



trans-TRADE
inc.

2013

Freight Forwarding, Logistics & Supply Chain Glossary

A

Accessorial Charges: A carrier's charge for accessorial services such as loading, unloading, pickup, and delivery.

Also see: *Upcharges*

Accessorial Fee: See *Accessorial Charges*

Accreditation: The process in which certification of competency, authority, or credibility is presented. An example of accreditation is the accreditation of testing laboratories and certification specialists that are permitted to issue official certificates of compliance with established standards.

ACH: See *Automated Clearinghouse*

Acknowledgment: Typically this is a response, either electronic or as a physical document, which confirms the receipt of an order from the supplier to the buyer.

Active Inventory: Materials held in a facility which are intended to be consumed in manufacturing/assembly, or sold in a specified period.

Active Stock: Goods in active pick locations and ready for order filling.

Actual Costs: The actual labor, material, and allocated overhead costs incurred in the acquisition or production of a product.

Advanced Shipping Notice (ASN): Detailed shipment information transmitted to a customer or consignee in advance of delivery, designating the contents (individual products and quantities of each) and nature of the shipment. In EDI data standards this is referred to as an 856 transaction. May also include carrier and shipment specifics including time of shipment and expected time of arrival.

Aftermarket: A market for parts and accessories used in the repair or enhancement of a product. A secondary market created after the original market sales are finished.

Agency tariff: A publication of a rate bureau that contains rates for many carriers.

Agent: An enterprise authorized to transact business for, or in the name of, another enterprise.

Air Cargo: Freight that is moved by air transportation.

Air Cargo Containers: Containers designed to conform to the inside of an aircraft. There are many shapes and sizes of containers. Air cargo containers fall into three categories: 1) air cargo pallets 2) lower deck containers 3) box type containers.

Air Waybill (AWB): A bill of lading for air transport that serves as a receipt for the shipper, indicates that the carrier has accepted the goods listed, obligates the carrier to carry the consignment to the airport of destination according to specified conditions.

Alternate Routing: In a production environment this is an optional process for manufacturing or assembly of a product, which may be employed due to unavailability of a primary work center, or choice of non-standard components. May also refer to a transportation route which is different than what would normally be taken, perhaps due to weather.

Approved Vendor List (AVL): List of the suppliers approved for doing business. The AVL is usually created by procurement or sourcing and engineering personnel using a variety of criteria such as technology, functional fit of the product, financial stability, and past performance of the supplier.

Arrival Notice: A notice from the delivering carrier to the Notify Party indicating the shipment's arrival date at a specific location (normally the destination).

ASN: See *Advanced Shipping Notice*

Assembly: A collection of components which have been put together into a unit, or the activity involved with putting components together to form a unit.

Automated Clearinghouse (ACH): A nationwide electronic payments system, which more than 15,000 financial institutions use, on behalf of 100,000 corporations and millions of consumer in the U.S. The funds transfer system of choice among businesses that make electronic payments to vendors, it is economical and can carry remittance information in standardized, computer processable data formats.

Available Inventory: Also called net inventory, this is the quantity of stock which is available to use after considering allocations, reservations, backorders, and quantities set aside to compensate for quality problems.

Synonym: **Net Inventory**

Synonym: **Available-to-Promise**

AVL: See *Approved Vendor List*

AWB: See *Air Waybill*



B2B: See *Business to Business*

B2C: See *Business to Consumer*

Bar Code: A symbol consisting of a series of printed bars representing values. A system of optical character reading, scanning, and tracking of units by reading a series of printed bars for translation into a numeric or alphanumeric identification code. A popular example is the UPC code used on retail packaging.

Bar code scanner: A device to read bar codes and communicate data to computer systems.

Barge: The cargo-carrying vehicle used primarily by inland water carriers. The basic barges have open tops, but there are covered barges for both dry and liquid cargoes.

Batch Number: A sequence number associated with a specific batch or production run of products and used for tracking purposes.

Synonym: **Lot Number**

Batch Processing: A computer term which refers to the processing of computer information after it has been accumulated in one group, or batch. This is the opposite of "real-time" processing where transactions are processed in their entirety as they occur.

Batch Release: Orders are released to be fulfilled or picked at specific times during the course of a day. Accumulation of the orders before release results in a batch.

See also: *Batch Picking*

Belly Cargo: Air freight carried in the belly of passenger aircraft.

Bill of Lading (BOL): A transportation document that is the contract of carriage containing the terms and conditions between the shipper and carrier.

Bill of Lading, Through: A bill of lading that covers goods from point of origin to final destination, when interchange or transfer from one carrier to another is necessary to complete the journey.

Bill of Material (BOM): A structured list of all the materials or parts and quantities needed to produce a particular finished product, assembly, subassembly, or manufactured part, whether purchased or not.

Bill of Material Accuracy: Conformity of a list of specified items to administrative specifications, with all quantities correct.

Bill of Resources: A listing of resources required by an activity. Resource attributes could include cost and volumes.

Bin: An inventory location which is typically a box or tray used to hold quantities of smaller parts.

BOL: See *Bill of Lading*

BOM: See *Bill of Materials*

Bonded Warehouse: Warehouse approved by the Treasury Department and under bond/guarantee for observance of revenue laws. Used for storing goods until duty is paid or goods are released in some other proper manner.

Bookings: The sum of the value of all orders received (but not necessarily shipped), net of all discounts, coupons, allowances, and rebates.

Break-Bulk: The separation of a single consolidated bulk load into smaller individual shipments for delivery to the ultimate consignees. This is preceded by a consolidation of orders at the time of shipment, where many individual orders which are destined for a specific geographic area are grouped into one shipment in order to reduce cost.

Broker: An intermediary between the shipper and the carrier. The broker arranges transportation for shippers and represents carriers.

Bulk area: A storage area for large items which at a minimum are most efficiently handled by the pallet load.

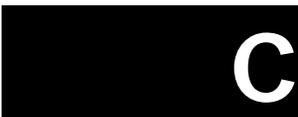
Bulk storage: The process of housing or storing materials and packages in larger quantities, generally using the original packaging or shipping containers or boxes.

Bundle: A group of products that are shipped together as an unassembled unit.

Bundling: An occurrence where two or more products are combined into one transaction for a single price.

Business-to-Business (B2B): As opposed to business-to-consumer (B2C). Many companies are now focusing on this strategy, and their sites are aimed at businesses (think wholesale) and only other businesses can access or buy products on the site. Internet analysts predict this will be the biggest sector on the Web.

Business-to-Consumer (B2C): The hundreds of e-commerce Web sites that sell goods directly to consumers are considered B2C. This distinction is important when comparing Websites that are B2B as the entire business model, strategy, execution, and fulfillment is different.



Cage: (1) A secure enclosed area for storing highly valuable items, (2) a pallet-sized platform with sides that can be secured to the tines of a forklift and in which a person may ride to inventory items stored well above the warehouse floor.

CAGE Code: The Commercial and Government Entity code is a 5 character (number and letters) code used to identify contractors doing business with the U.S. Government.

Caged: Referring to the practice of placing high-value or sensitive products in a fenced off area within a warehouse.

Cargo: subject of a shipment. The materials being carried.

Carrier: A firm which transports goods or people via land, sea or air.

CBP: See *Customs and Border Protection*

Certificate of Analysis (COA): A document, often required by an importer or governmental authorities, attesting to the quality or purity of commodities.

Certificate of Compliance: A document, often required by an importer or governmental authorities, attesting to the quality or purity of commodities. The origin of the certification may be a chemist or any other authorized body such as an inspection firm retained by the exporter or importer.

Certificate of Origin: An international business document that certifies the country of origin of the shipment.

Change Order: A document or digital record which authorizes and provides notification of a modification to a product or order.

Channels of Distribution: The downstream flow of products through various outlets or 'channels' which may consist of distributors, retail stores, on-line fulfillment, etc.

See also: *Distribution Channel*

Charter: The hiring or leasing of a vehicle for temporary use.

Claim: A charge made against a carrier for loss, damage, delay, or overcharge.

Class Rate: A rate constructed from a classification and a uniform distance system. A class rate is available for any product between any two points.

Classification: An alphabetical listing of commodities, the class or rating into which the commodity is placed, and the minimum weight necessary for the rate discount; used in the class rate structure.

