are relatively insignificant compared to the Institute's emerging leadership role in the global marketplace. The Logistics Institute is a model to emulated by others in workforce development, sector standards, and professional certification. The question is: do we have the ability to respond to the demand, and the energy to sustain our response?

VICTOR DEYGLIO is President of The Logistics Institute, based in Toronto, Ontario. vdeyglgio@loginstitute.ca

(STRATEGY, continued from page 23)

has been successful, and has played a significant role in helping the door manufacturer's business increase. The avoidable costs of damaged product have been significantly reduced, creating lower expenses for the garage door manufacturer, and better service delivery quality for their customers.

This manufacturer communicates its needs and then hands over all transportation matters to Ryder, which takes care of scheduling, making appointments, routing of trips and administrative details.

Through the DCC service offering, Ryder provides the design and management of the transportation program to meet the door manufacturer's needs. An offsite manager is shared with other Ryder DCC clients, located at the Toronto hub-centre. This is one of three hub-centres providing 24 hours/day, seven days/week support for clients' constantly evolving requirements. All delivery points are entered into the RyderDispatch System and the optimal route is developed for each shipment. In Ontario, there is one outbound route dispatch per day, with an average of eight stops per trip and 180 units delivered, including doors, rails, tracks, springs, openers and parts. This is a dynamic, 24 hours a day, five days-a-week operation that is constantly evolving as business increases.

At the present time, Ryder provides one full-time tractor and driver for the Ontario deliveries, using two of the garage door manufacturer owned trailers, and another vehicle is supplied on a part-time basis for deliveries to Quebec, Monday through Wednesday. If any emergencies arise, additional transportation can be quickly sourced from an extensive fleet.

(TRENDS, continued from page 21)

The fifth principle pertains to the company's customers. "During the transformation we learned it is very important to be much more selective with the customers we do business with," he said, adding, this is still "a work in progress." This approach has proven to be vital to Schenker's business. Mr. Murmann referred, for example, to the company's decision to divest itself of all public warehousing accounts in the past that were not connected to its transportation business or lacked the potential to become sophisticated contract logistics accounts. "Now this unit has evolved from being the weakest performer in our organization to be one of the strongest."

These principles were carefully honed during the past five years at Schenker, and involved a series of strategic steps, and the lessons derived from trial and error. "We will never again approach business in the same way here in Canada," Mr. Murmann concluded. "We have new eyes and a new sensitivity about what works, and what does not."

FRED MOODY is publisher and editor of LQ™. fmoody@LogisticsQuarterly.com

The motivation to use DCC may be as simple as management wanting to control costs. It may also support development of new geographic markets; or provide more shipment capacity and flexibility. Clearly, problems like high driver turnover, hours of service violations, labor unrest, and the outlay of capital for non-core requirements can be overcome through this application.

Many companies like this garage door manufacturer have business products that require special handling, such as primary metals, high-tech or automotive products, and could benefit from a fresh re-examination of their delivery systems. Businesses with time-sensitive products, such as those in the food & beverage or newspaper industries, or companies that provide unattended delivery, should also evaluate the transportation solution offering of Dedicated Contract Carriage services. Improved service and a more efficient transportation operation could result in driving more profit to the bottom line.

But whatever option of transportation outsourcing is decided upon, select a provider who not only has the experience and infrastructure in place, but one who is accountable and is committed to providing the most value to your business.

DOUG HILL is Vice President Operations, Central Region, Ryder Canada.

unigistix

Integrated Logistic Solutions



We make it look this simple.

With a full suite of logistic services, high quality levels and full integration with our customers.

Order Fulfillment & Management
Custom Retail Packaging
Reverse Logistics
Information Management
Transportation
Integrated Solutions



www.unigistix.com

905.789.6211

Who Reads Logistics Quarterly?

New Professional Logisticians



Ms. Anu Andrews, P.Log.,
Vice President, Human Resources and Administration, Unigistix Inc., Brampton, ON



Mr. Michael G. Banville, P.Log., Vice President, Business Development, The TransX Group, Winnipeg, MB



Mr. Andrew Bowden, P.Log., Distribution Manager, Apotex Inc., Weston, ON



Ms. Sandra Bowler, P.Log., Calgary, AB



Mr. John Brereton, P.Log., C.I.O & V.P. Business Development, Unigistix Inc., Brampton, ON



Mr. David Campbell, P.Log., Shipping/Receiving Supervisor, LCBO, Ottawa, ON



Mr. Erroll Caza, P.Log., DMMS 4-8-3 DGMEPM, DND, Hull, PQ



Ms. Patricia Ann Coady, P.Log., Logistics Supervisor, Celadon Canada, Kitchener, ON



