July 1, 2011

THOUGHT LEADERS | THE RAINMAKERS

Who are this year's Rainmakers?

<i>DC Velocity</i> announces this year's Rainmakers honorees, 15 professionals who have made a lasting contribution to the supply chain management profession.

By DC Velocity Staff

Some measure success by salaries and titles. Others use a different yardstick altogether. Take the 15 professionals selected as our 2011 Rainmakers, for example. When asked about their proudest professional accomplishments, two spoke of their advocacy work on behalf of green business initiatives. Another mentioned the satisfaction of knowing he had earned—and retained—the respect and friendship of colleagues despite his taking the occasional unpopular stance. Yet another cited his long-term involvement in various professional organizations.

So who are these Rainmakers and how were they chosen? As in the past, *DC VELOCITY* selected the 2011 Rainmakers in concert with members of the magazine's Editorial Advisory Board from candidates nominated by readers, board members, and previous Rainmakers. This year's selections represent many different facets of the profession: academics, practitioners, military logisticians, consultants, and vendors. But as the profiles on the following pages show, they're united by a common goal of advancing the logistics and supply chain management profession.

If you'd like to nominate someone for our 2012 Rainmakers report, please send your suggestions to *DC VELOCITY*'s editorial director, Peter Bradley.


Ryan Boccelli

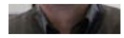

Jonathan L.S. Byrnes


J. Paul Dittmann


Randy Fowler


Greg Javor


Christopher J. Kane


Benoit Montreuil


Richard Murphy Jr.


Mike Perkins


Beth Peterson


Erika Roberts

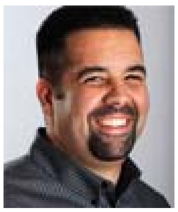

Lawrence Shemesh


Timothy J. Thornton


Donald G. Walker


Rosalyn Wilson

Ryan Boccelli



In 2006, organic yogurt producer Stonyfield Farm launched a companywide war on carbon, setting up task forces to find ways to cut facility energy use, reduce solid waste, and the like. It chose then-logistics manager Ryan Boccelli to lead the team charged with reducing the carbon footprint of its finished-goods transportation operation. And cut carbon it did. By 2010, the team had reduced transportation-related greenhouse gas emissions by a whopping 46 percent from 2006 baseline levels, which the company says is the equivalent of taking 7,000 cars off the road for a year. On top of that, Stonyfield Farm reports that the initiative has produced $7.6 million in savings.

Boccelli's leadership in the company's drive to reduce supply chain-related COM_2 emissions has earned him much recognition. He was the recipient of the 2008 Gurt's Mission Award for Environmental Responsibility. In 2009, his task force—or Mission Action Program team, as the company calls it—received the Environmental Protection Agency's SmartWay Excellence Award.

Today, Boccelli is senior director of logistics for the yogurt company, where he oversees customer service, warehousing, transportation, and inventory control. He has a B.S. in business management from Franklin Pierce College in Rindge, N.H.

Q: At Stonyfield Farms, you helped lead an initiative to reduce supply chain-related greenhouse gas emissions. What was the biggest challenge in getting that program started?
A: The biggest challenge we had was gathering the data needed to calculate our carbon footprint. The logistics team spent a considerable amount of time processing freight invoices and tracking costs, but we had never measured the actual mileage or fuel use. Given the number of modes and rate structures, this was a significant undertaking. The reality was that we didn't have the data in our current systems so we outsourced our FBAP (freight bill audit and payment) activities to Ryder. Once we had worked through the data collection process and we felt it was accurate, we were able to create a baseline. In total, it took us approximately six months to create an accurate baseline measurement.

Q: What would you say to other managers to convince them to launch similar efforts to reduce CO_2 in their supply chains?
A: I don't think there is much convincing to be done. When you focus on reducing the CO_2 in your supply chain, you reduce costs. Period. Our initial process consisted of using Lean Six Sigma methodology, and the process identified a lot of areas where we could cut our emissions. As we worked through the process, we realized it affected the bottom line as well.

Q: How did you end up in the supply chain field?
A: In my early teens, I quickly realized that professional sports were not an option. So my father, who was a DC manager, enlisted me to work for him during the summer breaks. I really enjoyed the fast-paced, ever-changing environment. While going to college, I stayed on and continued to learn more about the entire supply chain. I loved it—and I've been at it ever since.

