

FORTUNE

**PINTEREST'S
CEO
EXPLAINS HIS
COMPANY**

PAGE 108

THE

12

GREATEST ENTREPRENEURS OF OUR TIME

BY JOHN A.
BYRNE

PAGE 68

AND WHAT YOU CAN LEARN FROM THEM

PLUS
YAHOO VS.
FACEBOOK

PAGE 16

**BOEING:
BUY OR
SELL?**

PAGE 50

**MEET MITT
ROMNEY'S BIG
MONEYMAN**

PAGE 100



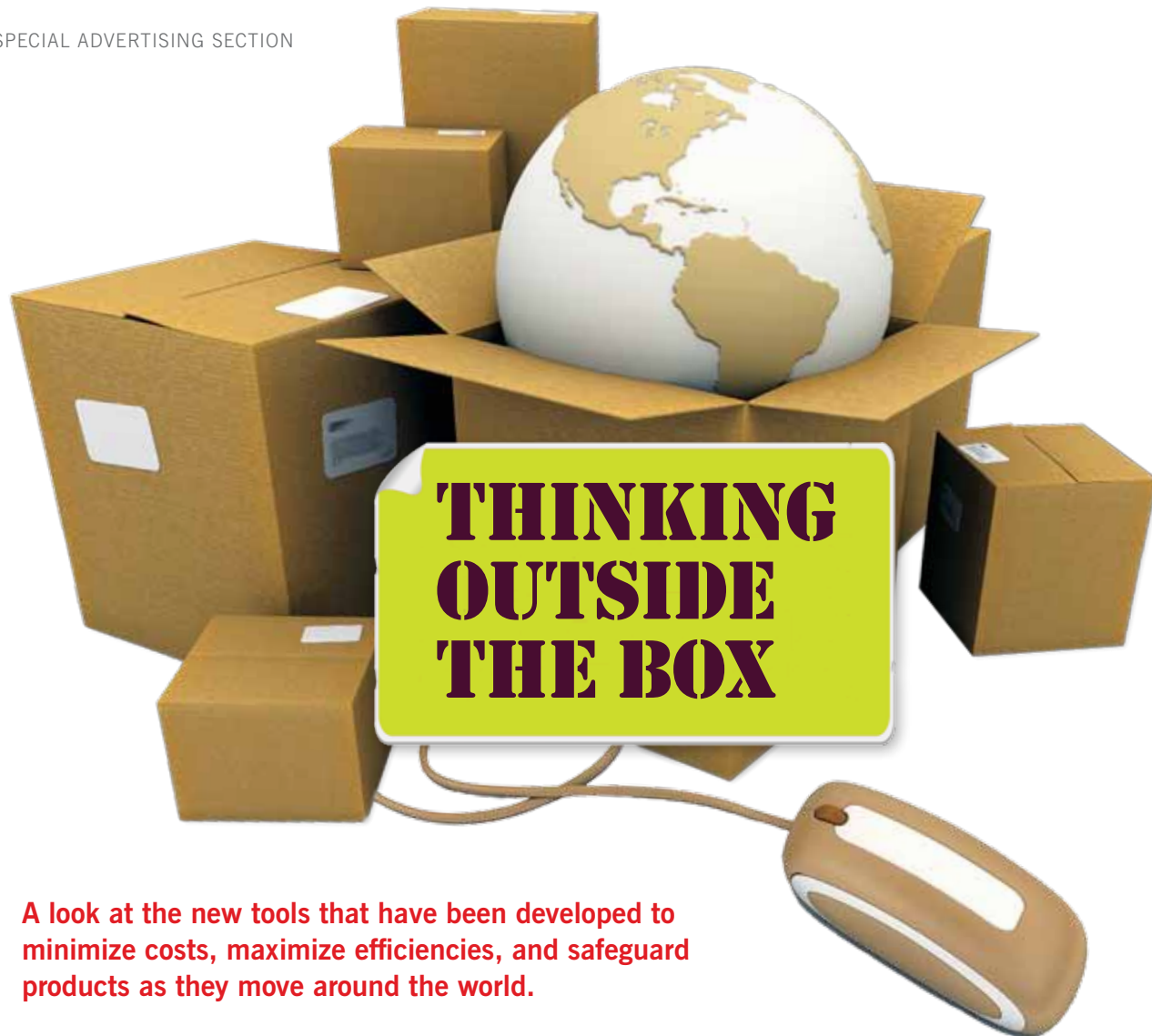
THE SUPPLY CHAIN EVOLUTION

Companies are changing shipping patterns and shifting warehousing and distribution closer to home to mitigate market risk.