Mr. Dave Coldham, P.Log., Operations Supervisor, Nestle Canada, Calgary, AB



Mr. Joe Cote, P.Log., Warehouse Manager, Formation Logistics / Shearwater Supply Group, Shearwater, NS



Mr. Trevor Crowe, P.Log., SCM Customs and Logistics Specialist, TransAlta, Calgary, AB



Mr. Michael Czopka, P.Log., Mississauga, ON



Mr. Bruce Davidson, P.Log., Canadian Logistics Specialist, Goodyear Canada Inc., Toronto, ON



Mr. James Dempster, P.Log., Distribution Centre Coordinator, Pfizer, Kirkland, PQ



Mr. Ken Desloges, P.Log., Manager - Maintenance & ASRS, Canadian Tire Corp., Brampton, ON



Mr. Kiernan Dixon, P.Log., SCM Manager IPP, TransAlta, Calgary, AB



Mr. Emil Fraser, P.Log., Load Planning Supervisor, Overwaitea Food Group, Langley, BC



Mr. Dave French, P.Log., Manager - Private Order, LCBO, Toronto, ON



Ms. Maureen Johnson, P.Log., Director, Johnson Group, Calgary, AB



Mr. Kevin Keizer, P.Log., Procurement/Planned Requirements Manager, DND (FMF Cape Scott), Halifax, NS



Mr. William J. Knoop, P.Log., Warehouse Supervisor, Abbott Laboratories, Edmonton, AB



Mr. George Koons, P.Log., Division Manager - Transportation, Logistics & Management, Global Maritime & Transportation School, Kings Point, NY



Mrs. Sandy LeBlanc, P.Log., Publication Distribution Supervisor, DND, Halifax, NS



Mr. Mike Lennox, P.Log., Team Lead Strategic Procurement, Enmax Corporation, Calgary, AB



Mr. Patrick Leung, P.Log., Consultant, Tronicus, Calgary, AB



Mr. Brett Marchand, P.Log., Corporate Manager, Traffic and Purchasing, The International Group, Inc., Toronto, ON



Mr. Steve Martin, P.Log., National Manager, Distribution Center Operations, Abbott Laboratories, St. Laurent, PQ



Mr. Bruce Matthews, P.Log., Director, Distribution Network, Natrel, Division of Agropur, Markham, ON



Ms. Merinda McCallum, P.Log., Logistics Coordinator, Nova Chemicals Canada, Red Deer, AB



Mr. Kevin Mitchell, P.Log., Senior Contracting Officer, DND (Formation Logistics), Halifax, NS

Who Reads Logistics Quarterly? New Professional Logisticians



Mr. Colin Moyer, P.Log.,
DC Manager,
General Mills Canada,
Calgary, AB



Mrs. Judy Newman, P.Log.,
Purchasing/Customer
Support Manager,
DND (FMF Cape Scott),
Halifax, NS



Mr. Dragos Niculescu,
P.Log., Traffic
Coordinator,
Schenker of Canada,
Edmonton, AB



Mr. Kevin Palmer, P.Log.,
Director Operations,
Distribution,
Sobeys West,
Edmonton, AB



Mr. Francois Paquin,
P.Log., Manager, Branded
Reseller Network,
Commercial/Retail,
Shell Canada,
Anjou, PQ



Ms. Sarah Parker, P.Log.,
Manager, Demand Group,
LePage, Div. Of Henkel
Canada Corp.,
Brampton, ON



Ms. Shyril Parsons, P.Log.,
Senior Traffic Co-ordinator,
Maple Leaf Pork,
Brandon, MB



Mr. Howard Pittman,
P.Log., Senior Supply
Chain Analyst,
Canadian Tire Corp.,
Brampton, ON



Mr. Ulrich Preisinger,
P.Log., Master Corporal,
DND,
Trenton, ON



Mr. Steve Pulford, P.Log.,
Storekeeper,
BC Hydro,
Surrey, BC



Mr. Robert Silva, P.Log.,
Director of Inbound
Development,
Fritz Starber (UPS),
Mississauga, ON



Mr. William J. Sommer,
P.Log.,
Abbott Laboratories,
Edmonton, AB



Mr. Richard Spindor,
P.Log., Director,
Operations,
Neptune Food Service Inc.
- A GFS Canada Company,
Delta, BC



Maj Jean Yves St. Denis,
P.Log., Logistics
Coordinator,
Department of National
Defence,
Calgary, AB



Mr. Murray Stewart,
P.Log., General Manager,
Consolidated Fastfrate Inc.,
Woodbridge, ON



Mr. John Swettenham,
P.Log., Director, Marketing
Supply Chain Management,
Canada Post Corporation,
Ottawa, ON



Mr. Ron Taggart, P.Log.,
Cobourg, ON



Mr. Brennan Weber,
P.Log., Sr. Manager -
Logistics Pricing,
UPS Logistics,
Oakville, ON

