

RESULTFOCUSED

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The Result: Fear Defeated

By Anton Nieuwoudt

In his book, [The Magic of Thinking Big](#), David J. Schwartz, writes about mastering your thought life to harness and focus your potential. I'm currently working my way through this book and have found some very insightful pieces. In this editorial, and some of those to follow, I'd like to share some of his thinking with you.

The first piece I'd like to share with you focusses on how action cures fear, while doing nothing about a situation strengthens fear, and destroys confidence.

During World War II the US Navy made sure that all of its new recruits either knew how to swim or learned to swim - clearly having the ability to swim might someday save the sailor's life at sea.

Non-swimming recruits were put into swimming classes. In a superficial way, it must have been amusing to see young, healthy men terrified by a few meters of water. One of the exercises required the new sailors to jump - not dive - from a board two meters in the air, into

two and a half meters of water, while half a dozen expert swimmers stood by.

In a deeper sense, it must have been a sad sight. The fear those young men displayed must have been very real. Yet, all that stood between them and defeat of that fear was one drop into the water below. On more than one occasion men were "accidentally" pushed off the board. The result: Fear defeated.

This incident illustrates just one point: "Action cures fear. Indecision, postponement, on the other hand, fertilises fear." When you face tough challenges, you stay mired in the mud until you take action.

The crux of the matter is that in most cases brutal honesty with yourself and courage is needed to take these decisive actions to defeat fear.

Fear comes in many shapes and forms - it can be a fear of failing, a fear of what other people might think or say, or even a fear of things totally beyond your control. Actions to defeat fear can be something as

simple as changing your attitude, or not allowing negative thoughts to drive your actions or behaviour.

I'd like to challenge you, as I do myself, to do some honest self assessment to identify those areas of fear in your life, and take the actions to defeat them. If necessary find the courage to "push" yourself off the board.

In this edition of **RESULTFOCUSED** you can read, among others, why reverse logistics should be managed as an integral part of the supply chain, what the millennial generation expects from the supply chain, how four ways your WMS can cut costs and "green up" your DC, that UPS is planning to build a massive distribution centre in the London Gateway development, and what seven challenges successful people overcome.

"Your attitude, not your aptitude, will determine your altitude." - Zig Ziglar



MANAGING REVERSE LOGISTICS TO IMPROVE SUPPLY CHAIN EFFICIENCY AND REDUCE COST

By Brooks Bentz
(supplychain247.com, July 2015)

Reverse logistics is like cleaning up the morning after a big party - a mess that no one really wants to face, resulting from things that are left over or ill-used from the day before.

The notion of reverse logistics isn't new, of course.

The function has been around since the [Phoenicians began shipping amphorae of wine to Rome in 1,500 BC](#).

The movement of product invariably results in the unintended consequences typically referred to as "over, short and damaged" (OS&D) along with the simple need to deal with unsold and returned items.

Reverse logistics can represent a significant chunk of supply chain cost, and it's typically not very well managed, it's time to manage reverse as an integral part of supply chain management.

However, the opportunity to improve overall cost efficiencies has pushed companies to begin looking at the flip side of logistics as the "new frontier" in the continuous improvement of supply chain performance.

What was once mainly an afterthought now has a name. And in a growing number of cases, there's now a clear mission: How do we manage reverse logistics as an integral part of supply chain management to improve efficiency and reduce cost?

[Reverse logistics](#) can represent a significant chunk of supply chain cost, and it's typically not very well managed. Estimates range from 1 percent of overall supply chain costs (pretty well managed) to almost 10 percent (not very well managed).

If what follows raises questions in your mind, then you probably have more some work to do in terms of establishing an effective reverse logistics operation.

Foundation of the Challenge

There's an inherent disorganisation and messiness revolving around reverse logistics that makes it more challenging than conventional "forward" logistics management. During the head-haul or forward logistics business of getting product to market, the process is orderly: Items are packaged, labeled, and neatly loaded in cartons, on pallets, totes, or other appropriate containers, and into the appropriate vehicles for delivery to customers. They frequently move in large volumes of like-items that travel together until they reach their intended destination.

Transportation, as the last item in forward logistics, is generally the first step in what will become reverse logistics. With some exceptions, such as pick-pack-load, this is where the OS&D problems typically germinate. Some of the things that can and often happen in moving product through the pipeline include:

- Inaccurate counting during loading
- Misloading (wrong product, right truck, or right product, wrong truck)
- Improper or inaccurate paperwork
- Damage to product as it's loaded or in transit
- Shrinkage/pilferage
- Delays or misroutes
- Mishandling at destination between the delivery vehicle, the back room, or store shelf
- Customer returns of damaged or unwanted product

Each step along the journey affords more opportunities to add to the misery because problems can arise at any point.

The reverse logistics process begins when one or more things occur at destination. When the transportation service provider arrives at the DC and the seal is broken, a new adventure begins.

During the unloading process, the DC team needs to be watchful and catch any number of possible problems, such as missing or damaged cartons, wrong product or quantities, styles, or sizes being incorrect.

The product may be late and needs to be expedited - or may even be so late that it's refused. The product may also be damaged in handling coming off the truck, in the DC, or in the loading process for delivery. In other cases, it could be that a category manager or merchant buyer made the wrong bet and the product isn't moving off the store shelf or the customer returns as unwanted, dysfunctional, or damaged.

A key part of managing reverse logistics effectively is installing processes as "preventive medicine" during the forward logistics stream. Let's take a look at how several organisations deal with the challenges of reverse and where they see future opportunity for improvement.

3 Steps to Optimisation

[Wilson Lester, senior vice president of supply chain for Rite Aid](#) and a veteran supply chain professional, believes that reverse logistics is a perfect opportunity "for retailers to optimise their supply chains."