Council of Supply Chain
Management Professionals

The World's Leading Source for the Supply Chain Profession.™



THINKING OUTSIDE THE BOX

A look at the new tools that have been developed to minimize costs, maximize efficiencies, and safeguard products as they move around the world.

BUSINESS MAY NOT BE BOOMING everywhere, but certain parts are doing well. According to a February report from the Institute for Supply Management, new orders and production in the manufacturing sector have increased every month for nearly three years. But getting goods from here to there remains problematic. While freight shipments climbed 7% in 2011, Cass Information Systems reports that average shipping costs spiked 24%, driven by rising fuel prices and increases in other basic costs of doing business. ¶

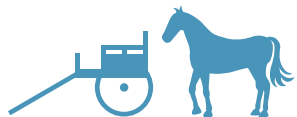
Given this scenario, more and more companies are deciding it's too risky to depend on a single distribution hub. According to Rick Blasgen, president and CEO of the Council of Supply Chain

Management Professionals, growing numbers of manufacturers are shifting to regional distribution centers that are in close proximity to end consumers.

"When the economy comes back

and there's a surge in demand for inventory," says Blasgen, "there's going to be a pressure cooker in the transportation arena." Part of the problem is that trucking concerns get booked up quickly. "If you're concerned about that," Blasgen says, "you're going to reconfigure where you put your piles of inventory to support your customers."

Chances are, moreover, the pressures are going to get worse. In an August 2011 report, Boston Consulting Group cited rising labor costs in China as one reason makers of certain goods bound for U.S. consumers will soon be faced with a compelling case to shift manufacturing back here. "For many goods," the BCG report said, "when transportation, duties, supply chain risks, industrial real estate, and other costs are fully accounted for, the



THE PROBLEM WITH A LOT OF SUPPLY CHAIN SOLUTIONS IS THAT THEY DON'T FIRST DEFINE THE PROBLEM.

Today, global logistics providers must have the tools to manage customer supply chains. A global office network, transportation and distribution services, integrative IT platforms, and so on. With these tools in place, one might think that is enough. It isn't. However, they all have to be in the "cart."

At MIQ, we believe what should come first is a customer partnership based on a deep understanding of their core business. Thus, we hire the best talent in the industry to analyze each customer's needs/problems, then dip into the cart

for solution tools specifically designed to address them.

Today, it isn't only about providing a cart full of logistics services. It's about understanding each customer's individual business, supply chain requirements and problem areas that lead to intelligent solutions.



For more information
please call
+1 877 232 1845.

MIQ
LOGISTICS

INTELLIGENT GLOBAL
SOLUTIONS

www.miq.com

savings of manufacturing in China rather than in some U.S. states will become minimal within the next five years."

Handling the seismic shifts from forces like this will be no easy task. It will require flexibility and specialized knowledge in areas ranging from inventory tracking to the processing of returns. These are rarely core competencies for any except the biggest manufacturers and retailers, says Kevin O'Marah, senior research fellow at the Stanford Global Supply Chain Management Forum at Stanford Business School.

STRATEGIC PARTNERING

As a result, companies are increasingly outsourcing many tasks to logistics specialists, which are offering more services than ever before. Logistics, which encompasses the range of services involved in getting goods to market, is a \$1.2 trillion industry in the U.S. It's being made easier by third-party logistics providers, or 3PLs, which traditionally have warehoused freight and shipped it via truck, rail, sea, and air. Armed with the right equipment and know-how to solve complex business problems quickly, they're doing much more these days.