Q: What do you consider to be your greatest professional accomplishment to date?
A: It would be the development of my Mission Action Program team here at Stonyfield. What started as a management-level program has been driven all the way down through the supply chain ranks. To hear transportation and warehouse employees being passionate about what we're trying to do—eliminate CO_2—is pretty exciting. They are, after all, making the biggest impact in their day-to-day jobs.

Q: What advice would you give to a young person considering a career in logistics or supply chain management?
A: Supply chain covers a lot of areas, but you need to be passionate about it, and you need to have fun. A supply chain career is incredibly fast-paced and changes daily. Don't be afraid to try different functional areas to find the right choice. I have fun in this career, so it doesn't feel like work!

Jonathan L.S. Byrnes

In 1976 while still a doctoral student at Harvard University, Jonathan Byrnes founded a consulting firm, Jonathan Byrnes & Co., that got involved in such pioneering projects as the development of vendor-managed inventory programs. He has also guided clients through supply chain reorganizations and strategic repositioning programs. Since 1992, Byrnes has also been a senior lecturer at the Massachusetts Institute of Technology (MIT), where he teaches courses in supply chain management.

Byrnes has written more than 100 books, articles, and columns on supply chain management, integrated account management, and change management. His latest book, *Islands of Profit in a Sea of Red Ink*, was named to *Inc.* magazine's 2010 list of best books for business owners.

Q: How did you end up in your current position as a senior lecturer at MIT teaching about supply chains?
A: After I completed my M.B.A. at Columbia, I earned a doctorate in logistics and strategy at the Harvard Business School. In the HBS program, I was trained in research and teaching. Subsequently, I developed a successful consulting business in which I created a number of foundational supply chain innovations, including one of the first, most widely followed vendor-managed inventory systems.

About 20 years ago, I had lunch with MIT's Yossi Sheffi. He noted that I had a doctorate and asked whether I was interested in teaching a course at MIT, which was just starting to broaden its offerings in the field. Of course, I agreed to do this, and MIT has been a wonderful home for the past 20 years.

Q: You've said you became interested in supply chain management because of your interest in the spatial pattern of business. Can you explain what you mean by that?
A: I have a broad interest in the strategy and management of supply chains, and how supply chain management can transform a company's competitive position, customer value proposition, and financial performance. This is the focus of my graduate course at MIT and my sessions in our executive programs. In addition, I have a long-standing interest in how supply chain management and transportation innovations create new patterns of

business activities and economic development—and I have advised MIT graduate students on their doctoral theses on this subject.

Q: You've said your research indicates that supply chain management has become the driving force in most companies' financial performance. Could you expand on that?
A: Today, leading companies are developing supply chain innovations that have a profound positive impact on their strategic positioning and financial performance, including crucial areas like revenues, costs, profitability, cash flow, asset productivity, and risk management. Supply chain managers can create revenue increases of 30 to 40 percent or more, even in highly penetrated customers, and can turn around the profitability of the surprisingly large number of marginal accounts that characterize virtually all companies.

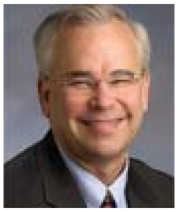
Q: You've also said that supply chain managers have an opportunity today to step up and make a bigger contribution to their companies. Can you point to any executives who have done that?
A: At the Council of Supply Chain Management Professionals' conference in San Diego last year, I served on a panel with the top supply chain officers for P&G, Pepsi, and Chiquita, all of whom were using supply chain management to drive major gains in profitability and market share. They're doing this in four ways: First, by carefully selecting the target customers who would be most appropriate for highly integrated relationships. Second, by working intensely and creatively with those customers to improve the **ital{customers'} sales and profitability. Third, by using these customer gains to pull through more of their own sales, while using the integrated processes to reduce their own costs. And fourth, by taking a portion of their increased profitability and market share (reduced costs and increased sales) for themselves, but also investing a significant portion into resources to further create target customer gains—in the process renewing and accelerating this virtuous cycle.

