

THE SOURCE

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SPECIAL POINTS OF INTEREST:

- **ARE WE DOING A GOOD JOB FOR YOU?**
If the answer is yes, consider introducing us to a customer or supplier. If they go with the Outsource team you win, too. Ask us about our residuals program.
- **DO YOU SHIP WITH US SOME OF THE TIME?**
Become a Program Customer and we will guarantee savings of 10%.

THE RISING COST OF FREIGHT

In an April 14 press release, Old Dominion Freight Line announced that they will be increasing their base rates by 4.3% effective May 1, 2014. Todd Polen, ODFL's vice president of pricing, stated that "The general increase is in keeping with our long-term pricing philosophy and as such involves a restructure that provides for increases in our rates based on length of haul rather than the traditional across the board increases...Although each customer will have a different financial impact based on the lanes and distance their shipments move, the overall impact of the increase is approximately 4.3%." Mr. Polen went on to say that "we are committed to delivering on a superior value proposition that promises excellent transit service, award winning technology and best-in-class claims-free delivery at a fair and reasonable cost. As a result of that commitment and premium service, our customers are asking for more capacity and more value added products and services. In order to meet that demand and deliver on the promises we have made to our customers, we must continue to build our network and systems."

The rationale for the base rate increase is worded very similarly to the press release of June 17, 2013, when ODFL raised their rates approximately 4.9%.

Old Dominion is not the only less-than-truckload carrier to raise their rates this Spring. In March alone four major carriers—ABF Freight, Con-way Freight, FedEx Freight, and UPS Freight—raised their rates by 3.9% to 5.4%. April saw rate hikes by Estes Express (4.5%) and YRC Freight (5.9%). The Journal of Commerce cites the severe weather much of the country experienced this winter as a contributing factor to the tightening capacity and disrupted supply chain networks, which led to a surge in spot market prices.

David G. Ross, transportation analyst with Stifel, expects the slow recovery since 2011 for LTL carriers to continue at a slow pace unless capacity in the truckload market tightens considerably. This is dependent upon freight demand and driver availability. "We're entering the seasonally strong second quarter, so we expect pricing momentum to continue until maybe the later summer months," explained Ross. "We believe larger shippers will need to accept larger-than-average increases once capacity tightens significantly, as the cross-subsidizing done by the smaller shipper is decreasing and industry consolidation has increased."



SOURCE: www.odfl.com—NEWS & PRESS RELEASES; *Journal of Commerce*—"List of LTL Carriers Seeking Higher Rate Grows" - 4/14/14.

TAKING CONTROL OF YOUR INBOUND SHIPPING

Taking a good look at your inbound freight processes can help your company realize cost savings. According to the Aberdeen Group, a research firm based in Boston, a business can spend more than 40% of its annual freight budget on inbound shipping. Finding efficiencies in the inbound program can minimize delays, save money, and reduce confusion.

Start at the very beginning, a very good place to start. It's easier, of course, to let your vendor handle the shipping, but when you do you are losing out on the ability to control your raw freight costs, you are handing your vendor an opportunity to create a profit center on your purchase, and you are relinquishing control over the visibility of that shipment in your supply chain.

If your vendor is choosing the carrier they are probably bundling the cost of freight with the cost of the goods. It's very difficult from a management standpoint to know whether you're getting the best value when you're not making an apples-to-apples comparison between vendors. It's also a mistake to assume that your supplier has the best freight rates; many lack the experience and expertise to negotiate effective rate contracts, and the product class (NMFC) codes are not always correct.

Develop a vendor routing guide and enforce non-compliance. Spell out which carriers to use by mode, and clearly state the consequences of non-compliance, such as chargebacks. If you negotiate preferential freight rates, or use a third party logistics provider, such as Outsource, to negotiate on your behalf, your vendors should be expected to comply.

Analyze and understand your inbound freight patterns. Collect your data and review your history. Identify inefficient routing decisions. Can you consolidate your shipments? Is inefficiency on the part of your vendors creating unnecessary cost to you, by late deliveries or shipments not ready when scheduled? Can you reduce the number of carriers and take advantage of better pricing?

Streamline your operations. Review your warehouse and DC operations and make sure that the flow of the inbound process is well-thought-out and understood across all departments. Last, have an audit process in place to review freight bills, whether internally or by a third party expert.

SOURCES: Aberdeen Group report, 3/2011; Entrepreneur.com article, 6/2013; Savii Group "Inbound Freight".

360° (IT'S A BEAUTIFUL DAY IN BOSTON)

One year after the unimaginable horror of the terrorist attack at the Boston Marathon, on an equally perfect April day, the spirit of Boston has made a loud and clear statement to those who would see us cower in fear: WE OWN THE FINISH LINE!

Rather than a deterrent, last year's bombing at the finish line instead brought out 36,000 runners to this year's race — 9,000 more than last year, the 2nd largest field in history. An estimated 1 million spectators, a record crowd, lined the route, bringing their cheers and their children. What happened at the 118th running of the Boston Marathon was 26.2 miles worth of courage, determination, and joy.

