



September 2010

**BIG BROTHER WANTS
TO KEEP YOU IN THE
DARK:**

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BE RECEIVING A
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BIG BROTHER WANTS TO KEEP YOU IN THE DARK:

Parcel giants UPS and FedEx appear to be getting even bolder in their message to shippers. That message is that UPS and FedEx will not allow their customers to use Third Party Parcel Negotiators to negotiate their new pricing agreements. Industry experts are mulling this strategy over to see if it is a good one or a bad one. It obviously depends on which side of the negotiation table you are sitting on.

Certainly for UPS and FedEx this decision is one that may save millions of dollars annually. So from their perspective it's a BRILLIANT decision. Shippers will continue to monitor UPS and FedEx's quarterly profits and will see them rise steadily as they have over the past several quarters. Some of these rising profits are coming out of the pockets of many of these unsuspecting shippers and that fact will not sit well with the shipping community.

On the other side of the negotiating table sits the defenseless shipper who will be at a distinct disadvantage. It may not have the detailed information it needs to negotiate a favorable contract and therefore WILL pay more than they might have had they sought the advice and counsel of a Third Party Parcel Negotiator. With limited competition in the parcel shipping marketplace, shippers really do have their hands tied behind their backs. The real question that WILL ultimately have to be answered is whether or not this move by both FedEx and UPS is legal. That decision will be left up to the legal community and perhaps even the courts.

Please take a moment to check out ICC's Blog @ <http://www.logisticsstrategies.com> to check out previous articles.

SUPPLY CHAINS WILL BE RECEIVING A HIGHER LEVEL OF ATTENTION:

According to a recent Tompkins Supply Chain Consortium survey of leading retailers and manufacturers, companies are more likely today to have senior level supply chain leaders. The executive briefing titled "The Structure of Today's Supply Chain Organizations" states that over the past five years or so, the organizational level of the senior most supply chain executive has steadily moved higher. Today almost 50% of retailers and manufacturers have supply chain executives at or above the executive vice president level.

Now, many folks with any supply chain experience will be finding themselves in “C” level meetings, helping their companies drive operational improvements while at the same time reducing costs. It has been a well known fact for years that many supply chain initiatives could have led many companies to improved profitability at a time when sales were steadily declining. The only problem was upper management either did not understand the value these initiatives could bring to the table, or it wasn’t sold on the initiatives by the supply chain group.

Many corporate executives are afraid to “step outside the box” and challenge their peers to work cohesively to obtain better operating results for the company in the area of supply chain management. Many companies today do not have a clear vision of the supply chain because many different corporate executives and departments have a little piece of the puzzle. For example, when the inventory control group decides not to maintain duplicate inventories in east coast and west coast warehouses, the operations group is required to ship goods over longer distances to meet customer demands. How many more dollars in freight costs have been spent compared to maintaining the inventories? Is it cheaper not to maintain duplicate inventories? The reality is no one knows unless these groups work together and analyze what is best. First and foremost, what is best for their customer and then what makes more sense for the good of the company’s bottom line.

To take this one step further a company should always be looking at what supply chain functions can and should be outsourced. With many different players protecting their internal domains, getting the proper factual information to evaluate these scenarios could be near impossible. There must be cross functional accountability to each and every department operating within the supply chain operation. On the other side of the coin, we have seen major corporations that have hired senior level supply chain executives to oversee entire domestic and international supply chain operations. Unfortunately, many of these executives either lacked the technical expertise in all areas of the supply chain to be successful or didn’t know how to navigate the corporation’s political environment to get things done. Either way their best intentions did not materialize.

We couldn’t agree more with the survey results. However, we caution all companies to make sure the individual(s) they bring into the “C” suite not only understand all aspects of supply chain concepts, but also have the savvy to navigate the rough waters of corporate politics. Without these skill sets the individual and the company will fail in its effort to achieve the intended results.

RFID COMING TO A PAIR OF UNDERWEAR NEAR YOU:

Yes it is true Wal-Mart is in the process of testing the use of item level RFID, (Radio Frequency Identification Devices) that will be attached to jeans and underwear at their stores. They will be using this technology to assess needed inventory to ensure their shelves always contain enough products to meet customer demand. It is clear that if this test works, RFID technology will be added to many, if not all products sold in Wal-Mart stores.

These devices are perfect for fashion apparel as there is a very short season for retailers to sell these products. Therefore the more they know about the customer’s buying tendencies, and the location of the goods within the store, the better prepared they will be to stock those styles the customer is looking for. When you look at jeans for example, very often buyers will place inventory where it does not belong, in another style or size bin. With the RFID technology it is infinitely easier for the retailer to find the goods, place it back where it belongs and have another consumer find what they want and make the purchase.

For those retailers whose sales are much smaller than Wal-Mart, you're next!

UPS PLANS TO IMPROVE FUEL EFFICIENCY BY 20 PERCENT:

"Big Brown" has set a new goal of improving the overall miles per gallon in their tremendous fleet of vehicles by 20% between the years 2000 and 2020. In 2009, UPS' drivers logged in excess of 77.3 million more miles than in the year 2000, yet according to their records fuel consumption went down by 3.2 million gallons. UPS achieved these results in a variety of ways including, improved vehicle technology, effective vehicle maintenance procedures, fuel conservation efforts, routing technology and operational initiatives, including a reduction in truck idling.

UPS announced last year a similar effort to improve their carbon efficiency of its airline by an additional 20% again by the year 2020. This initiative will give UPS a cumulative reduction of 42% since the year 2000. Certainly a major step in the right direction!