Q: In general, what's the biggest challenge facing supply chain professionals today?
A: The biggest challenge is learning how to manage far beyond the traditional boundaries of the field. In the prior era of logistics, managers were primarily responsible for cost minimization of their core activities, like warehousing, transportation, and order fulfillment. In today's era of supply chain management, managers have a crucial role in a wide variety of critical areas, including strategic positioning, account selection, key account development and management, profitability management, and company financial performance.

As educators, we have to lift our sights from simply teaching the core techniques of supply chain management to teaching our students to be effective supply chain managers. This entails teaching our students three critical dimensions beyond functional supply chain knowledge. First, it's how to create paradigmatic changes in supply chain structure to achieve overarching company strategic and financial objectives; second, it's how to specify and develop the behavioral drivers (e.g., planning, compensation, and resource allocation) to motivate everyone in the company to achieve the new goals; and third, it's how to effectively manage a companywide change process. The effective supply chain professional of today and tomorrow will be masterful at all three of these dimensions.

Q: As a professor, what advice do you give to young people considering a career in logistics or supply chain management?
A: I offer three pieces of advice. First, do what you really enjoy, and you will be happy and materially successful. Second, think broadly and creatively about opportunities to make things fundamentally better. And third, learn and practice the art of change management. Today, supply chain management is the prime area in which a thoughtful manager can make a really significant contribution to his or her company's strategy and financial performance. Be creative and enjoy the process.

J. Paul Dittmann



J. Paul Dittmann admits that even while he was carving out a successful career in private industry, he felt drawn to academia. "It was always a bit of a tug," he says.

Today, Dittmann is executive director of the newly formed Global Supply Chain Institute at the University of Tennessee, a position with wide-ranging responsibilities that include organizing global supply chain forums and coordinating the school's supply chain executive and M.B.A. programs.

He joined UT in 2005 after a long career with Whirlpool Corp. There, he progressed through the ranks, eventually becoming vice president of supply chain strategy for projects and systems. In that post, he was responsible for developing and implementing the company's supply chain strategy and for overseeing projects focused on customer service.

Last year, Harvard Business Press published *The New Supply Chain Agenda*, a book Dittmann wrote with Reuben Slone and the late John T. (Tom) Mentzer.

Dittmann earned his bachelor's, master's, and Ph.D. degrees at the University of Missouri.

Q: Tell us about the new institute and your work there.
A: Tennessee has always been one of the top-ranked supply chain schools, with many supply chain offerings. For example, we have the supply chain forum consisting of 50 sponsoring companies. We conduct a lot of executive education programs along with our supply chain degree programs. We perform supply chain audits. With this broad scope, we needed to have some way to link together all these programs and provide a common face to the outside world.

In addition, we are launching some aggressive supply chain programs around the world. For example, we will introduce a new global supply chain executive M.B.A. program that includes residencies in South America, Europe, and Asia. With all that going on, we needed a common thread.

Q: You mentioned supply chain audits. How do those work?
A: We begin by interviewing a cross section of people to get a good feel for what's going on in their areas. We've touched so many companies—we probably have a database of about 300 firms—that we can draw on a wide array of best practices.

In the audit itself, we address three things: here's what you're doing now, here are industry best practices, and these are our recommendations for closing the gap. It takes about a week to do the interviews and a month to do the comparison of best practices and write the report. We learn a lot in the process.

Q: When's the best time to do an audit?
A: A good time to do a supply chain audit is when a new chief comes in or when someone without a supply chain background takes over. Another is when a company has a specific problem it wants to address—like too much inventory or the need to achieve better availability. Sometimes, we're asked to look at the supply chain organization. We always want to focus on the big issues or pain points.

Q: What are some of the main challenges you see?
A: It's kind of interesting and surprising. We do these audits for a wide range of companies, but it seems that whether they're manufacturers or retailers, whether they're large or small, they all wrestle with the same core problems. For example, everyone seems to have problems with too many SKUs. There's too much slow-moving

and obsolete inventory and a lack of processes to deal with that. All firms have functional silos—some with moats and machine guns. Sometimes, they have a dysfunctional way of looking at metrics. It's amazing how common these problems are.

It is curious, too, that there are not that many with documented supply chain strategies. Our experience is that less than 20 percent of companies have an up-to-date, documented multiyear supply chain strategy.

Q: I would think that would no longer be the case.
A: Going through the recession, many companies were just trying to survive. They didn't worry about strategy. But it was true even before the Great Recession. We still don't see nearly as much strategy work as we think we should.