Lester and I recently spoke at length on the challenges and rigors of dealing with a large, complex network of thousands of active front-of-store SKUs, and he's distilled the focus areas into the following three steps.

Forensics. For Lester, the first step is the critical "detective work" associated with learning what went wrong and why and turning those learnings into data and information for further analysis and improvement. The goal is to get to a root-cause analysis of why we have returns in the first place:

- Is there surplus driven by product purchases that exceeded consumer demand?
- Did the shelf life of the product expire before it was sold? How well did supply chain handle the fulfillment - was the product delivered for retail in a state of freshness that would exceed customer expectations?
- Was the supplier a contributor through poor packaging, late shipment, or incorrect orders?

[Rite Aid](#) collects substantial causal data through a number of channels in order to enhance the discovery process, with a goal of continuous improvement and reducing the overall commerce "waste stream."

This causal information is then fed back to the manufacturers so they can improve packaging design, shipping systems, and processes, including things like pallet design, shrink-wrap procedures, outbound order management, carrier selection, and performance management. This information will also help manufacturers design their allowance and credit programs for their customers.

Recovery. Income recovery through merchandise credits or salvage can be a significant component of overall supply chain cost. The goal is optimising profitability and income recovery by maximising the value of these assets.

According to Lester, the steps vary, but include: re-packing; refreshing/refurbishing;

sale to export marketers; return to supplier; and return to stock.

Other options include donation to charity or even destruction. Most commonly today, companies are using third-party service providers (3PLs) to partner with in their reverse logistics supply chain. These entities can offer flexible capacity, expertise in the regulatory environment, and the technology support to take on the complexity of handling multi-SKU reverse logistics. Rite Aid has a partnership arrangement with Inmar to assist in these areas as their 3PL.

Risk Mitigation. Lester's third focus area is the mitigation of risk, with particular emphasis placed on expired or hazardous product. This has increased the complexity and rigor associated with unsold product; and, in turn, has made the education of field people in stores and DCs all the more critical in order to avoid violations that may lead to fines and damage to company reputation.

Sticking to the Rules

Lester points out that while education of the field organisation is critical, so too is decision support technology. "This is because every manufacturer has its own terms, rules, and conditions for handling product," he says.

Let's take chocolate candy as a mini-case study. In this example, a store receives an array of chocolates from four or five of the leading producers for Valentine's Day. The Polar Vortex descends, snow and frigid temperatures keep romantic men at home frantically trying to "e-source" their goodies while in-store sales flag. The situation generates a glut of chocolates for the affected stores to now handle.

Each supplier's terms and rules are different: One gives full credit for returns; one gives 50 percent; another gives no credit, but must inspect the unsold merchandise before it's disposed of; and yet another gives no credit, but does not place any restrictions on its disposition. And yet this only represents a very small number of SKUs.

"It doesn't take great imagination to grasp how complicated this gets across an entire store's assortment," says Lester. "The ability to scan an item and have the terms and rules displayed is a great step forward in enabling store personnel to "adjudicate" the correct disposition - in particular with respect to hazardous items and expired product."

Some retailers, such as Saks 5th Avenue and Nordstrom have a different strategy. Items that don't sell in the mainstream stores are generally then moved to their second-tier chains (Off-5th and Nordstrom Rack) where they're marked down to attract a different segment of the market.

The wine and spirits market is another segment with an equally demanding set of rules, according to [Anthony Cerone](#), chairman of XTL, a [Philadelphia-based 3PL](#) specialising in alcohol warehousing and distribution.

"Because a high proportion of the price of alcohol is represented by state and federal taxes, there are rigorous rules on how to handle product that is damaged or destroyed in the supply chain process," says Cerone.

Damaged cases must be inspected, and in some cases product can be recouped and repackaged or relabeled. Spirits are handled separately and are sent to a specific site in Kentucky for crushing and destruction. "These are critical steps in terms of the reclamation of taxes paid and duty drawback," says Cerone.

Leading-edge companies, and those aspiring to be leading-edge, need to understand that getting reverse logistics right is as vital to overall performance and profitability as forward logistics.

Taking a Lesson from Dell and Sears

[Bill Hutchinson](#) is leading the supply chain transformation at Sears Holdings, which is the subject of this article: "[Omni-Channel's Impact on Logistics: Sears Customer Order Orchestration Layer](#)"

As senior vice president and chief supply chain officer, he's tasked with a comprehensive overhaul of an American institution. With almost 2,000 stores, 46 DCs, 106 cross-dock facilities, and about \$1.3 billion in annual transportation spending, it is a large, complex network handling over 600,000 SKUs.

Hutchinson brings a broad and deep background in supply chain management and came to Sears Holdings from Dell where he ran the global logistics and fulfillment organisation and was responsible for reverse logistics and remanufacturing.

"Returned product was evaluated and determination was made on whether it could be resold as new, refurbished, or needed to be scrapped," says Hutchinson. The goal, as with Rite Aid, was to maximise recovery. Where Rite Aid uses [Inmar as a third party](#), Dell and Sears both use [Genco](#) in North America to handle the process.

According to Hutchinson, there's an ongoing dance between the manufacturers and their go-to-market channel partners. This on-going negotiation seeks to determine rules of engagement - and exceptions to those rules - on how much product can be returned and under what circumstances.

They also include what a retailer may do with the product in an effort to protect the brand. In the case of Dell, Genco's service centers run a diagnostic tool on returned product to assess condition and outline refurbishment requirements.

Dell runs a single return center in Tennessee, where all U.S. products go. These products are then cross-docked for ultimate return to the manufacturer - monitors, mice, and other peripherals - or remanufactured and sold on the Dell outlet website.

As of now, Sears Holdings has three return centers strategically located in the East, Southeast, and West. The Sears reverse logistics stream is now a multi-step process:

Store level. Initial sort and segregation of items in accordance with returns terms and rules.