Classification yard: A railroad terminal area where rail cars are grouped together to form train units.

Clearinghouse: A conventional or limited purpose entity generally restricted to providing specialized services, such as clearing funds or settling accounts.

Coastal carriers: Water carriers that provide service along coasts serving ports on the Atlantic or Pacific oceans or on the Gulf of Mexico.

Code: A numeric, or alphanumeric, representation of text for exchanging commonly used information. For example: commodity codes, carrier codes, etc.

COGS: See *Cost of Goods Sold*

Commercial Invoice: A document created by the seller. It is an official document which is used to indicate, among other things, the name and address of the buyer and seller, the product(s) being shipped, and their value for customs, insurance, or other purposes.

Commodity: Any physical item that is traded in commerce. The term usually implies an undifferentiated product competing primarily on price and availability.

Commodity Code: A code describing a commodity or a group of commodities pertaining to goods classification. This code can be carrier tariff or regulating in nature.

Common Carrier: Any carrier engaged in the interstate transportation of persons/property on a regular schedule at published rates, whose services are for hire to the general public.

Common Carrier Duties: Common carriers are required to serve, deliver, charge reasonable rates, and not discriminate.

Complete & On-Time Delivery (COTD): A measure of customer service. All items on any given order must be delivered on time for the order to be considered as complete and on time

Compliance: Meaning that products, services, processes and/or documents comply with requirements.

Compliance Checking: The function of EDI processing software that ensures that all transmissions contain the mandatory information demanded by the EDI standard. Compares information sent by an EDI user against EDI

standards and reports exceptions. Does not ensure that documents are complete and fully accurate, but does reject transmissions with missing data elements or syntax errors.

Configuration: The selection and grouping of components and assemblies into a finished product.

Configure/Package-to-Order: A process where the trigger to begin manufacture, final assembly or packaging of a product is an actual customer order or release, rather than a market forecast. In order to be considered a Configure to-Order environment, less than 20% of the value-added takes place after the receipt of the order or release, and virtually all necessary design and process documentation is available at time of order receipt.

Confirmation: With regards to EDI, a formal notice (by message or code) from a electronic mailbox system or EDI server indicating that a message sent to a trading partner has reached its intended mailbox or been retrieved by the addressee.

Confirming Order: A document similar to, or same as a purchase order, which is provided to a supplier as confirmation of a previous verbal purchase request.

Conformance: A term used in quality management to confirm the adherence to specification of a product or service.

Consignee: The party to whom goods are shipped and delivered. The receiver of a freight shipment.

Consignment: The act of consigning—placing a person or thing in the possession of another, but retaining ownership until the goods are sold. This may apply to shipping or sale in a store (i.e., a consignment shop).

See also: *Consignment Inventory*

Consignment Inventory: 1) Goods or product that are paid for when they are sold by the reseller, not at the time they are shipped to the reseller. 2) Goods or products which are owned by the vendor until they are sold to the consumer.

Consignor: The party who originates a shipment of goods (shipper). The sender of a freight shipment, usually the seller.

Consolidation: Combining two or more shipments in order to realize lower transportation rates. Inbound consolidation from vendors is called make-bulk consolidation; outbound consolidation to customers is called break-bulk consolidation.

Consolidator: An enterprise that provides services to group shipments, orders, and/or goods to facilitate movement.

Container: 1) A "box," typically 10 to 40 feet long, which is primarily used for ocean freight shipments. For travel to and from ports, containers are loaded onto truck chassis or on railroad flatcars. 2) The packaging, such as a carton, case, box, bucket, drum, bin, bottle, bundle, or bag, that an item is packed and shipped in.

Containerization: A system of intermodal freight transport using standard intermodal containers that are standardized by the International Organization for Standardization (ISO). These can be loaded and sealed intact onto container ships, railroad cars, planes, and trucks.

Continuous Improvement (CI): A structured measurement driven process that continually reviews and improves performance.

Contract Carrier: Carrier engaged in interstate transportation of persons/property by motor vehicle on a for-hire basis, but under continuing contract with one or a limited number of customers to meet specific needs.

Controlled Access: Referring to an area within a warehouse or yard that is fenced and gated. These areas are typically used to store high-value items and may be monitored by security cameras

Conveyor: A materials handling device that moves freight from one area to another in a warehouse. Roller conveyors make use of gravity, whereas belt conveyors use motors.

COO: See *Country of Origin*

Cost, Insurance, Freight (CIF): A trade term requiring the seller to arrange for the carriage of goods by sea to a port of destination, and provide the buyer with the documents necessary to obtain the goods from the carrier.

Cost of Goods Sold (COGS): The amount of direct materials, direct labor, and allocated overhead associated with products sold during a given period of time, determined in accordance with Generally Accepted Accounting Principles (GAAP)

Cost Recovery Rate (CRR): Provides the funding stream for a wide variety of program logistics support functions.

COTD: See *Complete & On-Time Delivery*

Country of Origin: The country of manufacture, production or growth from where a product comes.

Cross Dock/Cross Docking (XDK): A distribution system in which merchandise received at the warehouse or distribution center is not put away, but instead is readied for shipment to retail stores. Cross docking requires close synchronization of all inbound and outbound shipment movements. By eliminating the put-away, storage and selection operations, it can significantly reduce distribution costs.

C-TPAT: See *Customs-Trade Partnership against Terrorism*

Cube: The volume of the shipment or package.

Calculation: length x width x depth

Customer: 1) In distribution, the Trading Partner or reseller, i.e. Wal-Mart, Safeway, or CVS. 2) In Direct-to-Consumer, the end customer or user.

Customs Brokerage: Involves the clearing of goods through customs barriers for importers and exporters.

Customs Clearance: The accomplishment of the Customs formalities necessary to allow goods to enter the country, to be exported or to be placed under another customer's procedure.

Customer/Order Fulfillment Process: The typical business process which includes receipt and processing of a customer order through delivery.

Customization: Creating a product from existing components into an individual order.

Synonym: ***Build to Order***

Customs and Border Protection (CBP): Formed during the creation of the Department of Homeland Security in 2003, CBP consists primarily of the customs inspection function formerly performed by the U.S. Customs Service as part of the Department of Treasury, the immigration inspection function formerly performed by the Immigration and Naturalization Service (INS), and the Border Patrol, formerly part of the Department of Justice.

Customs House Broker: A business firm that oversees the movement of international shipments through customs and ensures that the documentation accompanying a shipment is complete and accurate.

Customs-Trade Partnership against Terrorism (C-TPAT): A joint government/business initiative to build cooperative relationships that strengthen overall supply chain and border security. The voluntary program is designed to share information that will protect against terrorists' compromising the supply chain.

D

Dangerous Goods: Articles or substances capable of posing significant health, safety, or environmental risk, and that ordinarily require special attention including packaging and labeling when stored or transported.

Synonym: ***Hazardous Goods***

Synonym: ***Hazardous Materials***

Synonym: ***HazMat***

DC: See *Distribution Center*

Declaration of Dangerous Goods: To comply with the U.S. regulations, exporters are required to provide special notices to inland and ocean transport companies when goods are hazardous.

Declared Value: The value of the goods, declared by the shipper on a bill of lading, for the purpose of determining a freight rate or the limit of the carrier's liability. Also used by customs as the basis for calculation of duties, etc.

Deferred Shipping: Delivery of non-critical shipments.

Delivery-Duty-Paid: Supplier/manufacturer arrangement in which suppliers are responsible for the transport of the goods they have produced, which is being sent to a manufacturer. This responsibility includes tasks such as ensuring products get through Customs.

Delivery Receipt: Document a consignee or its agent dates and signs at delivery, stating the condition of the goods at delivery. The driver takes the signed delivery receipt to the service center for retention. The customer retains the remaining copy.

Demurrage: The carrier charges and fees applied when rail freight cars and ships are retained beyond a specific loading or unloading time.

See also: *Detention*

Denied Party List (DPL): A listing of all the entities with whom a company cannot do business due to company policy or government requirements. The Export DPL list is based on information supplied by the United States Government Federal Register and other sources.

Detention Fee: The carrier charges and fees applied when rail freight cars, ship and carriers are retained beyond a specified loading or unloading time.