We believe that firms should have a current roadmap going at least three years into the future that drives a set of initiatives to achieve supply chain excellence.

Randy Fowler

After more than 30 years of government service, Randy Fowler recently became a senior fellow at the Logistics Management Institute, a not-for-profit organization dedicated to solving some of the government's most complex problems.

He brings an extensive background in defense logistics to his new position. From 2008 to 2011, Fowler served as deputy assistant secretary of defense for materiel readiness. Before that, he held a series of assignments across the Department of Defense (DOD).

Fowler took the time along the way to focus on improving the profession, with significant career stops at the Army's Logistics Management College and the Defense Acquisition University, where he served as a member of the DAU's leadership team from 2001 to 2008. In 2011, Fowler was inducted into the Defense Acquisition University's Hall of Fame.

Q: How did you get involved in logistics in the first place?
A: Stocking groceries at Safeway. It was 1977; the economy wasn't great, and I was waiting to get promoted to assistant manager. I took a government aptitude test, and that earned me a visit from a recruiter from what is now the Army Materiel Command. He asked me if I wanted to be a logistics intern, pointing out that I already worked in the retail end of logistics and that my business school and operations research academic background all fit the profile of a logistician. I decided to give DOD logistics a try. It was a great decision.

Q: What challenges do you see facing defense logistics?
A: Affordability, resiliency, and industrial base rationalization are big strategic challenges facing us. Those three areas interact in complex ways, and future logistics professionals will need to be able to think about leveraging those interrelationships.

I've always found it handy as a logistician to apply an operational mindset to whatever is being examined and try to analyze and solve it from an enterprise perspective. We need more enterprise logisticians—true end-to-end thinkers—and fewer stove-piped logisticians living inside the box.

Q: What differences do you see between a career in government service and a career in the private sector?
A: I've noticed more similarities than differences, but there are differences. To some degree, government

logisticians get more responsibility earlier in their career—many interns are handed fascinating projects and told, "Here, run with it." In the for-profit world, it seems that private-sector logisticians learn to be entrepreneurs and risk takers, develop agility and speed, and learn how business—not just logistics—really works, earlier and more powerfully than their government counterparts do. That's why I'm a huge fan of public-private partnering, so each side can share the best of its abilities and tools with the other.

Q: You have split your career across education and practice. Was that a good decision?
A: Absolutely. As an educator, you learn as much if not more than your students. If you facilitate well, your students are teaching you. You find yourself working as a consultant to help them solve today's problems, and that becomes the next day's lesson.

Q: What knowledge is essential for someone going into the logistics profession today?
A: Developing business acumen, not just functional expertise. Start with the operational art of logistics, whether that's in distribution operations, emergency management, space logistics, or in my case, weapon system management. By mid-career, a logistician needs to acquire deep skills in an area that's complementary to his or her specialty. In my case, that was systems engineering and operations research. And remember that the "soft" skills are important—leadership, relationships, coalition building, strategic thinking. It's such a cool career: The professional development paths are varied and always hold your interest.

Q: What do you consider to be your greatest professional accomplishment?
A: At my retirement ceremony from the federal government, one colleague observed that people who work with me both respect and like me. I'd never thought about that because I was always focused on just doing the right thing, making hard choices, and sometimes taking unpopular positions. To have the career I've had and come out the other end with the respect and friendship of those around you ... I'm proud of that.

Greg Javor

Much like a coffee roaster striving to create the perfect blend, Greg Javor, senior vice president, global logistics of Starbucks Corp., tries to achieve the ideal balance—of stability and change, and of leadership and helping employees develop their potential.

Javor, who's responsible for Starbucks' logistics, distribution, transportation, and customer service worldwide, has been successful on all counts. Since joining the company in 2008, he has proved to be an effective change leader, building a new logistics team, improving the cost base, and raising service levels. He is now developing a global network strategy to handle future growth and channel changes. In his previous job, Javor redesigned the North American logistics network for ICI Paints (The Glidden Paint Co.).

For all his many achievements, Javor is not one to take all the credit. Ask him about his proudest achievements, and he'll talk not about himself but about the team of professionals who work under his direction. It's no surprise, then, that the Ohio State University grad is involved in Starbucks' program for developing logistics and supply chain talent.

