

Sharing the ride

Local shipping & logistics companies use technology to innovate for clients

Next time you're driving along Highway 41 in northeast Wisconsin, pay attention to the multitude of trucking companies on the road. All those trucks running common routes, similar distribution locations and dispatch schedules might look like a lot of traffic, but several local companies recognize that competition on the road equals opportunity to get innovative and solve its industry's biggest challenge.

When it comes to shipping and logistics, supply chain costs are now the number one expense of doing business. Schneider Logistics, Inc., a subsidiary of Schneider National, Inc., is one of several local shipping and logistics organizations getting creative to successfully navigate its customers' biggest roadblocks.

For example, Schneider's Integrated Delivery Service (IDS) is a shared-channel approach where competitors who move freight in the same geographic markets are actually sharing supply chains.

Schneider launched IDS in 2010 from its nine cross-dock locations across the nation, and it was recently recognized by *Supply & Demand Chain Executive* magazine's annual Pros to Know list for bringing capacity, service, speed and cost savings to new markets. Merging its freight, the company customized its routes based on multiple shippers' cross-docking, dedicated delivery, pool distribution, reverse logistics and recurring less-than-truckload (LTL) consolidation needs.



COURTESY OF RGL HOLDINGS

Companies such as RGL Holdings, Schneider Logistics and Kimberly-Clark are using technology to develop ways to save money on expensive supply chain costs, improving service to their customers along the way.

But the innovation didn't stop there. Earlier this year, Schneider took a hard look at boosting its capabilities in integrated deliveries, starting with its after-market auto parts model for customers such as GM, Ford and Chrysler dealerships. How could Schneider feed its customers' increasing appetite for shipping smaller quantities, more frequently and much faster?

"We thought, 'Well, we already have the ability to provide very effective next-day delivery for our established auto parts customers, why not leverage that capability across multiple industries?' So we're now expanding into retail, chemical and equipment manufacturing," says John Vesco, vice president and general manager of Integrated Delivery Services (IDS).

Dozens of customers are already

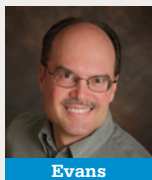
reaping the benefits of Schneider's IDS approach, which includes state-of-the-art scanning technology that scans and tracks any item from point of pickup to outbound delivery.

"We worked with a customer who was amazed that this system was able to remove 20 hours – an entire day – out of delivery turnaround. These efficiencies allow us to pool our deliveries and offer tremendous efficiencies and cost savings," Vesco says. "We're building on a long-term legacy, expanding into other industries with multiple carriers, all managed under our umbrella."

Schneider's Integrated Delivery Service currently operates in eight networks across the United States, and markets targeted for expansion include the Midwest and Dallas/Fort Worth, Texas.

GOING HIGH-TECH FOR GAME-CHANGING LOGISTICS

In 1903, two horses and a wagon were all that T.M. Leicht needed to serve the paper mills in northeast Wisconsin. Today, the company has taken transportation and warehousing to a new level of domestic and international transportation, warehousing, order fulfillment and more, thanks to its highly customizable and sophisticated technology.



Evans

"We are industry leaders when it comes to embracing state-of-the-art tools to manage our business," says Steve Evans, the chief technology officer for RGL

Specialty Services and Leicht Transfer & Storage Co. in Green Bay, as well as Checker Logistics in Neenah. The companies are all under the umbrella of parent company RGL Holdings, Inc.

Real-time radio frequency and an integrated system of the latest logistics software allow RGL to up its game and serve customers like Georgia-Pacific, Bemis, Exxon Mobil and others, each with multiple transportation and

tracking needs and warehousing requirements.

Each pallet or unit is bar code scanned for identification. Even RGL's ergonomic and exhaust-free "green" electronic forklifts are equipped with the latest technology to communicate immediately and in real time via antennas and access points wired into the warehouses. It's a very fast and accurate way to answer questions, produce reports and manage inventory.

"For example, if a customer alerts us to a quality issue with a specific pallet or roll of product, we can go into our Warehouse Management System (WMS), locate the bar code, and give them a snapshot of when the product was received, its exact location in our warehouse, or if it was shipped we can identify when it was shipped and the order and truck it was shipped on," says Evans.

The system also caters to customers with a wide variety of products that have different shelf life requirements, such as products containing alcohols like commercial hand sanitizers and lotions which have tighter requirements in terms of inventory rotation and age management.

On the transportation end, the company invested

in "tier one" McLeod Freight Management Systems software to help adapt to customer needs through sophisticated data sharing with its own trucks as well as loads shipped via other carrier companies.

The program sends electronic-shared information from the customer straight to RGL. Ten years ago, if customers transferred data electronically, they typically used a Value Added Network (VAN) provider.

But now software programs like McLeod transfer data through the Internet, making it cheaper and more available to customers.

Additionally, each truck is equipped with PeopleNet on-board computers that confirm location and delivery time. It even alerts customer service staff when the delivery is within a mile of arrival at the receiving area.

Because disaster recovery protection is critical, RGL's system and network has data server rooms in both its Green Bay and Neenah locations.

"Every 15 minutes we send a snapshot of all of our data to the other server location to ensure it is backed up," Evans says.

—Amy Spreeman

Collaborative logistics

For Neenah-based Kimberly-Clark logistics planners, the opportunity to explore innovative solutions came together through advanced technology

and opportunities to improve its green sustainability. Additionally, retailers have been asking K-C to help them find solutions for congestion and inventory challenges, especially as fuel

costs have skyrocketed.

Two years ago K-C had an opportunity to collaborate with and connect two customers: CVS and Colgate-Palmolive, which [continued] »

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created a co-shipping partnership within distribution centers in Texas, Florida and Georgia. The experiment has been largely successful, with K-C taking trucks off the road and reducing costs to eliminate total transportation miles by 10 percent.

“After seeing how this solution has driven our ability to deliver smaller batches more often, reduce congestion and lower inventory costs, CVS has been very supportive,” says Scott DeGroot, director of Customer Supply Chain Strategy at Kimberly-Clark in Neenah.

Because these partnerships have become common practice throughout Europe, DeGroot would stop short of calling K-C a pioneer in co-shipping innovations, “but we are among the first in recent history to do this in a practical way in the United States. We’ve talked about doing this here for more than a decade in North America.”

In addition to CVS and Colgate-

“It’s a lot like entering a marriage. We need trust, transparency and a willingness to commit even through challenging times. If one fails, we both do.”

—Scott DeGroot, director of Customer Supply Chain Strategy at Kimberly-Clark in Neenah

Palmolive, K-C has been working with General Mills, S. C. Johnson and grocers Kroger and Wakefern Food Corp., to name a few. The company is planning to launch a new initiative in 2013 to reach more retail partners to facilitate this kind of sharing, but DeGroot knows well that it will take more than powerhouse K-C to drive the response.

“We have been speaking about this capability to industry and academic groups to grow a big community of interested parties to develop industry standards, advance the logistics and the tools it will take for everyone to

succeed,” DeGroot says.

The benefits remain tantalizing, but DeGroot is hoping these best practice examples will move the industry to new collaboration opportunities. He adds that K-C still has work to do on its capabilities development to make this kind of collaboration scalable, and points to a bold and similar corporate culture of partner companies as the key to moving forward.

“It’s a lot like entering a marriage. We need trust, transparency and a willingness to commit even through challenging times,” DeGroot says. “If one fails, we both do.” ❶

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