There were countless moments of poignancy and pure inspiration. Like the newlywed couple who each lost a leg at last year's marathon, crossing the finish line together this year in their hand-wheeled bikes, holding hands. Like the hundreds of runners who ran in memory of the 4 victims—Lingzi Lu, 23, Krystle Campbell, 29, Sean Collier, 26, Martin Richard, 8.

Like the return of so many, including those who sustained injuries last year, to take part in the race in any way they could—because they had to. And how fitting it was that an American won the men's race for the first time in 31 years.

Some crossed the finish line in record time, some ran a personal best. For others, it took many hours from start to finish. And for some it took a year to complete the Boston Marathon. But finish they did. And that's the point. To use the words of Martin Richards' family—"We honor the lost. We applaud the recovered. Have concern for those whose injuries don't show. And salute everyone who contributed along the way. Thank you."

It was a beautiful day in Boston. A glorious day, a right day.



IS YOUR SUPPLY CHAIN READY FOR WEARABLE COMPUTING?

Is your supply chain ready for the next best thing? Whether you embrace innovative advances in technology or fear them, there's no denying that we are in an age of rapidly changing technological growth, with applications limited only by our imaginations and how motivated we are in adapting these new technologies to groundbreaking — perhaps life-changing — uses. At the forefront of the next wave is “wearable computing”, such as Google Glass.

Google Glass pilot programs have been launched at some hospitals, and have even been credited with helping to save a life at Beth Israel Deaconess Medical Center in Boston in January (*Boston Globe*, April 9, 2014). North Carolina firefighter Patrick Johnson is working on an app that can provide firefighters in the field with potentially life-saving information, including building floor plans and instructions for dismantling specific cars. An oilfield services company partnered with Wearable Intelligence to create Glassware tailored for its employees, thus giving them access to crucial information in the field on a mobile, hands-free device (*mashable.com*, 4/8/14).

While not yet commercially available as of this writing, prototype versions have been in use by hand-picked “explorers” to identify potential commercial uses for the product, and limited sales are expected on a one-day basis on April 15 for anyone in the US willing to cough up the \$1500 + tax.



So, what does Google Glass have to offer the supply chain? Nothing implementation-ready yet, but some believe that there is great potential, and with a little thought and inspiration the opportunity to devise warehouse and other uses definitely exists.

Steve Brady, contributing columnist for Eye for Transport, has been a “Glass Explorer” for some months now and has shared his set with many people who are actively engaged in a variety of professions, including logistics and supply chain operations. He has seen people excited not only to see and hear Glass,

but even more excited about the potential.

“I have found myself shifting from ‘show and tell’ to show...and LISTEN,” he writes. “For instance, as people who work in a warehouse put Glass on for the first time, they ask questions about how it can ‘read’ data. Can it read a barcode? (Yes). Can it connect to a database? (Yes). Can it display what the database tells it? (Yes). From these simple questions comes a series of good ideas. Just eliminating having to go to a computer to look up information in a database is seen as a great step forward. But then more ideas flow.”

Consider the potential warehouse uses for this product: If it can read a barcode, it can determine exactly where in the warehouse an item can be located without having to go to a computer, or even use one's hands. If it can store a picture of the item, that would provide a quick visual double-check, thus increasing accuracy. After the item is picked the barcode reader can verify the pick and give delivery instructions.

It was also suggested that a great application would be to provide warehouse navigation directions, displaying a “you are here” on the screen and guiding the picker on the route to follow. And if the picker gets off track, simply read the nearest shelf barcode and re-orient.

It's an easy jump from these basic ideas to devising other ways to optimize physical tasks, in or out of a warehouse. But why stop there? There are potentially many uses for wearable computers. For instance, project managers—or sales reps, for that matter—would be able to take photos or audio-video recordings on-site, which could be added to reports or immediately messaged to headquarters, along with their comments—all of which could be a complete game-changer in terms of how we conduct business.

There are, of course, criticisms and concerns, particularly around the issues of privacy and the ethical behavior of wearers in public who are able to record everything around them, including private conversations, surreptitiously. And there are the safety concerns about the potential hazards of motorists wearing Glass while driving, despite one ruling already in favor of a Glass-wearing driver.

It will be interesting to see how wearable computing evolves and where it takes us.

SOURCE: Boston Globe, 4/9/14; Eye for Transport, 4/7/14; Wikipedia (Google Glass).

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TRIVIA

1. Which of the 7 dwarfs comes first alphabetically?
2. What is the oldest US commissioned warship that is still afloat today ?
3. What was the original flavor of the cream in Twinkies ?
4. In which sport would you find the terms madhouse, bed and leg ?

[Click here for answers to Trivia questions.](#)

ABOUT US

Established in 1990, OUTSOURCE, Inc. offers a complete range of freight management services and supply chain solutions to help you improve control and increase profitability.

OUTSOURCE specializes in worldwide logistics and transport, offering your organization an optimized transportation management solution. Our customer-driven approach to doing business allows us the flexibility to select services and solutions that best serve our clients' individual needs, and our extensive collective experience in distribution, warehousing, retailing and transportation logistics provides us with the expertise to make it happen.

Air, sea, rail and truck—we can handle all of your domestic and international shipping logistics and transport needs, freeing you to do what you do best.....grow your business.