Q: How did you get involved in the field of logistics?
A: Logistics was a new business field of study at Ohio State, and I added it as a second major to increase my employment opportunities after graduation. My first role was as a warehouse supervisor trainee for a public warehousing company. I enjoyed operations, managing large teams, and the diversity my roles in logistics afforded me.

Q: You've introduced major supply chain redesigns at two companies. Why were they necessary?
A: The redesigns we have accomplished were based on the need to integrate an updated supply chain design to support delivering business solutions and new products, accelerate speed to market, and enable sales growth—all while elevating traditional supply chain performance in terms of talent, service, and cost. The challenge with a supply chain transformation is to accomplish all of these key items well.

Q: What are some of the human resources aspects to consider when introducing change to an organization?
A: It's a matter first of getting people's attention, followed by implementing sound financial controls and celebrating small wins with your people. I include sound financial controls because you have to consider this to be a serious element in a turnaround situation. When you're in that kind of situation, there's money leaking out of the company. Your job is to get control over that.

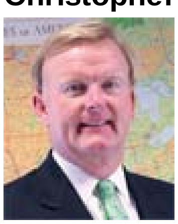
When you measure and demonstrate success, it inspires confidence. Over the long term, it's ensuring that you have won the hearts and minds of your partners (employees) through high levels of engagement. We depend on and invest in our leaders and our leadership model for our continued success. But we're also partners. Everyone at every level is treated equally.

Q: How does the logistics organization help to make Starbucks a successful global company?
A: Bringing new products to market competitively and adjusting to rapidly changing market conditions are key logistics competencies we continue to improve. Speed to market is really critical to Starbucks. At any one time, there are several hundred new products. They may not be new to you as a consumer, but they are new to logistics. It could be a new product line or it could simply be a change in packaging. On a worldwide basis, we have 700 to 800 new products to manage weekly.

Our "perfect order" metric is embedded in our culture. The ability to sustain overall high levels of perfect order performance is core to our purpose and existence. Did the order arrive at the promised time? Was every line and the entire quantity filled or not? There is no gray with this. We fill 135,000 orders a week globally. If an order is not delivered on time because there was a blizzard, then the order still failed.

Our approach is to think locally in the markets; execute and operate regionally; and leverage globally. My job is to ensure we're leveraging logistics standards and processes—you can call them best practices—across the global enterprise.

Christopher J. Kane



His official title is chief strategy officer for the third-party logistics firm Kane Is Able, but Christopher Kane may be better known as an evangelist. For the past few years, he's been out spreading the gospel of collaborative distribution, a model in which two or more suppliers to the same retailer share distribution resources. For instance, rather than operating their own DCs, the suppliers might centralize their inventories at a warehouse controlled by a third party. The 3PL would then consolidate goods from multiple—often competing—suppliers into full truckloads for shipment to the retailer's warehouse.

The practice is not only a money saver, says Kane, it's also "planet-saving." By sharing loads, companies can improve efficiencies and reduce the number of trucks on the road.

While sharing freight capacity and co-locating inventory are not new concepts, Kane says they haven't gained much traction with those who could benefit the most: small and medium-sized manufacturers that don't have the volume to ship in full truckloads. "Collaborative distribution levels the playing field for mid-tier companies because it allows them to gain scale without size," says Kane.

For more on collaborative distribution, see "Has collaborative distribution's time come?" from the February 2010 issue of *DC Velocity* and "An enlightened approach to distribution," an article written by Kane that appeared in the Quarter 3 2010 issue of *DCV*'s sister publication, *CSCMP's Supply Chain Quarterly*.

Q: Was there an event or "aha moment" that convinced you of the importance of sharing distribution infrastructure?
A: In July 2008, when the price of oil hit $145 a barrel, my phone began to ring. The callers were customers looking for ways to deal with this crippling cost burden. At the same time, I was reading reports from Capgemini and others on the "supply chain of the future" and the potential for collaborative strategies. So I started exploring how supply chain collaboration could be applied to consumer packaged goods (CPG) distribution—a prime focus of my company.

The numbers told the story. There were staggering benefits to be gained if we looked beyond incremental changes to the current model and moved to a new model for CPG product distribution—one based on companies' sharing a common infrastructure. They say necessity is the mother of invention. It was really our customers' pain that drove us down this path.