Returns processing. Transportation to returns processor for evaluation, handling, aggregation, and return to vendor or for salvage.

Delivery DCs. Large items (refrigerators, washers, dryers) go back to the delivery DCs for aggregation and further handling.

"Driving the work and work rules into the store is the biggest challenge," Hutchinson says. "You have to inform and educate the store teams to optimise the initial "sort and seg" routines so you don't waste transportation dollars moving product back through the supply chain only to scrap it."

Hutchinson also stresses that organisations need good metrics on recovery if they're to have any chance of optimising a disposition strategy. Deploying technology at the store level is essential, given the diversity of product assortment as well as the need to manage turnover in store help. "If you can more fully automate the routing of product and make better decisions at the point of return, you can vastly improve operationally," adds Hutchinson.

[Omni-channel fulfillment](#) is also pushing more complexity into traditional supply chains and adding new steps and procedures at the store level. People can now buy on-line and both pick up and return product at the store.

With a goal of enhancing the customer experience and improving convenience, Sears is now experimenting with curbside fulfillment, where people can drive to an assigned parking spot and store personnel will come to their vehicle to process their return or deliver product bought on-line.

"You want convenience, but you've got to be smart about how you do it," says Hutchinson. "Better tools at point of sale are critical to optimising customer experience and maximising the recovery rate for the company."

The bottom line: Leading-edge companies, and those aspiring to be leading-edge, need to understand that getting reverse logistics right is as vital to overall performance and profitability as forward logistics - and that true end-to-end supply chain management is the key to long-term success. **RF**

goods to the end consumer is about to become critical. Same day delivery is becoming the norm. Why? Because millennials demanded it. But the pressure we're putting on supply chains doesn't stop there.

So how does all that relate to how you're managing your supply chain? Let me explain. We want what we want when we want it. The speed of your supply chain in delivering goods to the end consumer is about to become critical.

Mass production is no longer good enough. Leading consumer behaviouralist Ken Hughes points out we're also demanding boutique, artisan goods and services, personalised in their nature and delivery. And did I mention how much we love shopping local? Are you sourcing your materials from within my country? What about from within my community? That's going to make a difference.

Right alongside the fact that we're all about local goods is our desire to see companies we support give back – to communities, workers and the environment. I've touched on this topic before when I explored how consumer priorities are driving major supply chain changes. Those consumers I was talking about. You guessed it, millennials.

I'd love to tell you that you have time to make changes to your supply chain. That you can take years to work on sustainability, sourcing local suppliers, and developing an environmentally-friendly process. But the reality is that one of the most defining traits of my generation is our expectation that everything we want is available at the swipe of a finger. Growing up in the age of the Internet of Things means we're used to things being available at hyper speed.

And while I may have posed the question at the start of my blog, it appears with our buying power and the very fact we're poised to overtake the Baby Boomer generation in a matter of years, that yes, apparently we do deserve the kind of power we've been given. I just hope we use it responsibly and don't let it go to our heads! **RF**



FOUR WAYS YOUR WMS CAN CUT COSTS AND "GREEN UP" YOUR DC

By Ben Ames
(dcvelocity.com, July 2015)

A bustling distribution center is a crucial cog in most logistics operations, but these busy facilities can also run up big bills of their own, not to mention suck up energy. In the relentless search to cut costs and "green up" their distribution operations, many companies are turning to an unlikely tool—their warehouse management system (WMS).

DCs have traditionally used their WMS platforms to direct basic material handling operations, such as planning a swift, efficient path for moving goods through the DC and directing complex tasks like picking and shipping. That hasn't changed. But now, some are finding that every time the WMS identifies a wasteful step in a distribution operation, it's also an opportunity to trim the building's power bill—cutting costs and saving the planet at the same time.

The typical DC incurs expenses around the clock, burning electricity to keep the lights on and conveyors humming, hosting up to three shifts of pickers and drivers each day, and heating or cooling large volumes of air. Reduce that electric bill, and a DC manager can cut the company's utility costs and shrink its carbon footprint. That's good for company budgets, the environment, and the corporate image. The only problem is figuring out how to get it done.

With the ability to instantly analyse thousands of moving pieces in a complex logistics operation, WMS software can provide the answer. For example, the software might be able to uncover opportunities to save energy by cycling conveyor belts off during idle times or using occupancy sensors to switch off lights in empty rack aisles.

"You can use a WMS both to run a warehouse most efficiently and to get maximum productivity," says Jason Mathers, senior manager for supply chain logistics at the Environmental Defense Fund (EDF), an advocacy group that partners with companies to find ways to reduce their environmental impact. "The goal is (to figure out) how to run

a variable volume through a distribution center," Mathers says. "These are very dynamic environments. You want to be able to scale up how you use equipment to meet peak demand, but you don't want your system optimised for peak flow when it's the slow time of year."

When it comes to energy-saving strategies, Mathers speaks from experience. Through its Climate Corps program, EDF matches business school students with companies on 10-week fellowships to find energy savings that benefit both the environment and the bottom line. Companies that have enlisted these specialists to identify savings opportunities in their warehouses include Adidas AG, Coinstar, Mondelez International Inc., Target Brands Inc., and Recreational Equipment Inc. (REI).

The results can be jaw-dropping. For instance, in 2013, Office Depot Inc. brought a Climate Corps intern into its retail and supply chain operations in Boca Raton, Fla., and identified potential long-term savings opportunities of \$6 million in its building systems and operations alone, thanks to annual electric savings of 32,000,000 kWh and an annual reduction in carbon dioxide emissions of 16,000 metric tons.

Not all companies will uncover savings of this magnitude, of course, but that's not to say they shouldn't give it a try. They might be surprised by how much waste they can root out. "There are energy efficiency opportunities just waiting to be found," says Mathers.