New Professional Logisticians whose photo was unavailable at press time

Maj Denis Boucher, P.Log., DND, Ste-Julie, PQ
Maj John Campbell, P.Log., DND, Nepean, ON
Maj Geoff Carter, P.Log., DND, Ottawa, ON
Maj Brian G. Carver, P.Log., DND, Orleans, ON
Capt Christa Faehndrich, P.Log., DND, Kingston, ON
Maj Len Francis, P.Log., Manager, EAIS,
Calgary Board of Education, Calgary, AB
Capt Kelly M. Gash-Wysman, P.Log., DND, Angus, ON
Maj Pierre Girard, P.Log., DND, New Maryland, NB
Maj Joann L. Glaude, P.Log., DND, North York, ON
Maj Edith Guimont, P.Log., DND, Kingston, ON
Ms. Susan A. Hawe, P.Log., DND, Nepean, ON
Maj Mike Lewis Hendrigan, P.Log., DND, Orleans, ON
LCdr Eric Kahler, P.Log., DND, Colorado Springs 80920, CO
Maj J. Robert Leblanc, P.Log., DND, Gatineau, PQ
Maj Michel Lefebvre, P.Log., DND, Aylmer, ON

Maj Catherine Legrow-Haley, P.Log., DND, Barrie, ON
Maj Ghislain Letourneau, P.Log., DND, Cold Lake, AB
Maj (Retired) J.B. Gary, McDermott, P.Log., DND - Supply
Chain Project (3rd Floor Lorne Bldg), Ottawa, ON
LCdr Stephan Nadeau, P.Log., DND, Cobble-Hill, BC
Mr. Kam Nagra, P.Log., Process Engineering Services,
Hudson's Bay Company, Toronto, ON
LCol (Retired) Terry Payan, P.Log., DND, Orleans, ON
Maj Brian Richardson, P.Log., DND, Cold Lake, AB
Capt Rachel Savoie, P.Log., DND, Seeling's Bay, ON
Lt(N) Anthony Thys, P.Log., DND, Orleans, ON
LCdr Kathleen Travis, P.Log., DND, Ottawa, ON
Capt Janine Tupper, P.Log., DND, St. Francois Xavier, MB
Maj Sylvain Turbide, P.Log., DND, Gatineau, PQ

To participate in our
inaugural **On-Line LQ™**
Logistics Forum, visit us at:
www.lq.ca/forums.html.

This month LQ's forum
focuses on issues and strategies
articulated by BearingPoint's
Nicholas Seiersen that
pertain to his article (page 15)
"eProcurement in Canada,
Let's Make a Deal!"

To subscribe to Logistics Quarterly (LQ) visit our Web site at:

www.LogisticsQuarterly.com
or Email BMcCarvell@LogisticsQuarterly.com



Leadership in Transportation and Logistics

In this issue, our cover feature affords a quick look at the innovative practices of companies that have distinguished themselves by transforming their operations and demonstrated leadership in their field. One of the most critical points highlighted by this CLM focused cover feature, which is based on the presentations of three executives, was the value placed on innovation.

This often entails developing ideas and subjecting them to rigorous testing, trial and error. Nevertheless, IBM's Thomas Watson, Sr., the inventor of the computer, is reported to have said: "The fastest way to succeed is to double your failure rate."

Everyone hates failing, though. Finding flaws in conventional wisdom, testing assumptions and finding ways to mitigate obstacles to grow a business, clearly involves creating a corporate culture that cultivates informed and intelligent risk taking.

Based on my conversations with executives, this often entails eliminating bureaucratic barriers and eradicating destructive competitiveness inherent to many companies and organizations. Employees vying against one another for the brass ring can stop the seamless flow of information required for innovative solutions, and squelch integration in a company.

However, leadership that encourages people to take innovative risks does not mean a departure from high levels of quality control and measured and thoughtful business practices.

In most cases, the value of people was emphasized as critical to success by the CLM Toronto keynote speakers. These leaders take an interest in their managers' and employees' initiatives and help them to see work in a larger context of significance to their organization. They are able to engage their company's intelligence and create new ways and means to provide service to their customers. This was evidenced by all of the CLM presentations, leadership involves articulating and sending clear messages to their organizations and other publics that show they want breakthrough processes and services developed through learning innovative thinking.

In the environment depicted by CLM's speakers, innovation and leadership are clearly of unprecedented value in today's global market. Since 9/11, governments are far more involved in trade and there is a lot more complexity. Some of it may be needless. But industry feedback to the government is helping.

There's also long term concern about some logistics companies and their profitability. They require high levels of investment and the innovation and technology that they use changes at an astounding pace. It's also noteworthy that companies spent on average 17 cents (U.S.) of every dollar on logistics in the United States. Today, an average of 8-9 cents of each dollar is dedicated to logistics expenditures but the expectation of perfect service has never been greater. Clearly, this array of challenges, encompassing everything from heightened insurance rates to trade barriers have culminated in making the call for innovation and leadership greater than ever before.