Q: Say a company is interested in starting down the path of collaborative distribution. What's a good first step?
A: Start by asking yourself some key questions. First, what do you want to gain from collaborative distribution? Keep in mind that your company might be a better candidate for this than you think. For instance, we've brought together companies, one with heavy freight and another with lightweight freight, to consolidate loads in order to economically cube out trailers.

The second question is, is your organization comfortable with the idea of a collective distribution strategy where control is shared? Success in collaborative distribution requires cooperation, data sharing, and trust—with retailer partners and with fellow manufacturers, even competitors.

The third question is, are you willing to commit resources to make it work? Collaborative distribution is not a push-button strategy. It involves process change, which means it will take people and time to work out the details.

Q: How is collaborative distribution different from freight consolidation?
A: The key difference is that collaborative distribution seeks to drive the collaboration upstream in the supply chain. Manufacturers need to store goods with other companies, perhaps even competitors. Retailers need to coordinate purchases so that orders from multiple buyers arrive on the same day in full truckloads of blended goods.

Benoit Montreuil

For all the recent advances in supply chain management, our system of moving goods remains a paradigm of inefficiency, says Benoit Montreuil. For evidence you need look no further than the empty miles traveled by vehicles and containers, DCs that are underused much of the year, or the redundancies created by direct point-to-point transport. Montreuil thinks there's a better, more sustainable way to conduct global logistics operations—a model he calls the "physical Internet."

A professor and Canada Research Chair in enterprise engineering in the department of operations systems at the Université Laval in Québec, Montreuil is a highly regarded researcher and thinker. He graduated from the Université du Québec ÃƒÂ Trois-RiviÃƒÂ¨res and earned his master's and doctoral degrees from the Georgia Institute of Technology.

He is a founding member of the CIRRELT Interuniversity Research Centre on Enterprise Networks, Logistics and Transportation and is past president of the College Industry Council on Material Handling Education (CICMHE). His wide-ranging research touches on industrial and systems engineering, operations research, computer science and operations, logistics, supply chain, and strategic management.

Q: Tell us about your work on the "physical Internet"—what is it exactly, and how would it work?
A: The idea is modeled on the way data is communicated via the Internet. It's important to note that the Internet is not moving information. It transmits data packets along multiple routers without regard for the actual type of information enclosed. That's all the Internet does.

What we envision is essentially applying the same concept to the movement of physical goods. That is, establish the same kind of universal interconnectivity so that materials and goods would be moved from origin to destination in the best way possible.

What would that require on the physical side? To begin with, we would not be dealing with merchandise, but rather with modular, green containers outfitted with RFID tags. These would be built to universal standards, in sizes ranging from big cargo containers down to units of a foot or six inches.

Adopting universal standards would open up an array of opportunities for the handling, transportation, and storage of goods. Consider the implications for warehousing alone. There are about 535,000 DCs in the United States, but many companies have fewer than 10 DCs. Out of 535,000, they are exploiting 10. Why? Because people say they're designed for me, my products, my WMS, my ERP.

Now in the physical Internet, everything is in green, smart modular containers that can be handled virtually anywhere. That means there's no reason I can't take your stock as long as I have room in my DC and we have a contract that lets me make some money. My container and yours are not much different. You are willing to do the same for me. All 535,000 DCs could be available to me. I could deploy stock across every city in America for no more than I'm paying for my own DC. It completely changes distribution.

The same would apply to transportation. Right now, we have direct point-to-point transport. If I want to move a trailer across the country, it takes 120 hours, a driver, a truck, and a trailer.

Now, imagine a network with transit centers across [the continent]. From Québec, you don't send a truck to Los Angeles; you bring the trailer to Montreal. Another truck picks it up and brings it to the U.S. border, and so on. Everyone is driving two to four hours, but the trailer can get to L.A. twice as fast. You could have six to 10 containers and a company's goods could be mixed with other companies'. It becomes a logistics web.

Q: Changing all that would seem to be a daunting challenge.
A: I agree. It is not easy. The biggest challenge is the design of the containers we want. But if someone put a million dollars on the table, we could make it happen within two or three years.

Look what happened with cargo containers. The ocean container reinvented ports. Today, everything is geared toward containers.