So how do you go about identifying those opportunities—and where does your WMS fit in? What follows are four ways to leverage the power of software to cut both warehouse costs and your carbon footprint:

1. Buy electricity at off-peak rates. A large warehouse can cut its electric bill by participating in a demand response program with its local utility, Mathers says.

For power companies, the cost of producing electricity varies widely across days or even hours, such as when a producer has to fire up additional generators to meet peak demand or when low rainfall causes a hydroelectric dam's production to drop. The price we pay for electricity, however, does not fluctuate in most places (except in regions that have deployed smart meter technology).

To compensate, some utilities will actually pay large customers—such as warehouses—to shut down key pieces of equipment during periods of peak demand. A DC that can use its WMS to ramp down operations at key times and reschedule them for nonpeak periods can reap a big return.

"The cost of generating one more kilowatt of electricity at 4 p.m. on a hot day in Texas is quite significant," Mathers says. "So this is one way for companies to reduce their power bill and their carbon footprint."

2. Rein in forklift costs. Seasonal and cyclical factors can have a big effect on warehouse energy costs. Rising oil prices can boost the cost of operating trucks and forklifts, and the extremes of winter cold or

summer heat can punch a hole in any heating or air conditioning budget.

"The pressure to save money in warehouses goes up with variables like fuel costs," says Thomas Kozenski, vice president of industry strategy for JDA Software Group Inc. "Because people have budgets, if gas prices suddenly go bananas, they've got a problem. And they will do something—anything—to cut those costs."

One way to slash fuel costs is to use the WMS to identify wasteful forklift travel patterns. Whether the facility runs lift trucks powered by propane or by batteries, it will save money and energy by finding shorter, more efficient routes, Kozenski says.

Another approach is to calculate the smallest number of forklifts a facility needs to get the job done. A surefire way to avoid rising fuel bills—and emissions—is to avoid buying that extra forklift in the first place. "That could allow a user to use eight forklifts, whereas if you didn't have a WMS, you might need 10 or 12 forklifts to get the work done," Kozenski says.

3. Cut packaging waste. A WMS application can also shrink warehouse costs by cutting waste in packaging. If you're running a high-volume fulfillment and shipping operation, chances are, you're shipping part of your profits out the door every day.

"Part of sustainability is figuring out how you can use less material to get the job done," says Kozenski. "You get boxes at home delivered by UPS, filled with popcorn, white Styrofoam, or shredded newspaper." Many WMS platforms can calculate the optimal "package profile," that is, the minimum size box and smallest amount of packing material needed to prevent damage to the package's contents during shipping. The result is an instant reduction in material costs and environmental impact, but there are additional benefits.

Thanks to the compact design, those smaller boxes can be packed more densely onto a truck, while reducing the potential for damage during transport. This approach can also save money on shipping costs at a time when both UPS Inc. and FedEx Corp. have adopted dimensional weight pricing for ground shipments, charging more for packages with greater volume.

4. Boost labor efficiency. Workers cost money, whether it's measured in salaries or the cost of keeping a workspace warm, well lit, and ventilated. That means DCs can cut costs by helping pickers do their jobs more efficiently, using an approach called "system-directed work."

Built into many WMS applications, this function identifies ways to avoid unnecessary travel between racks, shelves, and pick stations. Instead of requiring pickers to return to a central location after finishing each task, a warehouse can use radio-frequency (RF) equipment or voice technology headsets to immediately direct them to the next task. "We tell the operator what to do, then what to do next, then what to do next, then what to do next," Kozenski says. "The workers love it—they can just do their job, and at the end of

the day, they get to go home and have a beer."

This approach is also helpful for training new hires, a task that can be a full-time job in an industry where employee turnover runs as high as 20 percent per year, he says. Once a client has loaded a detailed warehouse map into its WMS, the system can easily direct new hires to the location of a certain aisle, row, or shelf.

A bustling distribution center is a crucial cog in most logistics operations, but these busy facilities can also run up big bills of their own, not to mention suck up energy. In the relentless search to cut costs and "green up" their distribution operations, many companies are turning to an unlikely tool—their warehouse management system.

A payoff on several levels

Cutting warehouse costs by reducing fuel consumption, electric bills, and greenhouse gas emissions is an investment that pays off both in more sustainable operations and in bottom-line profits. However a company justifies the decision to run a more efficient distribution center, it will see a payback on several levels.

"Some companies are more interested in green operations and sustainability than others, but everybody is interested in cost savings," Kozenski says. "Efficiency is not a separate application.

"We're in a world where all our customers are in continuous process improvement (mode)," he adds. "They are always looking for an additional way to save a little more money." **RF**



THE FOUR FORCES DRIVING SUPPLY CHAIN INNOVATION

By Bridget McCrea (supplychain247.com, August 2015)

Because companies still depend upon outmoded means to track and manage transportation, it is not unusual for trailer shipments to go missing temporarily or even permanently.

This coupled with the inherent inefficiencies of how trailers are handled, translate into time delays, increased labor, lost inventory and, more importantly, customer dissatisfaction.

In this paper we will look at how companies can embrace these four forces to improve collaboration, control and efficiency of supply chains:

Customer Focus: Now more than ever, organisations must turn everything upside down to understand why they're doing what they are doing. Ultimately, it's all about providing value to the end customer and aligning organisational resources accordingly.

The Internet of Things: Much like the use of motion and smoke detectors in the context of home security, how can you leverage sensor technology to accurately locate, track and measure the movement of inventory?

Execution: Companies understand that the path to greater efficiencies and predictable quality of service is to have their supply chain processes standardised, consistently executed, and continuously analysed for improvement. This is all about specialisation, repetition, automation, replication, and analysis. Today most approach this problem with their continuous improvement teams analysing problems with time and motion studies. Is there a better approach?

