



Securing the chain

In supply chain strategy investment in IT is needed to lock things up

By Richard Knee

"LIFE," the late John Lennon once said, "is what happens to you while you're busy making other plans."

Shippers might do well to remember this as they develop and implement their supply-chain and logistics strategies.

And, according to some prominent executives in the freight sector, the key to staying nimble is timely information, which in turn requires investing in data processing and communication systems.

Events over the past few years have underscored this point: labor disruptions on the West Coast in fall 2002, congestion at the twin ports of Los Angeles and Long Beach two years later and, most recently, the major hurricanes that ravaged the Gulf Coast last August.

Some might ask if the just-in-time strategy — transporting merchandise in the shortest possible time-frame in order to minimize inventory and attendant costs — is no longer such a good idea.

One man who is looking closely at the idea is John Ficker, in charge of day-to-day operations at the National Industrial

Transportation League — an educational and lobbying organization advocating primarily for shippers and consignees.

"Just-in-time is not over, but how it's used is going to be adjusted to enable us to operate in the environment we find ourselves in," said Ficker, the NIT League's president.

He pointed to a variety of factors that have converged to minimize congestion at Los Angeles and Long Beach, the nation's busiest container ports.

"People ship a little early. They've hired more longshoremen. There's been improvement in the rail and truck situation. There's PierPass. There's been some diversion [of cargoes] to Oakland and the Northwest, and some to all-water. When you add it all up, it's a big change," he said.

PierPass, launched last July by marine terminal operators at the two ports, is a program assessing a fee of \$40 per 20-ft container and \$80 per 40-ft container moving through a truck gate and offering a full rebate when the container pick-up or

delivery occurs during non-peak hours.

During the 2002 work stoppages and lockout on the West Coast, container pile-ups on the docks prevented exporters from obtaining equipment to move their products.

Many of them responded by switching their box suppliers, said Michael Nielsen, senior vice president of commercial sales for INTTRA, an ocean carriers' consortium providing standardized formats and a unified portal for shipping-related documents such as freight bookings and bills of lading.

"There is a need for fast, speedy information when disasters occur. You need to be agile," he said, adding, "We provide that visibility, all in one portal."

The name, according to INTTRA's web site (www.intra.com), combines a handful of abbreviations: INT for international, TRA for both transportation and trade, and TT for track and trace.

INTTRA is based in Parsippany, NJ, and has offices in Copenhagen and Hong Kong.

Its sponsoring carriers are Aliança, CMA CGM and its ANL Shipping subsidiary, DAL Deutsche Afrika-Linien, Hamburg Süd, Hapag-Lloyd, Kawasaki Kisen Kaisha, Maersk Sealand, MCC Transport, Mitsui OSK Lines, MSC Mediterranean Shipping Company SA, Nippon Yusen Kaisha Line, P&O Nedlloyd (now owned by Maersk), Safmarine, Senator Lines, and United Arab Shipping Co.

Especially now, with security receiving around-the-clock attention, government agencies that monitor freight activity want cargo manifest information at the earliest possible stage, namely during the freight booking process, Nielsen said.

"A lot of technology is needed to keep up with the information systems that our customers are using and with their information requirements," agreed Andy Miller, vice president of West Coast operations for National Retail Systems Inc., which provides domestic transportation and logistics services for US importers through an amalgam of subsidiaries and which so far has used the Southern California gateway exclusively.

Introducing technology at marine terminals has been especially difficult because of resistance from longshore unions concerned about potential job losses, he said.

Jason Lugo

The issue is crucial for NRS and its customers because the company's volume is rising rapidly, he said.

It doubled in 2001-02 and grew by 32%, 35%, and 34% in the subsequent years, he said. What is "amazing," he added, is that NRS's volume growth remains at around 35% even though routing through ports to the north and the Panama Canal is increasingly popular.

"On the domestic side, it's very easy to use automation ... to have the customer send notice in advance of what will be coming into my building," he said. An identification number on each carton speeds up routing within the warehouse, he said.

However, he said, marking systems in the Far East are "not as advanced" as those here, so tracking the cargo before it reaches the US gateway isn't always easy.

"The issue is for [vendors] to be able to get compliance throughout their plant and with freight forwarders," he said.

While owner-operator truck drivers pick up probably 99% of the contain-



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ers coming into Los Angeles and Long Beach, NRS employs its own drivers and can pay them extra to retrieve boxes dur-

ing off-peak hours in order to receive the PierPass fee rebates, he said.

Ficker offered some advice on how importers can keep pace with shifts in manufacturing activity and sourcing patterns.

"Just keep in touch with the purchasing guys and see where the orders are being placed. And keep in touch with the carriers," he said.

"A lot of the shipping lines are global, but they still need enough lead time to shift their vessels. It's not something they can do overnight."

With textile production increasing in Southeast Asia and the Indian subcontinent, some of the cargo is being routed through the Suez Canal to the US East Coast, he said.

Southern California isn't likely to be replaced as the primary import gateway, but there is some diversion to other ports, he said, so shippers need to work with ocean carriers to make sure that their overland transportation networks are in place. ■



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