See also: *Demurrage*

See also: *Express*

DFZ: See *Duty Free Zone*

Direct Store Delivery (DSD): Process of shipping direct from a manufacturer's plant or distribution center to the customer's retail store, thus bypassing the customer's distribution center.

Synonym: ***Direct-to-Store Delivery***

Direct-to-Store Delivery: See *Direct Store Delivery*

Distribution: The activities associated with moving materials from source to destination. Can be associated with movement from a manufacturer or distributor to customers, retailers or other secondary warehousing / distribution points.

Distribution Center (DC): The warehouse facility which holds inventory from manufacturing pending distribution to the appropriate stores.

Distribution Channel: One or more companies or individuals who participate in the flow of goods and services from the manufacturer to the final user or consumer.

Distribution Planning: The process involved in planning for distribution activities. Activities may include inbound / outbound transportation, warehouse management, setting inventory levels, putaway and picking, packaging and loading, and various administrative functions.

Distribution Warehouse: A warehouse that stores finished goods and from which customer orders are assembled.

Distributor: A business and industry which acts as a third party local representative and distribution point for a manufacturing firm. These firms may perform some light assembly or kitting of goods, but generally provide a buffer for finished goods. Distributors typically purchase the goods in quantity from the manufacturer and ship to customers in smaller quantities.

Synonym: ***Wholesaler***

Dock: A platform, generally the same height as the trailer floor, where trucks are loaded and unloaded.

Dock receipt: A receipt that indicates an export shipment has been delivered to a steamship company by a domestic carrier.

Document: In EDI, a form, such as an invoice or a purchase order, that trading partners have agreed to exchange and that the EDI software handles within its compliance-checking logic.

Documentation: The papers attached or pertaining to goods requiring transportation and/or transfer of ownership. These may include the packing list, hazardous materials declarations, export / customs documents, etc.

DoD: Department of Defense (USA)

Double-pallet jack: A mechanized device for transporting two standard pallets simultaneously.

DPL: See *Denied Party List*

Drawback: The ability to be reimbursed for some or all of the duties paid on imported merchandise at the time of re-exportation.

Drayage: The act of transporting something a short distance, often as part of a longer overall move.

Driving time regulations: Rules administered by the U.S. Department of Transportation that limit the maximum time a driver may drive in interstate commerce; both daily and weekly maximums are prescribed.

Drop: A situation in which an equipment operator deposits a trailer or boxcar at a facility at which it is to be loaded or unloaded.

Drop Yard: Temporary "parking lots" for containers or cargo, located off the wharves and sometimes next to rail yards or import warehouses.

Dumping: The act of selling goods below costs in selected markets in an effort to gain market share or eliminate competition.

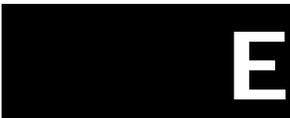
Dunnage: The materials used in packaging, holds and containers to protect goods from damage.

DUNS: Data Universal Numbering System.

DUNS Number: A unique nine-digit number assigned by Dun and Bradstreet to identify a company. DUNS stands for Data Universal Numbering System.

Durable Goods: A good which does not quickly wear out, or more specifically, it yields services or utility over time (typically 3 years or more) rather than being completely used up when used once.

Duty Free Zone (DFZ): An area where goods or cargo can be stored without paying import customs duties while awaiting manufacturing or future transport.



e-Commerce: See *Electronic Commerce*

EC: See *Electronic Commerce*

EDI: See *Electronic Data Interchange*

EIN: See *Exporter Identification Number*

Electronic Commerce (EC): Also written as e-commerce. Conducting business electronically via traditional EDI technologies, or online via the Internet. In the traditional sense of selling goods, it is possible to do this electronically because of certain software programs that run the main functions of an e-commerce website, such as product display, online ordering, and inventory management. The definition of e-commerce includes business activity that is business-to-business (B2B), business-to-consumer (B2C).

Electronic Data Interchange (EDI): Intercompany, computer-to-computer transmission of business information in a standard format. For EDI purists, "computer-to-computer" means direct transmission from the originating application program to the receiving, or processing, application program. An EDI transmission consists only of business data, not any accompanying verbiage or free-form messages. Purists might also contend that a standard format is one that is approved by a national or international standards organization, as opposed to formats developed by industry groups or companies.

Embargo: Pertaining to a statement or formula based upon experience or observation rather than on deduction or theory.

End-of-Life: Planning and execution at the end of the life of a product. The challenge is making just the right amount to avoid: 1) ending up with excess, which has to be sold at great discounts or scrapped, or 2) ending up with shortages before the next generation is available.

End-of-Life Inventory: Inventory on hand that will satisfy future demand for products that are no longer in production at your entity. This differs from obsolete inventory because there is an expected future requirement for these products.

End Item: The top level item in a bill of materials. Typically a finished product which can be sold as a completed item or repair part.

Synonym: ***Finished Goods Inventory***

ETA: The Estimated Time of Arrival.

ETD: The Estimated Time of Departure.

Exception-Based Processing: A computer term for applications that automatically highlight particular events or results which fall outside pre-determined parameters. This saves considerable effort by automatically finding problems and alerting the right persons. An example would be where a shorted item on a purchase order receipt would automatically notify a purchasing agent for follow-up.

Ex Works (EXW): An international trade term (Incoterms, International Chamber of Commerce) requiring the seller to deliver goods at his or her own place of business. All other transportation costs and risks are assumed by the buyer.

Exception Message: See *Action Message*

Exception Rate: A deviation from the class rate; changes (exceptions) made to the classification.

Exempt Carrier: A for-hire carrier that is free from economic regulation. Trucks hauling certain commodities are exempt from Interstate Commerce Commission economic regulation. By far the largest portion of exempt carrier transports agricultural commodities or seafood.

Expediting: 1) Moving shipments through regular channels at an accelerated rate. 2) To take extraordinary action because of an increase in relative priority, perhaps due to a sudden increase in demand.

Synonym: ***Stockchase***

Export: 1) In logistics, the movement of products from one country to another. For example, significant volumes of cut flowers are exported from The Netherlands to other countries of the world. 2) A computer term referring to the transfer of information from a source (system or database) to a target.

Export Broker: An enterprise that brings together buyer and seller for a fee, then eventually withdraws from the transaction.

Export Compliance: Complying with the rules for exporting products, including packaging, labeling, and documentation.

Export Declaration: A document required by the Department of Commerce that provides information as to the nature, value, etc., of export activity.

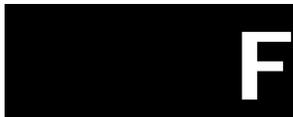
Export License: A document secured from a government authorizing an exporter to export a specific quantity of a controlled commodity to a certain country. An export license is often required if a government has placed embargoes or other restrictions upon exports.

Export Sales Contract: The initial document in any international transaction; it details the specifics of the sales agreement between the buyer and seller.

Exporter Identification Number (EIN): A number required for the exporter on the Shipper's Export Declaration. A corporation may use their Federal Employer Identification Number as issued by the IRS; individuals can use their Social Security Numbers.

Exports: A term used to describe those products produced in one geography (typically a country) and shipped / sold in another.

EXW: See *Ex Works*



FAST: See *Fast and Secure Trade*

Fast and Secure Trade (FAST): U.S. Customs program that allows importers on the U.S./Canada border to obtain expedited release for qualifying commercial shipments.

FCL: See *Full Container Load*

FDA: See *Federal Drug Administration*

FEU: See *Forty-foot equivalent unit*

Financial responsibility: Motor carriers are required to have body injury and property damage (not cargo) insurance or not less than \$500,000 per incident per vehicle; higher financial responsibility limits apply for motor carriers transporting oil or hazardous materials.

First Expired, First Out (FEFO): A stock control rule allowing the management of products having an eat-by date or short shelf life. FEFO can be used for any product but is most frequently used for food or cold storage.

First In, First Out (FIFO): Warehouse term meaning first items stored are the first used. In accounting this term is associated with the valuing of inventory such that the latest purchases are reflected in book inventory. While generally considered an accounting notion, FIFO usage is common where products may have a shelf life.

Flat: A loadable platform having no superstructure whatever but having the same length and width as the base of a container and equipped with top and bottom corner fittings. This is an alternative term used for certain types of specific purpose containers - namely platform containers and platform-based containers with incomplete structures.