Convergence: There still exist masses of paper trails and manual processes in the supply chain. How do you replace this paper trail with systems that are integrated into your logistics information system grid so you and your partners are on the same page (view and download the full report - [here](#)). **RF**



UPS PLANS TO BUILD MASSIVE DISTRIBUTION CENTRE AT LONDON GATEWAY LOGISTICS PARK

By Mike Wackett
(supplychain247.com, August 2015)

The application was received by [Thurrock Council](#) on Monday and it has been given a fast-track planning permission “determination deadline” for Monday 28 September.

If the plans are approved, the DC would be the largest deal, in terms of warehouse space, in UK logistics for many years and confirm the [vision of DP World to develop the biggest logistics park in Europe](#) at the 400-acre London Gateway site.

The news of the UPS DC follows the official opening at the end of July of an 17,000 sqm common user facility, which [DP World chairman Sultan Ahmed Bin Sulayem](#) told [The Loadstar](#) would be “the tip of the iceberg” for the logistics park.

Indeed, next door, DP World is preparing to open a 28,000 sqm logistics warehouse in a 50:50 joint-venture with international real estate developer Prologis, and according to Mike Thomas, client services director at Import Services.

[Prologis manages](#) the common user centre, the facility has been overwhelmed by the interest from retailers requiring cross-docking services for containers arriving at other ports in the UK south-east. As a consequence, the warehouse is approaching capacity, with cargo manufactured in Asia, as importers take advantage of streamlining their supply chain and increasing retail sales space.

There is no doubt that the cross-docking operation has been a major success story for London Gateway, and UPS will no doubt utilise the DC as an overnight clearance facility for London and the South-east.

Nevertheless, the original port-centric concept for London Gateway – of containers coming off of a ship at the port and then being warehoused for distribution – has taken a back seat as the port stutters in its goal of attracting a regular service from Asia.

Moreover, fewer ad-hoc calls at London Gateway – as congestion at Felixstowe and Southampton eases due to lower demand – have temporarily reduced the opportunity for the port to impress potential carrier customers.

And the loss of Hapag-Lloyd’s West Africa Express service last month, after the German carrier decided to omit a UK call when MOL pulled its ships from the vessel sharing agreement, was a blow.

Feeder lines have also been reluctant to commit to a liner service as their customer ocean carriers have managed to resist VIP shipper calls to provide a service into the port via transhipment at Rotterdam or Antwerp.

The world’s largest courier, UPS, has submitted plans to build a two-million-square-foot distribution centre at the DP World London Gateway Logistics Park.

[DP World London Gateway](#) is having to come to terms with the fact that unless there is a breakup of the four east-west alliances, the port is unlikely to receive a regular call from an Asian carrier, even as it cracks on with the development of a third berth. But, as Sultan Ahmed Bin Sulayem stressed to [The Loadstar](#), the company’s investment strategy for its ports is “long-term”. *RF*



6 RULES FOR COLLABORATIVE GLOBAL LOGISTICS CONTRACTING

By Peter Moore
(supplychain247.com, June 2015)

One of the most challenging business areas for parties committed to collaborative contracting is in the area of international logistics services.

However, some recent research at the [University of Tennessee](#), combined with practical experiences, has started to shape some rules for success in contracting complex logistics.

I’ve written about the [University of Tennessee’s “vested” rules](#) applicable to many business relationships, but sought some input from a leading logistics practitioner on what’s been working effectively in global practice.

So I turned to [Phil Coughlin](#), president of global geographies and operations at [Expeditors International](#), a major third-party logistics provider (3PL).

“If the parties view the logistics service provider contract as a simple tool to outsource risk, reduce costs, or capitalise on the other party’s vulnerabilities, a lopsided and unbalanced contract will likely result,” says Coughlin.

“If the parties truly want to work with each other and view the service provider contract as a conduit to making that happen, a good contract is likely to take form.”

He shared six rules that he and [the Expeditors team](#) try to use in new contracts with shippers.

Use a pragmatic approach. Each of the parties should see their business needs being met through the contract instrument. “Overall, there must be a desire and willingness to conduct the negotiation in a collaborative, rather than competitive environment,” says Coughlin.

Aim to be fair. Coughlin notes that some contracts are so onerous that they’re practically and legally unenforceable. “The service provider contract should create a win-win situation for each party, which ensures that a healthy business relationship is formed” says Coughlin. “Overly onerous or one-sided terms could be subject to challenge in court and can be ignored or stricken out by judge or jury, thereby leaving the parties in a far worse position than if a fair

and balanced contract was achieved," says Coughlin.

Respect the purpose of the parties' relationship. One of the painful memories for any 3PL is when they have had to deal with procurement organisations sending out standard template contracts. When I asked Coughlin about this he responded, "One size fits all contracts do not usually make sense for logistics services contracts." For example, he says that a standard manufacturing contract with a supplier of goods is not the right template agreement to govern a complex agreement for the supply of international transportation, logistics, and customs brokerage services. "The insistence that all contracts be the same regardless of industry or services being provided is both naïve and counterproductive."

Lopsided logistics and transportation agreements are comprised of onerous terms and conditions, and a disproportionate shifting of risk over to service providers, and this approach has become the norm in the third party logistics industry.

Seek reasonable liabilities. According to Coughlin, logistics services contracts should not be misused as a tool to entirely shift the risk and regulatory compliance obligations inherent in one party's business to the other. Neither party should be forced to accept an amount of risk for loss, damage, or other liability that is disproportionate to the potential benefit to be gained under the agreement. "In order to reach this objective, both parties need to be willing to have an open discussion on what amount risk makes sense," he adds.