Richard Murphy Jr.

Richard Murphy Jr. is president and CEO of Murphy Warehouse Co., a Minnesota-based logistics firm. He represents the fourth generation of his family to run the company, which is noted for its environmentally sustainable business practices. Among other eco-initiatives, it has installed solar panels on four of its warehouses, designed an award-winning stormwater management system at its Minneapolis-area headquarters campus, and used landscaping to reduce the urban "heat island" effect of its facilities. It has also earned LEED Gold certifications at most of its facilities and has been honored for redeveloping a Superfund site.

Murphy, who worked as a landscape architect before joining the family business in 1983, is past board chair of the Council of Supply Chain Management Professionals, a past board member of the International Warehouse Logistics Association, and immediate past president of the American Society of Landscape Architects. In addition to his role as a frequent industry speaker, he has served as an adjunct assistant professor in the University of Minnesota's department of landscape architecture for 24 years and counting.

Q: What do you consider to be your greatest professional accomplishment to date?
A: I believe my greatest professional accomplishments have been twofold: acting as an advocate for environmentally sustainable business practices, and as a small business owner, becoming a chair of the Council of Supply Chain Management Professionals.

The most rewarding part of speaking about green practices is showing people that sustainable practices are good for business. Too often, speakers don't have financial data demonstrating that eco-initiatives can indeed provide a sustainable return on investment in a reasonable period of time. I share actual numbers from our own efforts to add credibility to the discussion.

Q: What do you consider to be the greatest obstacles to further supply chain optimization?
A: The two greatest obstacles are the failure of supply chain professionals to view themselves as leaders and the competing demands to be fast and to be green.

As for the first point, supply chain professionals perform functions that have become critical to their company's success—like managing the impact of fuel price fluctuations, sourcing and distribution network design, and packaging—yet they rarely reach the top executive positions. Why? Tradition calls for supply chain management to be a support function.

Supply chain professionals must start thinking of themselves as leaders rather than supporters or followers of marketing, sales, and finance professionals. The first step is to acknowledge that they are essential to business success. They then have to get the message out to non-peer audiences, educating them on how supply chain management affects their daily lives. It's time to take the reins of leadership! All we need to do is accept the challenge.

The second obstacle is balancing the pressure to be green against demands for velocity in the supply chain. Think of the performance measure "100 percent order accuracy." The traditional focus is customer satisfaction; the green focus is to avoid redelivery and thus reduce carbon emissions. Or the measure "zero order complaints"—tradition says to do whatever it takes to make the customer happy, but the green approach would be to increase order minimums to consolidate shipments!

Traditionally, this industry has focused on speed and customer satisfaction. Under the green focus, the driver no longer concentrates on customer happiness but on energy efficiency/carbon reduction, which logic tells us will slow the movement of goods through the supply chain. It will be interesting for us to watch this tension play out over time, especially as fuel prices continue to climb.

Mike Perkins

Mike Perkins is the vice president for fulfillment at L.L.Bean, where his responsibilities include distribution, returns, and manufacturing operations. Perkins is a native Mainer and a graduate of Idaho State University. He has over 25 years of experience in management, merchandising, and distribution, having previously worked for Amazon.com and Hannaford Brothers, a major food and drug store chain.

Perkins oversees a division of L.L.Bean that boasts a year-round work force of nearly 1,400 employees, a number that swells to 3,500 during Bean's peak season. Perkins also serves as a volunteer board member for the Good Shepherd Food Bank, an organization that distributes over 9 million pounds of food to more than 500 food pantries, soup kitchens, and service groups throughout Maine.

Q: You have experience working with two different direct-to-consumer companies—Amazon and now L.L.Bean. How does working in this channel compare with working in retail distribution?
A: There are several things that are different. One is the pressure for swift, accurate order fulfillment. We as a company differentiate ourselves with service. It isn't like someone can try an item on or feel the product. So you have to get it right the first time out. The package has to reach the consumer quickly. It also has to have the right product in it, so accuracy is very important.

Another thing we have found is that some people are put off from the direct channel because of returns. Here at Bean we've tried to make it as easy as possible for consumers to return their purchases should they find them unacceptable, or they need different sizes, or they need an exchange.