Flatbed: A flatbed is a type of truck trailer that consists of a floor and no enclosure. A flatbed may be used with "sideboards" or "tie downs" which keep loose cargo from falling off.

Flow-Through Distribution: A process in a distribution center in which products from multiple locations are brought in to the D.C. and are re-sorted by delivery destination and shipped in the same day. Typically involving a combination of TL and LTL carrier resources, this practice eliminates warehousing, reduces inventory levels and speeds order turnaround time.

Synonym: **Cross Dock** process in the transportation business

See also: *Cross Dock*

FOB: See *Free on Board*

FOB Destination: Title passes at destination, and seller has total responsibility until shipment is delivered.

FOB Origin: Title passes at origin, and buyer has total responsibility over the goods while in shipment.

For-hire Carrier: A carrier that provides transportation service to the public on a fee basis.

Foreign Trade Zone (FTZ): An area or zone set aside at or near a port or airport, under the control of the U.S. Customs Service, for holding goods duty-free pending customs clearance.

Forklift truck: A machine-powered device that is used to raise and lower freight and to move freight to different warehouse locations.

Fourth-Party Logistics (4PL): Differs from third party logistics in the following ways; 1)4PL organization is often a separate entity established as a joint venture or long-term contract between a primary client and one or more partners; 2)4PL organization acts as a single interface between the client and multiple logistics service providers; 3) All aspects (ideally) of the client's supply chain are managed by the 4PL organization; and, 4) It is possible for a major third-party logistics provider to form a 4PL organization within its existing structure. The term was registered by Accenture as a trademark in 1996 and defined as "A supply chain integrator that assembles and manages the resources, capabilities, and technology of its own organization with those of complementary service providers to deliver a comprehensive supply chain solution.", but is no longer registered.

Forty-foot Equivalent Unit (FEU): A standard size intermodal container.

Free Alongside Ship (FAS): A shipping contract term indicating that the seller must place the goods alongside the ship at the named port and be liable for all charges and risks prior to placement. The seller must clear the goods for export; this changed in the 2000 version of the Incoterms. Suitable for maritime transport only.

Free on Board (FOB): Contractual terms between a buyer and a seller, that define where title transfer takes place.

Free Time: The period of time allowed for the removal or accumulation of cargo before charges become applicable.

Free Trade Zone or Foreign Trade Zone (FTZ): Also known as an export processing zone (EPZ), one or more special areas of a country where some normal trade barriers such as tariffs and quotas are eliminated and bureaucratic requirements are lowered in hopes of attracting new business and foreign investments. Free trade zones can be defined as labor intensive manufacturing centers that involve the import of raw materials or components and the export of factory products.

Freight: Goods being transported from one place to another.

Freight Bill: The carrier's invoice for transportation charges applicable to a freight shipment.

Freight Carriers: Companies that haul freight, also called "for-hire" carriers. Methods of transportation include trucking, railroads, airlines, and sea borne shipping.

Freight Charge: The rate established for transporting freight.

Freight Collect: The freight and charges to be paid by the consignee.

Freight Consolidation: The act of combining individual shipments into a single lot in order to reduce costs or improve transport equipment utilization. Consolidation can take a variety forms by customer, geography, shipping land or schedule. Consolidation may occur at the shipping facility or may be a service of a third party.

Freight Forwarder: An organization which provides logistics services as an intermediary between the shipper and the carrier, typically on international shipments. Freight forwarders provide the ability to respond quickly and efficiently to changing customer and consumer demands and international shipping (import/export) requirements.

Freight Prepaid: The freight and charges to be paid by the consignor.

FTL: See *Full Truck Load*

FTZ: See *Free Trade Zone*

Fulfillment: The act of fulfilling a customer order. Fulfillment includes order management, picking, packaging, and shipping.

Fulfillment Agent: May be designated as an agent to plan, schedule, or control the process of executing the logistics chain.

Full Container Load (FCL): A term used when goods occupy a whole container.

Full Truck Load (FTL): A term which defines a shipment which occupies at least one complete truck trailer, or allows for no other shippers goods to be carried at the same time.



Gap analysis: The process of determining and documenting the variance (gap) between goals and current performance.

General Commodities Carrier: A common motor carrier that has operating authority to transport general commodities, or all commodities not listed as special commodities.

General Order (GO): A customs term referring to a warehouse where merchandise not entered within five working days after the carrier's arrival is stored at the risk and expense of the importer.

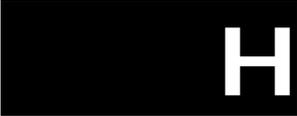
General Average: A principle of maritime law where in the event of emergency, if cargo is jettisoned or expensed incurred, the loss is shared proportionately by all parties with a financial interest in the voyage.

GO: See *General Order*

Goods: A term associated with more than one definition: 1) Common term indicating movable property, merchandise, or wares. 2) All materials which are used to satisfy demands. 3) Whole or part of the cargo received from the shipper, including any equipment supplied by the shipper.

Goods Received Note (GRN): Documentation raised by the recipient of materials or products.

Gross Inventory: Value of inventory at standard cost before any reserves for excess and obsolete items are taken.



Handling Costs: The cost involved in moving, transferring, preparing, and otherwise handling inventory.

Harmonized Code: An international classification system that assigns identification numbers to specific products. The coding system ensures that all parties in int'l trade use a consistent classification for the purposes of documentation, statistical control, and duty assessment.

Haulage: The inland transport service which is offered by the carrier under the terms and conditions of the tariff and of the relative transport document.

Hazardous Goods: See *Hazardous Material*

Hazardous Material: A substance or material, which the Department of Transportation has determined to be capable of posing a risk to health, safety, and property when stored or transported in commerce.

See also: *Material Data Safety Sheet*

HazMat: See *Hazardous Material*

Hot Shot: Direct delivery of time-sensitive freight.

Hub: 1) A large retailer or manufacturer having many trading partners. 2) A reference for a transportation network as in "hub and spoke" which is common in the airline and trucking industry. For example, a hub airport serves as the focal point for the origin and termination of long-distance flights where flights from outlying areas are fed into the hub airport for connecting flights. 3) A common connection point for devices in a network. 4) A Web "hub" is one of the initial names for what is now known as a "portal". It came from the creative idea of producing a website, which would contain many different "portal spots" (small boxes that looked like ads, with links to different yet related content). This content, combined with Internet technology, made this idea a milestone in the development and appearance of websites, primarily due to the ability to display a lot of useful content and store one's preferred information on a secured server. The web term "hub" was replaced with portal.

Hub Airport: An airport that serves as the focal point for the origin and termination of long-distance flights; flights from outlying areas are fed into the hub airport for connecting flights.



IATA: See *International Air Transport Association*

Import: Movement of products from one country into another. The import of automobiles from Germany to the U.S. is an example.

Importation Point: The location (port, airport or border crossing) where goods will be cleared for importation into a country.

Import/Export License: Official authorization issued by a government agency which allows for the transport of goods across their national boundaries. Licenses may be required for all, or only specific classes of commodities.

Importer Security Filing (ISF): Rule that requires importers, or their agents, to transmit an Importer Security Filing to CBP, for cargo destined to the United States no later than 24 hours before cargo is laden aboard a vessel destined to a United States port. An ISF is required for all USA destined cargo and all IE and T&E shipments that enter a US Port.

In Bond: Goods are held or transported In-Bond under customs control either until import duties or other charges are paid, or to avoid paying the duties or charges until a later date.

Inbound Logistics: The movement of materials from suppliers and vendors into production processes or storage facilities.

INCOTERMS: International terms of sale developed by the International Chamber of Commerce to define sellers' and buyers' responsibilities.

Inspection Certificate: A document certifying that merchandise (such as perishable goods) was in good condition immediately prior to shipment.

Intermodal Transportation: Transporting freight by using two or more transportation modes such as by truck and rail or truck and oceangoing vessel.

Intermodal Container Transfer Facility: A facility where cargo is transferred from one mode of transportation to another, usually from ship or truck to rail.

International Air Transport Association (IATA): An international air carrier rate bureau for passenger and freight movements.