Be mutual. Standard terms in logistics services contracts, like termination capabilities, rights upon default, representations about compliance, general indemnities, non-assignment provisions, and treatment of confidential information, should be mutual," says Coughlin. It's critical that both parties operate within industry best practices and regulatory requirements.

Achieve brevity and clarity. On the subject of contract language, Coughlin says that logistics services contracts must be written in plain language so that rights and responsibilities of each party should be clear to any reader - especially those unfamiliar with the transportation and logistics industry. "In the case of a dispute, plain, concise language will be important in reducing any misinterpretation of the agreement by either party," he adds.

For shippers and [third-party logistics providers](#) (3PLs) that are willing to make the effort, collaboration in contracting pays off for both parties. **RF**



LOGISTICS YARD MANAGEMENT SYSTEMS INTEGRATE DRONE VISIBILITY TECHNOLOGY

By Bill Carmody
(inc.com, July 2015)

Any logistics professional who is currently managing the assets out in the yard using clipboards, two-ways radios, or mobile phones probably can't conceive of this management task being enabled by flying drones.

But thanks to advances in technology, unmanned aerial vehicles (UAVs) flying around a yard, either autonomously or with the help of a remote control, are coming sooner than one might think.

Just ask the folks at PINC Solutions, the software vendor that recently introduced PINC Air, an autonomous real-time location system (RTLS) aerial robot that can survey large areas of densely-packed assets for the purposes of inventory reconciliation or pinpointing where certain inventory is located.

PINC Air is autonomous in that it takes off and lands from the same location automatically, with obstructions in its flight path automatically detected and avoided. The drones use PINC's RTLS capabilities and upload the RTLS and video data via wi-fi upon return to their ground stations.

[Clint Reiser, research analyst with ARC Advisory Group](#), sees potential in combining drones with the management of yard-based

assets, particularly for shippers that have expansive yard operations.

"Basically, we're talking about the development of low-cost drones that serve as "readers" in performing tours of the yard to confirm where the assets are and that those assets are, in fact, out in the yard," he says.

Secondly, Reiser says that the same equipment can be used to track assets in heavy manufacturing facilities - where high-value assets are located outside of the four walls of the plant - and in lay-down yards where equipment is literally "thrown in piles over several acres of land."

In each of these applications, the UAVs serve as a second set of eyes for shippers that want to gain better visibility over the activities taking place in, and the equipment located in, their yards.

Of course, [yard management systems](#) (YMS) don't have to be overly technical and situated in an aerial position to be effective and valuable for shippers.

Over the next few pages we'll explore current YMS adoption, show how these systems are being put to work in the yard, and hear from a company that has experienced positive results over the five-year span that it has been using YMS.

Tracking Valuable Yard Assets

As the software systems that track the movement of trucks, trailers, and other assets in the yard of a warehouse, distribution center, or manufacturing facility, YMS fills in a critical gap left open by traditional [transportation management systems](#) (TMS) and [warehouse management systems](#) (WMS).

Where the latter oversees the activities within the four wall of the warehouse, and the former takes over when trucks pull out of the front gate, YMS provides visibility over shipments, inventory, and even security out in the yard. The applications are offered as standalone entities from software vendors like PINC, come as part of larger WMS or TMS applications, or are integrated into [enterprise resource planning](#) (ERP) systems.

In addition to PINC, companies like [Zebra Technologies](#), [C3 Solutions](#), and [Exotrac](#) all offer their standalone YMS, while WMS providers like [Manhattan Associates](#), [HighJump Software](#), [SAP](#), and [Oracle](#) have built YMS functionalities into their broader applications.

In return for their YMS investments, logistics operations typically gain better control over yard equipment as well as track assets in real-time, improve dock door scheduling, and reduced unload/wait times. And while the business case associated with YMS can be compelling, actual software adoption rates among operations remain fairly low. According to [Logistics Management's most recent Technology Usage Study](#), just 8.3 percent of companies surveyed are currently using YMS, and of those that purchase WMS, just 3.9 percent cite YMS as the key reason for making that investment.

According to [Dwight Klappich, research vice president for Gartner](#), YMS tends to

come into play when a logistics operation has more than 250 parking spaces out in the yard. Those with fewer than that tend to “gravitate to their WMS” yard management, he says. “When the environment isn’t too complex, and when all the shipper needs is check-in and check-out with a guard at the gate, or to find out the exact location of a container, many of the WMS vendors have good enough functionality to manage those activities.”

Now, increase the number of parking spaces to 1,500 or more, says Klappich, and the need for RTLS-based systems, [radio frequency identification](#) (RFID), and other advanced capabilities becomes more prevalent. “We’re seeing more and more interest in these capabilities from companies that have big yards basically because they’re dealing with a lot more complexity.”

Where the shipper with 200 parking spaces may be working with 10 shipping and receiving docks and 100 trucks a day, for example, the one with 1,500 spaces is probably moving 100 tractor trailers around per hour. The odds that assets will get lost in the latter scenario are much higher, says Klappich, who expects RFID technology to continue gaining traction in YMS as more of those large shippers turn to technology to help control and manage their expansive yard activities.

Klappich says shippers that are working with “yard of yards” scenarios - where a manufacturer has one yard at its plant and other, multiple yards at its distribution centers - are also looking more closely at YMS as a way to manage their complex distribution operations. In such cases, companies may be producing widgets at one location, sending them via truck to a DC, and then returning those vehicles back to the plant from the DC. Traditionally, logistics managers and dispatchers had just a single viewpoint of one yard versus more global visibility over multiple locations.

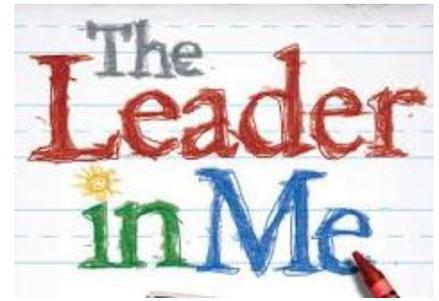
“These shippers would like to have an enterprise view of all of their yards,” says Klappich, who again points to PINC as one of the software vendors making strides in this arena. “They want to be able to drill down and gain better visibility over demurrage charges, freight movement, and other important measures across multiple yards.”