FRED MOODY is publisher and editor of LQ™. fmoody@LogisticsQuarterly.com

NORMAN G. JENSEN, INC.



**U.S. Customs Brokers
International Freight Forwarders**

**Serving all ports of entry
on the U.S. / Canadian border**

**For a complete listing of
Coastal/Inland Offices and Services,
log on to www.ngjensen.com**

**Now with four new offices in
Miami, Laredo, Detroit (Metro) and JFK**

"On the Spot to Serve" Since 1937

Global Supply Chain Solutions

Ryder provides a portfolio of leading-edge logistics and transportation solutions globally. Our proven operational expertise and processes have provided solutions that add value to clients in a wide variety of industries.

Product offerings range from commercial vehicle rental, leasing and maintenance to dedicated fleet operations and integrated logistics solutions that draw upon the company's expertise in full-scale supply chain management.

Ryder's Logistics Services Include:

Supply Chain Management Solutions

Involves the integration of multiple transportation and distribution functions to help optimize complex supply chain processes.

- ▶ **Supply Chain Consulting:**
Value chain assessment, Logistics strategy planning, Functional design, Process management.
- ▶ **Integrated Logistics Operations:**
Integrated transportation and distribution as a coordinated and continuous process.
- ▶ **Lead Logistics Management:**
Total management, Network services.
- ▶ **e-Fulfillment Solutions:**
End-to-end management of the fulfillment channel, from order entry to final delivery, including transportation planning/management, value-added services, and reverse logistics.

Distribution Management Solutions

A set of services that provide clients with a comprehensive solution for outsourcing a portion of their distribution network or their entire network.

Distribution Management

encompasses the warehousing and transportation of products and can also include other value-added services involved in the distribution function.

- ▶ **Distribution Consulting:**
Network planning, Facility design.
- ▶ **Product Supply Services:**
Inbound replenishment.
- ▶ **Product Distribution Services:**
Warehouse management, Outbound delivery.
- ▶ **Product Distribution and Support Services:**
Distribution to DC or retail outlets, Reverse logistics.

Transportation Management Solutions

An array of services that provide a single source for planning, executing, and operating an integrated transportation solution.

- ▶ **Transportation Consulting:**
Transportation network planning and design.
- ▶ **Transportation Management:**
Procurement, Shipment Planning and Execution, Audit, Payment and Data services.
- ▶ **Freight Brokerage:**
Fleet support services to fill excess capacity.

Dedicated Contract Carriage

Provides a customized, cost-effective turnkey transportation service, including drivers, vehicles, administration and management for the delivery of products.

- ▶ **Optimum design:**
Routing and Scheduling to maximize delivery efficiency, and meet your customer requirements.
- ▶ **Quality Drivers:**
Recruiting, qualifying, hiring, training, retention, management and compensation.
- ▶ **Proper Equipment:**
Specification and procurement of the proper types and number of vehicles.
- ▶ **Vehicle Maintenance:**
Service and repairs, administration and management to maximize equipment uptime.
- ▶ **Management Administration:**
Complete management of people, vehicles, fleet support systems and administrative functions to meet the customer's requirements.



Always Thinking

2331 Argento Road, Suite 302
Mississauga, Ontario
L4N 2K7
1-800-RYDER-OK
Est. 1978
www.ryder.com



INTEGRATED VALUE BASED WAREHOUSING

Introduction

A full service, integrated, global service provider, Schenker of Canada initially developed Value Based Warehousing to provide an innovative warehousing solution for the consumer-packaged products industry.

In an effort to differentiate ourselves from other third party logistics providers, Schenker required a unique customer solution - one that would not only add value to existing warehousing requirements, but also contribute value-adding initiatives to benefit the customer's supply chain and overall operation by reducing expenses, and improving quality and service levels.



Value Based Warehousing

Value Based Warehousing (VBW) is a customer solution that combines Sensible Automation, which we refer to as Strategic Automation, with Schenker's SoliNet Warehouse Management System, and the most appropriate material handling equipment.

VBW maximizes customer value by focusing on:

- Quality
- Efficiency
- Flexibility

VBW achieves superior performance by leveraging:

- Scale of operation
- Existing foundation
- Warehousing skills and expertise

Solution Features

Some highlights of our Value Based Warehousing solution include:

- Collaborative approach
- Integrated technology
- Sensible automation
- Appropriate material handling equipment
- Guaranteed quality results
- Turnkey solution
- Speed of implementation
- Integrated security

*Let us show you what VBW can do
for your organization*

*Schenker of Canada Limited
North American Toll Free: 1-800-461-3686*