International Standards Organization (ISO): An organization within the United Nations to which all national and other standard setting bodies (should) defer. Develops and monitors international standards, including OSI, EDIFACT, and X.400

International Traffic in Arms Regulations (ITAR): U.S. State Department regulations that govern the export of restricted product, service or technology to foreign states.

Inventory: Components, raw materials, work in process, finished goods and supplies required for the creation of goods and services; it can also refer to the number of units and/or value of the stock of goods held by a company.

Inventory Accuracy: This is when the on-hand quantity is equivalent to the perpetual balance (plus or minus the designated count tolerances). It can often be referred to as a percentage showing the variance between book inventory and actual count. This is a major performance metric for any organization which manages large inventories.

Note: Typical minimum and best practice averages would be 95% and 99%.

Inventory Management: The process of ensuring the availability of products through inventory administration.

ISO: See *International Standards Organization*

Item: A uniquely identifiable piece of inventory. Also known as a part number or SKU, an item can be raw materials, fluids, component parts, subassemblies, finished assemblies, packaging, etc. Usually differentiated by form, fit or function. Items which are painted different colors are generally viewed as different items.



Just-in-Time (JIT): An inventory control system that controls material flow into assembly and manufacturing plants by coordinating demand and supply to the point where desired materials arrive just in time for use. An inventory reduction strategy that feeds production lines with products delivered "just in time". Developed by the auto industry, it refers to shipping goods in smaller, more frequent lots.

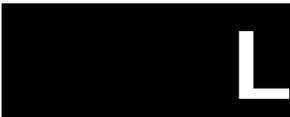


Key Performance Indicator (KPI): A measure which is of strategic importance to a company or department. For example, a supply chain flexibility metric is Supplier On-time Delivery Performance which indicates the percentage of orders that are fulfilled on or before the original requested date.

See also: *Scorecard*

Kitting: Light assembly of components or parts into defined units ahead of production issue or customer shipment. Kitting reduces the need to maintain an inventory of pre-built completed products, but increases the time and labor consumed at shipment.

KPI: See *Key Performance Indicator*



Lading: The cargo carried in a transportation vehicle.

Lane: A major origin-destination pair, i.e., traffic lane, an origin-destination pairing. A manufacturer in Chicago ships to a destination in New York, producing the Chicago to New York traffic lane.

Leg: A portion of a complete trip which has an origin, destination, and carrier and is composed of all consecutive segments of a route booked through the same carrier.

Less-Than-Truckload (LTL): Goods weighing less than 10,000 pounds from several shippers loaded onto one trailer.

Lessee: A person or firm to whom a lease is granted.

Lessor: A person or firm that grants a lease.

Letter of credit: An international business document that assures the seller that payment will be made by the bank issuing the letter of credit upon fulfillment of the sales agreement.

Lift Truck: Vehicles used to lift, move, stack, rack, or otherwise manipulate loads. Material handling people use a lot of terms to describe lift trucks, some terms describe specific types of vehicles, others are slang terms or trade names that people often mistakenly use to describe trucks. Terms include industrial truck, forklift, reach truck, motorized pallet trucks, turret trucks, counterbalanced forklift, walkie, rider, walkie rider, walkie stacker, straddle lift, side loader, order pickers, high lift, cherry picker, Jeep, Tow motor, Yale, Crown, Hyster, Raymond, Clark, Drexel.

Line-haul Shipment: A shipment that moves between cities and distances over 100 to 150 miles.

Line: 1) An area within a production or assembly facility where manufacturing occurs in a linear fashion, passing products through one level of completion on to the next process. 2) A unique item order line on a customer or purchase order.

Link: The transportation method used to connect the nodes (plants, warehouses) in a logistics system.

Loading Port: The port where the cargo is loaded onto the exporting vessel. This port must be reported on the Shipper's Export Declaration, Schedule D and is used by U.S. companies to determine which tariff is used to freight rate the cargo for carriers with more than one tariff.

LOC: See *Line of Credit*

Local Rate: A rate published between two points served by one carrier.

Local Service Carriers: An air carrier classification of carriers that operate between areas of lesser and major population centers. These carriers feed passengers into the major cities to major hubs.

Logistics: The process of planning, implementing, and controlling procedures for the efficient and effective transportation and storage of goods including services, and related information from the point of origin to the point of consumption for the purpose of conforming to customer requirements. This definition includes inbound, outbound, internal, and external movements.

Logistics Channel: The network of supply chain participants engaged in storage, handling, transfer, transportation, and communications functions that contribute to the efficient flow of goods.

Logistics Service Provider (LSP): Any business which provides logistics services. Includes those businesses typically referred to as 3PL, 4PL, LLP, etc. Services may include provisioning, transport, warehousing, packaging, etc.



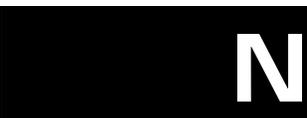
Major carrier: A for-hire certificated air carrier that has annual operating revenues of \$1 billion or more: the carrier usually operates between major population centers.

Manifest: A document which describes individual orders contained within a shipment.

Merge in Transit: The process of combining or "merging" shipments from multiple suppliers which are going directly to the buyer or to the store, bypassing the seller. Effectively this is a "drop shipment" from several vendors to one buyer, which is being combined at an intermediary point prior to delivery.

Milestone: The set of specific deadlines or measurement / decisions points which are used to progress in completing an Initiative. Milestones include specific completion dates or rates.

Mode: See *Transportation Mode*



NAFTA: See *North American Free Trade Agreement*

National Carrier: A for-hire certificated air carrier that has annual operating revenues of \$75 million to \$1 billion; the carrier usually operates between major population centers and areas of lesser population.

Network Optimization: A process or methodology to make a network as fully perfect, functional, effective or efficient as possible. The use of mathematics may be involved to find the best solution.

Network Planning: An inventory distribution or transportation planning strategy which attempts to optimize the time/cost of travel or cost of holding inventory across multiple sites.

Next Flight Out: An expedited method for transporting time-critical shipments by air. Shipments sent by NFO will be on the next flight leaving your city.

Node: A fixed point in a firm's logistics system where goods come to rest; includes plants, warehouses, supply sources, and markets.

Non-Compliance: Failure or refusal to do as requested by higher authority or as prescribed by a set of rules that describe correct procedure to follow (i.e., rules on hazardous waste disposal).

Non-Durable goods: Goods whose service life is considered to be less than three years.

See also: *Durable Goods*

Non-Vessel-Owning Common Carrier (NVOCC): A firm that offers the same services as an ocean carrier, but which does not own or operate a vessel. NVOCCs usually act as consolidators, accepting small shipments (LCL) and consolidating them into full container loads. They also consolidate and disperse international containers that originate at or are bound for inland ports. They then act as a shipper, tendering the containers to ocean common carriers. They are required to file tariffs with the Federal Maritime Commission and are subject to the same laws and statutes that apply to primary common carriers.

Nonconformity: A quality management event that captures the failure to meet specified inspection or testing requirements.

North American Free Trade Agreement (NAFTA): A free trade agreement, implemented January 1, 1994, between Canada, the United States and Mexico. It includes measures for the elimination of tariffs and non-tariff barriers to trade, as well as many more specific provisions concerning the conduct of trade and investment that reduce the scope for government intervention in managing trade.



Ocean Bill of Lading: The bill of lading issued by the ocean carrier to its customer.

Offshoring: The practice of moving domestic operations such as manufacturing to another country.

On Time Delivery: A metrics which is defined as % of receipts that were received by the customers on time.

Optimization: The process of making something as good or as effective as possible with given resources and constraints.

Order: A type of request for goods or services such as a purchase order, sales order, work order, etc.

Order Batching: Practice of compiling and collecting orders before they are sent in to the manufacturer.

Order Management: The process of managing activities involved in customer orders, manufacturing orders, and purchase orders. For customer orders this includes order entry, picking, packing, shipping, and billing. For manufacturing it includes order release, routing, production monitoring, and receipt to inventory. For POs the activities are order placement, monitoring, receiving, and acceptance.

Origin: The place where a shipment begins its movement.

Outbound Consolidation: Consolidation of a number of small shipments for various customers into a larger load. The large load is then shipped to a location near the customers where it is broken down and then the small shipments are distributed to the customers. This can reduce overall shipping charges where many small packet or parcel shipments are handled each day.