More Functionality Ahead

Reiser, whose firm covers the YMS arena as part of its TMS and WMS coverage, says that [JDA Software](#) recently introduced an “[intelligent fulfillment strategy](#)” that integrates planning and execution functionality. He sees a connection between this strategy and the typical yard.

“JDA is looking to incorporate execution on the fulfillment and planning side and sort of blend them with one another,” says Reiser. For example, he says that a shipper may use the application to factor dock door constraints or limitations into its planning optimisation run via a TMS. And because the yard is strategically situated between the warehouse and the transportation network, incorporating yard-related constraints could help companies optimise their supply chains.

The world’s largest courier, UPS, has submitted plans to build a two-million-square-foot distribution centre at the DP World London Gateway Logistics Park.



7 CHALLENGES SUCCESSFUL PEOPLE OVERCOME

By Dr. Travis Bradberry
([talentsmart.com](#), July 2015)

It’s truly fascinating how successful people approach problems. Where others see impenetrable barriers, they see challenges to embrace and obstacles to overcome.

Their confidence in the face of hardship is driven by the ability to let go of the negativity that holds so many otherwise sensible people back.

Martin Seligman at the University of Pennsylvania has studied this phenomenon more than anyone else has, and he’s found that success in life is driven by one critical distinction—whether you believe that your failures are produced by personal deficits beyond your control or that they are mistakes you can fix with effort.

Success isn’t the only thing determined by your mindset. Seligman has found much higher rates of depression in people who attribute their failures to personal deficits. Optimists fare better; they treat failure as learning experiences and believe they can do better in the future.

This success mindset requires emotional intelligence (EQ), and it’s no wonder that, among the million-plus people that TalentSmart has tested, 90% of top performers have high EQs.

Maintaining the success mindset isn’t easy. There are seven things, in particular, that tend to shatter it. These challenges drag people down because they appear to be barriers that cannot be overcome. Not so for successful people, as these seven challenges never hold them back.

Age

Age really is just a number. Successful people don’t let their age define who they are and what they are capable of. Just ask Betty White or any young, thriving entrepreneur.

I remember a professor in graduate school who told our class that we were all too young and inexperienced to do consulting work. He said we had to go work for another company for several years before we could hope to succeed as independent consultants. I was the youngest person in the class, and I sat there doing work for my consulting clients while he droned on.

Without fail, people feel compelled to tell

“This will take things to the next level as far as yard management is concerned,” says Reiser, who envisions a time when companies can leverage YMS to gain better visibility by breaking down the silos that can exist between warehouse operations, transportation networks, and yard-based activities/assets.

The time horizon for this strategy, and the potential to eke out incremental savings from it, could still be far off for many shippers, adds Reiser. “Conceptually, the idea sounds great, but in reality, adoption will be on a case-by-case basis.” **RF**

you what you should and shouldn't do because of your age. Don't listen to them. Successful people certainly don't. They follow their heart and allow their passion—not the body they're living in—to be their guide.

"They follow their heart and allow their passion—not the body they're living in—to be their guide."

What Other People Think

When your sense of pleasure and satisfaction are derived from comparing yourself to others, you are no longer the master of your own destiny. While it's impossible to turn off your reactions to what others think of you, you don't have to hold up your accomplishments to anyone else's, and you can always take people's opinions with a grain of salt. That way, no matter what other people are thinking or doing, your self-worth comes from within.

Maintaining the success mindset isn't easy. There are seven things, in particular, that tend to shatter it. These challenges drag people down because they appear to be barriers that cannot be overcome. Not so for successful people, as these seven challenges never hold them back:

1. Age
2. What other people think
3. Toxic people
4. Fear
5. Negativity
6. The past or the future
7. The state of the world

Successful people know that caring about what other people think is a waste of time and energy. When successful people feel good about something that they've done, they don't let anyone's opinions take that away from them.

"No matter what other people think of you at any particular moment, one thing is certain—you're never as good or bad as they say you are."

Toxic People

Successful people believe in a simple notion: you are the average of the five people you spend the most time with.

Just think about it—some of the most successful companies in recent history were founded by brilliant pairs. Steve Jobs and Steve Wozniak of Apple lived in the same neighborhood, Bill Gates and Paul Allen of Microsoft met in prep school, and Sergey Brin and Larry Page of Google met at Stanford.

Just as great people help you to reach your full potential, toxic people drag you right down with them. Whether it's negativity, cruelty, the victim syndrome, or just plain craziness, toxic people create stress and strife that should be avoided at all costs.

If you're unhappy with where you are in your life, just take a look around. More often than not, the people you've surrounded yourself with are the root of your problems.

"You'll never reach your peak until you surround yourself with the right people."

Fear

Fear is nothing more than a lingering emotion that's fueled by your imagination. Danger is real. It's the uncomfortable rush of adrenaline you get when you almost step in front of a bus. Fear is a choice. Successful people know this better than anyone does, so they flip fear on its head. They are addicted to the euphoric feeling they get from conquering their fears.

Don't ever hold back in life just because you feel scared. I often hear people say, "What's the worst thing that can happen to you? Will it kill you?" Yet, death isn't the worst thing that can happen to you...

"The worst thing that can happen to you is allowing yourself to die inside while you're still alive."

Negativity

Life won't always go the way you want it to, but when it comes down to it, you have the same 24 hours in the day as everyone else does. Successful people make their time count. Instead of complaining about how things could have been or should have been, they reflect on everything they have to be grateful for. Then they find the best solution available, tackle the problem, and move on.