Consider what MIQ Logistics—a transportation and distribution company based in Overland Park, Kans., that provides services in and between more than 80 countries—recently did for a client that makes cellphone accessories from parts manufactured in Asia. When the client needed to switch suppliers, MIQ Logistics implemented a system for "kitting" all of the components (combining the products and all required packaging) at a Southern China facility. As components arrived from scattered sites in Asia, they were re-packaged and shipped out within three weeks for delivery in North America, the Middle East, and Europe.

"Speed is the name of the game," says MIQ Logistics chairman and CEO Joey Carnes. Adds John E. Carr, president and COO: "With the support of our

LOGISTICS IS A

\$1.2
TRILLION

INDUSTRY IN THE U.S.

thousands of logistics professionals, we have the infrastructure to deliver seamless end-to-end supply chain solutions around the world."

According to an October 2011 report from Capgemini Consulting, 64% of 1,500 companies surveyed say they are increasing their usage of 3PL firms. No surprise, then, that the *2012 Annual Third-Party Logistics Study* found that more than two-thirds of surveyed companies are turning to 3PLs for transportation planning, distribution center management, and other sophisticated, value-added services that go beyond shipping and storing.

In the process, they're redefining what it means to outsource logistics and are taking the results to the bank. "For shippers who are customers of 3PLs," says Stanford's O'Marah, "this is an opportunity to take advantage of the scale, skill, and knowledge that smaller shippers could never afford to build and operate themselves."

Value-added services the 3PLs provide have evolved quickly in recent years, driven by a variety of forces, not least of which are the complexities created by the changes taking place in consumer purchasing behavior. Example: Sneaker manufacturers now ship not only to retail outlets but also directly to end users who order online.

Consumers love the new flexibility, but it can wreak havoc on warehousing, packaging, and delivery systems. Being able to handle any type of order is crucial for tapping every available market in the

Internet age. Filling the gap, 3PL firms are solving these problems by investing in tools and equipment that aren't cost-effective for individual manufacturers to own, operate, and maintain. Whether it's customized tracking software or state-of-the-art forklifts, says O'Marah, most companies—especially small and midsize players—can't get access to the best tools for the job unless they utilize a 3PL.

JUST IN TIME

What's more, the practice of postponement—which lets companies save by assembling only what's needed upon order—requires much more know-how than in years past. For example, just-in-time production of printers means distribution centers that assemble the hardware, package the products, and ship them out also must be equipped to burn in the right software.

Today's 3PLs are providing services

like late-stage assembly and software burn, "things that reduce the inventory load," says O'Marah. "At the same time, they put clients in a position where they can sell through more channels—direct retail as well as online consumer—from the same warehouse. That creates a big savings for everybody."

Even the largest of manufacturers feel it makes sense to let 3PLs coordinate with suppliers and find efficiencies to and from the factory floor. Some of the world's leading automotive, aerospace, and industrial manufacturers use Ryder Supply Chain Solutions to help manage their supply chains. The company supports nearly 300 OEM and Tier 1 auto assembly plants, where lean manufacturing, just-in-time parts delivery, and production flexibility are the critical ingredients to success.

With well-organized parts arriving on time, plants are able to maximize productivity and spring into operation

as soon as the parts show up. Whether it's for the automotive, aerospace, consumer goods, or any of the other industries Ryder Supply Chain Solutions serves, parts are sub-assembled, kitted, sequenced, and made ready for delivery. It means customers can dramatically improve service and speed goods to market, two items companies in all businesses are in the market for.

Whether companies are looking to consolidate their distribution networks or simply reduce transportation costs, the 3PLs have the answer—and it's translating into big improvements in service, speed-to-market, and return on investment for customers in the growing number of industries they serve.

To advertise in our Freight and Logistics sections, contact Jordan Keyes at 212.522.8467. For reprints, call PARS at 212.221.9595, ext. 437. For information on the industry, go to CSCMP.org.

Calibrate Every Movement.

Synchronize Positions.

Push The Boundaries.

Strive For Excellence.

To learn more about Ryder



Scan with your smart phone

Execution Is Everything.

SUPPLY CHAIN • DISTRIBUTION • TRANSPORTATION • CONTROL TOWER

Ryder®
Supply Chain Solutions