See also: *Break-Bulk*

Outbound Logistics: The process related to the movement and storage of products from the end of the production line to the end user.

Over-the-road: A motor carrier operation that reflects long-distance, intercity moves; the opposite of local operations.

P

Pack Out: In a fulfillment environment this refers to the operations involved in packaging and palletizing individual units of product for introduction into the warehouse distribution environment. For example, a contract 3PL may receive or assemble units of product which need to be placed into retail packaging, then overpacked with a carton and then palletized.

Package to Order: A postponement strategy where products are received in bulk or manufactured without final packaging to allow for a variety of packaging options for a single product. An example is where a product is shipped to retailers with packaging designed specifically for the individual retailer.

Pallet: The platform which cartons are stacked on and then used for shipment or movement as a group. Pallets may be made of wood or composite materials. Some pallets have electronic tracking tags (RFID) and most are recycled in some manner.

Pallet Jack: Material handling equipment consisting of two broad parallel pallet forks on small wheels used in the warehouse to move pallets of product, but not having the lifting capability of a forklift. It may be a motorized unit guided by an operator who stands on a platform; or it may be a motorized or manual unit guided by an operator who is walking behind or beside it. Comes as a "single" (one pallet) or "double" (two pallets).

Pallet Rack: A single or multi-level structural storage system that is utilized to support high stacking of single items or palletized loads.

Perfect Order: The definition of a perfect order is one which meets all of the following criteria: Delivered complete, with all items on the order in the quantity requested.

Delivered on time to customer's request date, using the customer's definition of on-time delivery.

Delivered with complete and accurate documentation supporting the order, including packing slips, bills of lading, and invoices.

Delivered in perfect condition with the correct configuration, customer ready, without damage, and faultlessly installed (as applicable).

Pick/Pack: Picking of product from inventory and packing into shipment containers.

Pick-Up Order: document indicating the authority to pick up cargo or equipment from a specific location.

Picking: The operations involved in pulling products from storage areas to complete a customer order.

Pickup and Delivery (P&D): A type of transportation, usually local, where the carrier follows a regular route making deliveries and picking up shipment.

PLU: See *Price Look-Up*

PO: See *Purchase Order*

POD: See *Proof of Delivery*

Pooling: A shipping term for the practice of combining shipment from multiple shippers into a truckload in order to reduce shipping charges.

Port: A harbor, airport or other facility where ships will anchor, planes will land or trucks and trains will enter.

Port Authority: A state or local government that owns, operates, or otherwise provides wharf, dock, and other terminal investments at ports.

Port of Discharge: Port where vessel is off loaded.

Port of Entry: A port at which foreign goods are admitted into the receiving country.

Port of Loading: Port where cargo is loaded aboard the vessel.

Postponement: The delay of final activities (i.e., assembly, production, packaging, etc.) until the latest possible time. A strategy used to eliminate excess inventory in the form of finished goods which may be packaged in a variety of configurations and to maximize the opportunity to provide a customized end product to the customer.

Prepaid: A freight term, which indicates that charges are to be paid by the shipper. Prepaid shipping charges may be added to the customer invoice, or the cost may be bundled into the pricing for the product.

Price Look-Up (PLU): Used for retail products sold loose, bunched or in bulk (to identify the different types of fruit, say). As opposed to UPC (Universal Product Codes) for packaged, fixed weight retail items. A PLU code contains 4-5 digits in total. The PLU is entered before an item is weighed to determine a price.

Private Carrier: A carrier that provides transportation service to the firm and that owns or leases the vehicles and does not charge a fee. Private motor carriers may haul at a fee for wholly-owned subsidiaries.

Private Label: Products that are designed, produced, controlled by, and which carry the name of the store or a name owned by the store; also known as a store brand or dealer brand. An example would be Wal-Mart's "Sam's Choice" products.

Private Warehouse: A warehouse that is owned by the company using it.

Pro Number: Any progressive or serialized number applied for identification of freight bills, bills of lading, etc.

Procurement: The activities associated with acquiring products or services. The range of activities can vary widely between organizations to include all of parts of the functions of procurement planning, purchasing, inventory control, traffic, receiving, incoming inspection, and salvage operations.

Synonym: **Purchasing**

Product: Something that has been or is being produced.

Product Characteristics: All of the elements that define a product's character, such as size, shape, weight, etc.

Product Configuration: The arrangement of parts or components to satisfy a customer's demand by creating a product.

Product ID: A method of identifying a product without using a full description. These can be different for each document type and must, therefore, be captured and related to the document in which they were used. They must then be related to each other in context.

Product Life Cycle: The life of a product in a market with respect to business sales and profits over time. There are five stages to the product life cycle: product development, introduction, growth, maturity and decline.

Product Life Cycle Management (PLM): The process of managing the entire lifecycle of a product from its conception, design, development and manufacture, to management of its introduction, growth and decline.

Project Cargo: Arranging movement of goods and materials in non-standard packages by non-standard methods to or from non-standard destinations. It is often time sensitive.

Proof of Delivery (POD): Information supplied by the carrier containing the name of the person who signed for the shipment, the time and date of delivery, and other shipment delivery related information. POD is also sometimes used to refer to the process of printing materials just prior to shipment (Print on Demand).

Purchase Order (PO): The purchaser's authorization used to formalize a purchase transaction with a supplier. The physical form or electronic transaction a buyer uses when placing order for merchandise.

Purchase Order Management: The management of purchase orders.



Quality Control (QC): The management function that attempts to ensure that the foods or services manufactured or purchased meet the product or service specifications.

R

Radio Frequency (RF): A form of wireless communications that lets users relay information via electromagnetic energy waves from a terminal to a base station, which is linked in turn to a host computer. The terminals can be placed at a fixed station, mounted on a forklift truck, or carried in the worker's hand. The base station contains a transmitter and receiver for communication with the terminals. RF systems use either narrow-band or spread-spectrum transmissions. Narrow-band data transmissions move along a single limited radio frequency, while spread-spectrum transmissions move across several different frequencies. When combined with a bar-code system for identifying inventory items, a radio-frequency system can relay data instantly, thus updating inventory records in so-called "real time."

Radio Frequency Identification (RFID): The use of radio frequency technology including RFID tags and tag readers to identify objects. Objects may include virtually anything physical, such as equipment, pallets of stock, or even individual units of product. RFID tags can be active or passive. Active tags contain a power source and emit a signal constantly. Passive tags receive power from the radio waves sent by the scanner / reader. The inherent advantages of RFID over bar code technology are: 1) the ability to be read over longer distances, 2) the elimination of requirement for "line of sight" readability, 3) added capacity to contain information, and 4) RFID tag data can be updated / changed.

Receiving: The function of taking physical receipt of material and performing initial inspection of the incoming shipment for damage and validation with respect to purchase order quantity. Typically includes some initial data recording, but not quality assurance or stocking.

Receiving Dock: Distribution center location where the actual physical receipt of the purchased material from the carrier occurs.

Reconsignment: A carrier service that permits changing the destination and/or consignee after the shipment has reached its originally billed destination and paying the through rate from origin to final destination.

Redistribution: A trend in the foodservice distribution business where a large "redistributor" such as SYSCO or Dot Foods will purchase in truckload quantities from the food manufacturers and warehouse the products. Individual smaller distributors can then purchase multiple manufacturers' products from the redistributor and fill up an entire truck to save on shipping costs.

Reefer: A term used for refrigerated vehicles.

Refrigerated Carriers: Truckload carriers designed to keep perishables good refrigerated. The food industry typically uses this type of carrier.

Remanufacturing / Refurbishing: Refers to the re-work performed on returned items to make the items saleable. Note that products made available for sale in this manner must be appropriately labeled as such.

Replenishment: The process of moving or re-supplying inventory from a reserve (or upstream) storage location to a primary (or downstream) storage/picking location, or to another mode of storage in which picking is performed.

Request for Information (RFI): A document used to solicit information about vendors, products, and services prior to a formal RFQ/RFP process.

Request for Proposal (RFP): A document, which provides information concerning needs and requirements for a manufacturer. This document is created in order to solicit proposals from potential suppliers. For, example, a computer manufacturer may use a RFP to solicit proposals from suppliers of third party logistics services.