When the negativity comes from someone else, successful people avoid it by setting limits and distancing themselves from it. Think of it this way:

"If the complainer were smoking, would you sit there all afternoon inhaling the second-hand smoke?"

Of course not. You'd distance yourself, and you should do the same with all negative

people.

A great way to stop complainers in their tracks is to ask them how they intend to fix the problem they're complaining about. They will either quiet down or redirect the conversation in a productive direction.

The Past or the Future

Like fear, the past and the future are products of your mind. No amount of guilt can change the past, and no amount of anxiety can change the future. Successful people know this, and they focus on living in the present moment. It's impossible to reach your full potential if you're constantly somewhere else, unable to fully embrace the reality (good or bad) of this very moment.

To live in the moment, you must do two things: 1) Accept your past. If you don't make peace with your past, it will never leave you and it will create your future. Successful people know the only good time to look at the past is to see how far you've come. 2) Accept the uncertainty of the future, and don't place unnecessary expectations upon yourself. Worry has no place in the here and now. As Mark Twain once said,

"Worrying is like paying a debt you don't owe."

The State of the World

Keep your eyes on the news for any length of time and you'll see it's just one endless cycle of war, violent attacks, fragile economies, failing companies, and environmental disasters. It's easy to think the world is headed downhill fast.

And who knows? Maybe it is. But successful people don't worry about that because they don't get caught up in things they can't control. Instead, they focus their energy on directing the two things that are completely within their power—their attention and their effort. They focus their attention on all the things they're grateful for, and they look for the good that's happening in the world. They focus their effort on doing what they can every single day to improve their own lives and the world around them, because these small steps are all it takes to make the world a better place.

"They focus their effort on doing what they can every single day to improve their own lives and the world around them..."

Bringing It All Together

Your success is driven by your mindset. With discipline and focus, you can ensure that these seven obstacles never hold you back from reaching your full potential. **RF**

Note - All credit goes to the particular author and/or publication of the articles shared in this publication.

Result focused logistics and supply chain advisory services

By Anton Nieuwoudt / Niels Rudolph

dasRESULTAT is a results focused logistics and supply chain management advisory company with greater than 30 years combined experience in various functional areas of logistics and supply chain management across diverse industries.

Our primary objective is to support our clients to reduce operational costs and increase their service offering to their clients through optimising their supply chain, by offering a wide range of services based on our own practical experience.

Leadership

dasRESULTAT stands under joint leadership of Anton Nieuwoudt and Niels Rudolph.

Anton has close to 15 years experience in logistics- and supply chain management across various industries.

Prior to co-founding dasRESULTAT as a boutique logistics and supply chain advisory company, Anton was at Accenture where he was involved in various projects in the Retail, Mining, FMCG and Energy sectors. Here he was able to expand and apply his fulfillment, supply chain management, supplier management, project management and business consulting expertise.

At DBSchenker, Anton gained experience in integrated logistics management, spare parts logistics as well as inbound- and outbound logistics solution implementation.

Anton holds a Bachelors degree in Marketing from the Rand Afrikaans University and a Masters degree in Logistics Management from the University of Johannesburg.

Niels has more than 20 years experience in logistics- and supply chain management mainly within the 3PL industry.

Prior to co-founding dasRESULTAT as a boutique logistics and supply chain advisory company Niels founded ORAscm as a specialised logistics consultancy company. He also worked at DB Schenker and PriceWaterhouseCoopers in Germany as a project consultant.

Niels spent the largest part of his career at DB Schenker in various roles in Germany, Singapore, Malaysia and South Africa. During his last role at DB Schenker in South Africa, Niels was responsible for logistics development, reporting directly to the CEO. Here he applied and expanded his knowledge to develop logistics solutions across the local automotive, high-tech and retail industries.

Niels holds a Diplom Betriebswirt (BA) from Staatliche Berufsakademie, Mannheim (Germany).

Functional experience

Our functional experience include among others warehouse design & management, transportation management, inventory management, demand planning, supply planning, supply chain planning, supplier relationship management and project management.

Industry exposure

We have had exposure to industries such as retail, automotive, consumer goods and services, petrochemical, mining and defense aerospace.

Core offerings

Through our core offerings we can support our clients to achieve strategic, tactical and operational results. These offerings cover areas such as Strategic Supply Chain Planning, Fulfillment, Sourcing & Procurement, and Project Execution.

Significance

Through our part-time lecturing commitments to the University of Johannesburg we continue to be actively involved in tertiary education and student mentoring programs to encourage excellence in up-and-coming supply chain professionals.

Credentials

Since founding the company in the fourth quarter of 2012 we've been involved in various engagements.

Our primary engagement in 2013 has been with a leading global third party logistics company. Here we've been instrumental in the turn-around of their contract logistics department, transportation management strategy and operating model design, Africa business development strategy, and procurement strategy development.

Secondary engagements during our first year of operations included a warehouse performance assessment at the Cape Town operations of a global apparel company, supporting a logistics service transition at a German automotive manufacturer, and providing warehouse implementation support for an agricultural equipment manufacturer.

We continue to support a transportation consulting company with project management and subject matter advisory at a South African FMCG company. With this client we have since May 2014 also embarked on a journey to evaluate and redesign their Import-Export service provider landscape which has flowed into a full blown group level RFQ process for carrier and clearing services. Along with the client we were able to unlock an overall 15% saving in their annual freight spend and associated landside and finance charges.

At a Kwazulu-Natal based manufacturer of engineered wood products, we continue to provide subject matter support for various logistics cost saving and process efficiency improvement initiatives. **RF**

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dasRESULTAT is a results focused logistics and supply chain management advisory company.

We partner with our clients to identify and unlock practical and sustainable supply chain solutions.



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