



SUPPLY CHAIN GUARDIAN

EXPANDING MARKETS & IMPROVING MARGINS

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Guaranteed LTL Service - Value to the Supply Chain?

By Jim Graham



Most less-than-truckload (LTL) carriers have some type of guaranteed service, ranging from delivery based on standard published transit times to being delivered at a specific time. In order to properly bring value to the supply chain, there must be an understanding of the value, limitations and remedies being purchased.

Value of Guaranteed Service

The value is: 1) Enhanced tracking by SCG; 2) Priority movement of the shipment through the carrier's operations; 3) Ultimately, an on-time delivery close to 100%. A shipment where just-in-time manufacturing is demanding a very small window for delivery, or where failure to deliver could create manufacturing or compliance issues, "Guaranteed Service" provides a low cost beneficial option in covering these high value production or compliance risks.

Limitations of Service

Since the carrier will suffer a loss of revenue if they do fail on the shipment, they have established certain limitations for the service. Standard limitations are, but not limited to, only certain lanes or restriction of zip codes or cities; will not apply to freight requiring liftgates or appointments; must be tendered prior to 5:00 p.m. local time; cannot be temperature controlled/protect from freezing; COD not allowed; does not apply to limited access, schools, private residences, show or exhibition freight; freight of excessive length (starting at 10 feet for one piece); and acts of God or governments. Limitations like these negate the carrier's guarantee service offer and the shipment would not be considered for any remedy should a failure occur.



FROM
THE
PRESIDENT

The Chief Supply Chain Officer

Tactical or strategic?

That is the question. If the task at hand is implementation and ongoing management, you are facing a tactical challenge. If you are looking at what to do, you are facing a strategic challenge. For the strategic decision, the largest companies are appointing Chief Supply Chain Officers (CSCO's). The job of the CSCO is to keep supply chain aligned with the corporation's strategic business objectives. The CSCO will ensure that supply chain strategy is formulated for agility, efficiency and competitive advantage. Other corporate management will assume the mantle of strategy implementation, ongoing management and reporting key metrics.

Companies like Walmart have embraced the CSCO concept and have even elevated CSCO's to the CEO position. This illustrates the value Walmart places on supply chain to help achieve corporate business objectives.

Most small and midsize companies today are asking existing management team members to wear multiple hats.

Remedy

While the chance of failure is greatly reduced, all transportation modes are subject to failure. The standard remedy when a failure does happen is non-payment of linehaul, fuel surcharge and the additional guarantee fee. Charges for other services not considered part of the linehaul are usually considered due (i.e. high cost delivery area charges, insurance/excessive value coverage). Special consequential costs or perceived damages due to failure of the shipment to arrive are not part of the guaranteed services remedy (i.e. wages paid for workers, loss of production, expedited transportation costs by another carrier).

When a failure does happen, there are two "recovery" options:

The originating carrier is allowed to deliver the shipment at the earliest available opportunity, with the remedy being non-payment for the linehaul.

An alternative expedited shipping mode may be selected, which will retrieve the shipment from the original carrier and make the delivery to the consignee. While the remedy of not paying the original carrier for the move may be invoked, the charges for the expediting of the freight are not part of the remedy and are payable in full.

Supply Chain Guardian has the expertise to help in evaluating the need for guaranteed services in managing your high value manufacturing or compliance risks.

Jim Graham is TBB's Director of Transportation. Contact Jim at jgraham@tbbgl.com

This has been necessitated by the recession. These dedicated and hard-working team members are working excessive hours and are fully in the trenches handling tactical matters. This leaves strategic planning to wait on the sidelines. As strategy waits, so does growth. As a small or midsize company, you likely cannot afford to employ a CSCO no matter how good an idea you think it is. TBB can make this problem go away by providing you with an outsourced CSCO. An onsite strategist working with your executive team can be a real difference maker without the burden of a big salary and benefits. In fact, your commitment to an outsourced CSCO is only one hour at a time.

Many small and midsize business owners have embraced the outsourced CSCO concept. These pioneering business owners will emerge from the recession faster and stronger than their competitors placing themselves in a position to thrive and change as the need occurs.

To learn more about the outsourced CSCO concept, contact your TBB Supply Chain Solutions Account Manager.

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Harmonized System Changes Effective January 1, 2012

HS 2012, ready for take off.

The WCO has published the agreed amendments to the Harmonized System (HS) nomenclature that will enter into force on January 1, 2012.

[Click here](#) to see the accepted HS Nomenclature 2012 amendments.

About the amendments

Environmental and social issues of global concern are the major feature of the HS 2012 amendments, particularly the use of the HS as the standard for classifying and coding goods of specific importance to food security and the early warning data system of the United Nations' Food and Agriculture Organization (FAO).



The New Supply Chain Guardian Blog

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Winning companies understand that aligning supply chain with strategic business objectives is the right formula. The Supply Chain Guardian Blog will keep you informed of supply chain news, advice and positive

The volume of amendments within, for instance, Chapter 3, for the separate identification of certain species of fish and crustaceans, molluscs and other aquatic invertebrates, is eye-catching. However, the modifications aim at improving the quality and precision of trade data in these commodities. The amendments include, *inter alia*, improved specifications for species from the Southern hemisphere. These amendments will enable economic trends in products other than those familiar to North Atlantic consumers to be monitored.

In the same vein, new subheadings have been created for the separate identification of certain edible vegetables, roots and tubers, fruit and nuts, as well as cereals. HS 2012 also features new subheadings for specific chemicals controlled under the Rotterdam Convention and ozone-depleting substances controlled under the Montreal Protocol.

Other amendments resulted from changes in international trade patterns. These include deleting more than 40 subheadings due to the low volume of trade in specific products, separately identifying certain commodities in either existing or new headings, and reflecting advances in technology where possible. Finally, a number of amendments aim to clarify texts to ensure uniform application of the HS Nomenclature.

The recommendation to delete subheading 5308.10 for coir yarn in the nomenclature will not take effect on 1 January 2012 due to an objection having been lodged by one of the Contracting Parties to the HS Convention.

The Implementation period

While January 2012 may seem far off, the WCO Secretariat is working on the development of requisite correlation tables between the old and new versions of the HS, and on updating HS publications, such as the Explanatory Notes, the Classification Opinions, the HS Commodity Database and the Alphabetical Index.

Customs administrations also have a huge task to ensure timely implementation of HS 2012, as required by the HS Convention. They are therefore encouraged to begin the process of implementing HS 2012 in their national Customs tariff or statistical nomenclatures.

Source: World Customs Organization

For more information on these changes, please contact International Supply Chain Guardian at 800-295-2626.

examples to help you use supply chain to your competitive advantage.

Blog Post: Aligning Supply Chain & Business Strategy

For many, the end of the fiscal year is almost here. The scene in many a boardroom will be executives poring over financial statements and wondering about the year-end bonus that might have been. The CEO will bark, "How did we miss our target by so much?" The managers of procurement, inventory, warehousing, transportation and perhaps others will lament that it could not possibly be their fault. After all, established metrics were met and reported on throughout the year. Where do these companies go off course?

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