Request for Quote (RFQ): A formal document requesting vendor responses with pricing and availability of products. RFQs are typically solicited from a broad group of suppliers from which a narrower group will be selected and asked to provide a more detailed Request for Proposal.

Return Goods Handling: Processes involved with returning goods from the customer to the manufacturer. Products may be returned because of performance problems or simply because the customer doesn't like the product.

Reverse Logistics: A specialized segment of logistics focusing on the movement and management of products and resources after the sale and after delivery to the customer. Includes product returns for repair and/or credit.

RF: See *Radio Frequency*

RFI: See *Request for Information*

RFP: See *Request for Proposal*

RFQ: See *Request for Quote*

Roll-On, Roll-Off (RO-RO): A type of ship designed to permit cargo to be driven on at origin and off at destination; used extensively for the movement of automobiles.

RO-RO: See *Roll-On, Roll-Off*

Routing or Routing Guide: 1) Process of determining how shipment will move between origin and destination. Routing information includes designation of carrier(s) involved, actual route of carrier, and estimated time enroute. 2) Right of shipper to determine carriers, routes and points for transfer shipments. 3) In manufacturing this is the document which defines a process of steps used to manufacture and/or assemble a product.



SCAC: See *Standard Carrier Alpha Code*

SCAC Code: See *Standard Carrier Alpha Code*

Scan: A computer term referring to the action of scanning bar codes or RF tags.

Schedule B: The Schedule B commodity code is the U.S. government's numeric system of identifying all goods and services for export.

Serial Number: A serial number is a unique number assigned for identification which varies from its successor or predecessor by a fixed discrete integer value. Common usage has expanded the term to refer to any unique alphanumeric identifier for one of a large set of objects, however in data processing and allied fields in computer science. Not every numerical identifier is a serial number; identifying numbers which are not serial numbers are sometimes called nominal numbers.

Serial Shipping Container Code: An 18-character identification number used to identify containers including pallets and boxes primarily for containers which are a part of a shipment covered by an Automated Shipment Notice (ASN).

Service Level: A metric, shown as a percentage, which captures the ability to satisfy demand or responsiveness. Order fill rates and machine or process up-time are examples of service level measures.

Service Level Agreement (SLA): May be used in lieu of a contract to represent and document the terms of the performance based agreement for organic support.

Ship Agent: A liner company or tramp ship operator representative who facilitates ship arrival, clearance, loading and unloading, and fee payment while at a specific port.

Ship Broker: A firm that serves as a go-between for the tramp ship owner and the chartering consignor or consignee.

Shipper: The party that tenders goods for transportation.

Shipper-Carrier: Shipper-carriers (also called private carriers) are companies with goods to be shipped that own or manage their own vehicle fleets. Many large retailers, particularly groceries and "big box" stores, are shipper-carriers.

Shipper's Agent: A firm that acts primarily to match up small shipments, especially single-traffic piggyback loads to permit use of twin-trailer piggyback rates.

Shipper's Association: A nonprofit, cooperative consolidator and distributor of shipments owned or shipped by member firms; acts in much the same way as for-profit freight forwarders.

Shipper's Letter of Instructions (SLI): The document containing instructions by the shipper or shipper's agent for preparing documents and forwarding.

Shipping: 1) The act of conveying materials from one point to another. 2) The functional area which prepares the outgoing shipment for transport.

Shipping Lane: A predetermined, mapped route on the ocean that commercial vessels tend to follow between ports. This helps ships avoid hazardous areas. In general transportation, the logical route between the point of shipment and the point of delivery used to analyze the volume of shipment between two points.

Shipping Manifest: A document which is typically presented to the carrier outlining the individual shipping orders included in a shipment. The manifest will show the reference number of each shipping order in the load, the weight and count of boxes or containers, and the destination.

Shrinkage: Refers to the loss of inventory count due to pilferage, damage, spoilage, etc. Shrinkage can occur while material is in stock and while it is in transit.

Silo: Relates to a management / organization style where each functional unit operates independently, and with little or no collaboration between them and other units regarding major business processes and issues.

Synonym: **Foxhole**

Synonym: **Stovepipe**

SKU: See *Stock Keeping Unit*

SLA: See *Service Level Agreement*

Small Parcel Ground (SPG): Mode of transportation where the unit being transported meets all of the following descriptions: under 150 lbs, inside of 130 inches in length and girth combined, individually labeled, and can be individually handled and transported absent of a pallet. Typically broken down for rating purposes into separate categories for commercial and residential.

Special-Commodities Carrier: A common carrier trucking company that has authority to haul a special commodity; there are 16 special commodities, such as household goods, petroleum products, and hazardous materials.

Special-Commodity Warehouses: A warehouse that is used to store products that require unique types of facilities, such as grain (elevator), liquid (tank) and tobacco (barn).

SPG: See *Small Parcel Ground*

Spot: To move a trailer or boxcar into place for loading or unloading.

Stack Car: An intermodal flat car designed to place one container on top of another for better utilization and economics. Also referred to as a well car because the cars are lowered in the center to allow clearance when moving under low-lying structures.

Standard Carrier Alpha Code (SCAC or SCAC Code): A unique 2 to 4-letter code assigned to transportation companies for identification purposes. SCAC codes are required for EDI, and are printed on bills of lading and other transportation documents.

Stevedores: Labor management companies that provide equipment and hire workers to transfer containers and cargo between ships and docks.

Stock Keeping Unit (SKU): A category of unit with unique combination of form, fit, and function (i.e. unique components held in stock). To illustrate: If two items are indistinguishable to the customer, or if any distinguishing

characteristics visible to the customer are not important to the customer, so that the customer believes the two items to be the same, these two items are part of the same SKU. As a further illustration consider a computer company that allows customers to configure a product from a standard catalogue components, choosing from three keyboards, three monitors, and three CPUs. Customers may also individually buy keyboards, monitors, and CPUs. If the stock were held at the configuration component level, the company would have nine SKUs. If the company stocks at the component level, as well as at the configured product level, the company would have 36 SKUs. (9 component SKUs + $3 \times 3 \times 3$ configured product SKUs. If as part of a promotional campaign the company also specially packaged the products, the company would have a total of 72 SKUs.

Supplier: An individual or an organization who supplies goods or services to the company. This is also sometimes referred to as a "vendor." In some settings—where a company provides goods through a distribution network—network members may be referred to as suppliers, even though they are the immediate customers of the company.

Supply Chain: 1) starting with unprocessed raw materials and ending with the final customer using the finished goods, the supply chain links many companies together. 2) the material and informational interchanges in the logistical process stretching from acquisition of raw materials to delivery of finished products to the end user. All vendors, service providers and customers are links in the supply chain.

Supply Chain Execution (SCE): The ability to move the product out the warehouse door. This is a critical capacity and one that only brick-and-mortar firms bring to the B2B table. Dot-coms have the technology, but that's only part of the equation. The need for SCE is what is driving the Dot-coms to offer equity partnerships to the wholesale distributors.

Supply Chain Inventory Visibility: The ability to visualize the status of inventory in the supply chain from some point upstream—beginning with the various tiers of suppliers—on to downstream—through distribution and retail channels. In most cases, this will only be one level in each direction; however, it may include the ability to access supply and demand information at those points as well.

Supply Chain Network Design Systems: The systems employed in optimizing the relationships among the various elements of the supply chain manufacturing plants, distribution centers, points-of-sale, as well as raw materials, relationships among product families, and other factors-to synchronize supply chains at a strategic level.



Tare Weight: The weight of an empty vehicle or container. By subtracting it from the gross weight (laden weight), the weight of the goods carried (the net weight) may be determined.

Tariff: A tax assessed by a government on goods entering or leaving a country. The term is also used in transportation in reference to the fees and rules applied by a carrier for its services.

Tasks: The breakdown of the work in an activity into smaller elements.

Tender: The document which describes a business transaction to be performed.

Terms and Conditions (T's & C's): All the provisions and agreements of a contract.

TEU: See *Twenty-foot Equivalent Unit*

Third-Party Logistics (3PL): Outsourcing all or much of a company's logistics operations to a specialized company. The term "3PL" was first used in the early 1970s to identify intermodal marketing companies (IMCs) in transportation contracts. Up to that point, contracts for transportation had featured only two parties, the shipper and the carrier. When IMCs entered the picture—as intermediaries that accepted shipments from the shippers and tendered them to the rail carriers—they became the third party to the contract, the 3PL. Definition has broadened to the point where these days, every company that offers some kind of logistics service for hire calls itself a 3PL. Preferably, these services are integrated, or "bundled," together by the provider. Services they provide are transportation, warehousing, cross-docking, inventory management, packaging, and freight forwarding. In 2008 legislation passed declaring that the legal definition of a 3PL is "A person who solely receives, holds, or otherwise transports a consumer product in the ordinary course of business but who does not take title to the product."

Third-Party Logistics Provider: A firm which provides multiple logistics services for use by customers. Preferably, these services are integrated, or "bundled" together by the provider. These firms facilitate the movement of parts and materials from suppliers to manufacturers, and finished products from manufacturers to distributors and retailers. Among the services which they provide are transportation, warehousing, cross-docking, inventory management, packaging, and freight forwarding.

Third-Party Service Provider (3PSP): See *Third-Party Logistics (3PL)*

Third-Party Warehousing: The act of using a contractor to provide warehousing services, and the name of the industry which is involved in providing contract warehousing operations for hire.

Throughput: A measure of warehousing output volume (weight, number of units). Also, the total amount of units received plus the total amount of units shipped, divided by two.

Time-Definite Services: Delivery is guaranteed on a specific day or at a certain time of the day.

Tracing: Determining where a shipment is during the course of a move.

Traceability: 1) The ability to track the location of a shipment as it moves through the shipping process to the customer. 2) The ability to determine the source of individual lot numbered or serial numbered products.

Tracing: 1) Determining where a shipment is during the course of a move. 2) The practice of relating resources, activities and cost objects using the drivers underlying their cost causal relationships. The purpose of tracing is to observe and understand how costs are arising in the normal course of business operations.

Synonym: **Assignment**

Tracking and Tracing: Monitoring and recording shipment movements from origin to destination.

Tractor: The tractor is the driver compartment and engine of the truck. It has two or three axles.

Trading Partner: Companies that do business with each other via EDI (e.g., send and receive business documents, such as purchase orders).

Trading Partner Agreement: The written contract that spells out agreed upon terms between EDI trading partners.

Traffic: A department responsible for the process of determining timely and economic delivery methods, arranging internal or external transportation, and tracking shipment status and logistics network issues.

Traffic Management: The management and controlling of transportation modes, carriers and services.

Trailer: The part of the truck that carries the goods.

Trailer Drops: When a driver drops off a full truck at a warehouse and picks up an empty one.

Trailer on a Flatcar (TOFC): Transport of truck trailers with their loads on specially designed rail cars.

Synonym: **Piggyback**

Transaction: A single completed transmission, e.g., transmission of an invoice over an EDI network. Analogous to usage of the term in data processing, in which a transaction can be an inquiry or a range of updates and trading transactions. The definition is important for EDI service operators, who must interpret invoices and other documents.

Transit Time: The total time that elapses between a shipment's pickup and delivery.

Transportation Mode: The method of transportation: land, sea, or air shipment.

Transportation Security Administration (TSA): TSA was created in response to the attacks of September 11th and signed into law in November 2001. TSA was originally in the Department of Transportation but was moved to the Department of Homeland Security in March 2003. TSA's mission is to protect the nation's transportation systems by ensuring the freedom of movement for people and commerce.

TSA: See *Transportation Security Administration*

Turnover: 1) A calculation of the number of times the inventory of an item would be consumed during a period given average inventory levels and consumption.

Twenty-foot Equivalent Unit (TEU): Standard unit for counting containers of various capacities and for describing the capacities of container ships or terminals. One 20 Foot ISO container equals 1 TEU. One 40 Foot ISO container equals two TEU. A 20 foot container is typically 8.5 feet tall and 8 feet wide outside and has an internal capacity of 1170 square feet.

U

Uniform Product Code (UPC): A standard product numbering and bar coding system used by the retail industry. UPC codes are administered by the Uniform Code Council; they identify the manufacturer as well as the item, and are included on virtually all retail packaging.

See also: *GS1*

Unit Cost: The cost associated with a single unit of product. The total cost of producing a product or service divided by the total number of units. The cost associated with a single unit of measure underlying a resource, activity, product or service. It is calculated by dividing the total cost by the measured volume. Unit cost measurement must be used with caution as it may not always be practical or relevant in all aspects of cost management.

UPC: See *Uniform Product Code*

V

Validation: To check whether a document is the correct type for a particular EDI system, as agreed upon by the trading partners, in order to determine whether the document is going to or coming from an authorized EDI user.

Value Added: Increased or improved value, worth, functionality or usefulness.

Value-Adding/Nonvalue-Adding: Assessing the relative value of activities according to how they contribute to customer value or to meeting an organization's needs. The degree of contribution reflects the influence of an activity's cost driver(s).

Variable Cost: A cost that fluctuates with the volume or activity level of business.

Vendor: The manufacturer or distributor of an item or product line.

See also: *Supplier*

Vendor Code: A unique identifier, usually a number and sometimes the company's DUNS number, assigned by a Customer for the Vendor it buys from. Example; a Grocery Store Chain buys Oreo's from Nabisco. The Grocery Store Chain, for accounting purposes, identifies Nabisco as Vendor #76091. One company can have multiple vendor codes. Example; Welch's Foods sells many different products. Frozen grape juice concentrate, chilled grape juice, bottled grape juice, and grape jelly. Because each of these items is a different type of product, frozen food, chilled food, beverages, dry food, they may have a different buyer at the Grocery Store Chain, requiring a different vendor code for each product line.

Vessel: A floating structure designed for transport.

Visibility: The ability to access or view pertinent data or information as it relates to logistics and the supply chain, regardless of the point in the chain where the data exists.

W

Warehouse: Storage place for products. Principal warehouse activities include receipt of product, storage, shipment, and order picking.

Warehousing: The storing (holding) of goods.

Warehouse Management System (WMS): The systems used in effectively managing warehouse business processes and direct warehouse activities, including receiving, putaway, picking, shipping, and inventory cycle counts. Also includes support of radio-frequency communications, allowing real-time data transfer between the system and warehouse personnel. They also maximize space and minimize material handling by automating putaway processes.

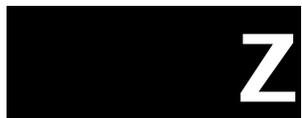
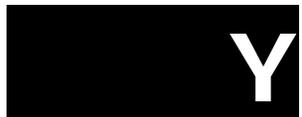
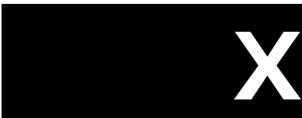
Waybill: Document containing description of goods that are part of common carrier freight shipment. Show origin, destination, consignee/consignor, and amount charged. Copies travel with goods and are retained by originating/delivering agents. Used by carrier for internal record and control, especially during transit. Not a transportation contract.

Wholesaler: See *Distributor*

WIP: See *Work in Process*

WMS: See *Warehouse Management System*

Work-in-Process (WIP): Parts and subassemblies in the process of becoming completed finished goods. Work in process generally includes all of the material, labor and overhead charged against a production order which has not been absorbed back into inventory through receipt of completed products.



10 + 2 Rule: A new rule instituted by the United States Customs and Border Protections (US CBP). 10+2 requires cargo information, for security purposes, to be transmitted to the US CBP at least 24 hours before goods are loaded onto an ocean vessel for shipment into the U.S. 10+2 is pursuant to section 203 of the SAFE Port Act, and requires importers to provide 10 data elements to the US CBP, as well as 2 more data elements from the carrier.

- The following 10 data elements are required from the importer:
- Manufacturer (or supplier) name and address
- Seller (or owner) name and address
- Buyer (or owner) name and address
- Ship-to name and address

- Container stuffing location
- Consolidator (stuffer) name and address
- Importer of record number/foreign trade zone applicant identification number
- Consignee number(s) Country of origin
- Commodity Harmonized Tariff Schedule number
- From the carrier, 2 data elements are required: Vessel stow plan
- Container status messages

3PL: See *Third Party Logistics*

4PL: See *Fourth Party Logistics*