Q: How did your job at Amazon prepare you for the role you have now at L.L.Bean?
A: I was there during the exciting startup time. I think what that experience taught me was to use innovation. How do you do it better, faster, cheaper?

Q: What are some of the challenges you face with your distribution?
A: The complication for Bean is that our distribution facility is located here in Freeport, Maine. I have often told the company that if you're opening a DC and speed to market is important, then Freeport, Maine, would probably be next to last on the list of ideal locations. So we find ourselves at a geographical disadvantage, and our innovation and efforts and capital have to go into making up for that.

Q: What is the biggest thing you've accomplished during your distribution career?
A: I think the most exciting thing has been to provide context and goals for employees—for the people who are actually doing the work—and allow them to participate in the challenges, the problem solving, the innovation. I've watched and participated in getting more floor employees involved in our goals, and not only do you get a better result, you get a safer result and you get very high employee engagement in the workplace. The real experts are the guys and gals who are actually touching the product and packing the boxes.

Q: What advice would you give someone new to supply chain management?
A: I'm always a big believer that anyone who is looking for a new job should follow their passions. So, learn as much as you can about the industry, as broadly as you can, and then follow your energy toward the thing that excites you the most.

But I would also tell them not to chase the dollar in the beginning. Pursue your passion, allow that passion to change and mature and form over time, and let that be your career path instead of just what's the next rung up on the ladder.

Beth Peterson

Beth Peterson, the energetic president of the global trade consulting firm BPE Inc., is committed to professional development for women in international trade. She's demonstrated that passion as president of the Northern California chapter of Women in International Trade, and she gained national recognition when its parent group, the Organization of Women in International Trade, named her Member of the Year in 2006. She "walks the walk" in her own business, too: All of the global trade compliance consultants at BPE are women.

Peterson's background includes managing import operations at DHL Airways and Hewlett Packard, and serving in executive roles at global trade management software firms Qiva Inc. and Open Harbor. A licensed customs broker, she is a U.S. Customs and Border Protection (CBP) Trade Ambassador and is active in the American Association of Exporters and Importers.

Q: How did you come to start your own trade compliance business?
A: I've always had a mission to become a CEO. In 2004, I was talking with one of my mentors—we had just sold the company we'd been working for, and we were talking about what we would do next. He said, "You know you want to be a CEO. I think you're ready." We met the next day and went over my background. It was clear that with my experience and knowledge, what I had to offer was unique. I did feel ready, and the company was founded the next day.

Q: Is demand for trade compliance services increasing, and if so, why?
A: When companies are in cost-cutting mode, they're very aware of what they have to control and how much money they need to save. They might not be able to afford a full-time equivalent employee devoted to global trade compliance, so it may make sense to bring in a team with the experience BPE has.

Q: What skills and mindset does a successful trade compliance professional need?
A: Of course you need all the technical knowledge and to understand how to read the regulations, write policies, and conduct import/export operations. But the most important quality, I think, is fearlessness. You're going to be exposed to the deepest inner workings of your company. Each business is complex and diverse and can be made up of multiple businesses and operations. So you'll have to roll up your sleeves, get to know how the business really works, and understand the business's interests. With this knowledge, you can go ahead and develop a program and then implement it to make sure your company is compliant.

Perfectionism [regarding regulatory compliance] is a key component of success, but if you're sitting there worrying about the decimal points and the zeroes, you're not going to see how to help the company or see the potential benefits of compliance. You have to think in terms of, "If we get this process right, we're going to be able to enter new markets, and the price point for our products will be better because we have a lower cost of goods. And we'll be more competitive."

Q: How do you convince upper management that global trade compliance is worth investing in?
A: There are dollars associated with global trade compliance. When you're entering new markets, for example, you have to have the proper licenses and authority to get your products into the country. You have to understand the total landed cost of a product before you commit to a particular market. And you need to

understand the additional days that will be added to your supply chain and cycle time if you don't have all your compliance ducks in a row. Instead of talking about classification, licenses, and duties, you can talk about bigger things, like money— for instance, the cost of getting goods to market. It's a matter of using the right language and having access to executives or to corporate decision makers.

Erika Roberts

When it comes to her role at the Council of Supply Chain Management Professionals (CSCMP), Erika Roberts lives by the maxim "think globally, but act locally." As chair of the CSCMP's roundtable operations, Roberts serves as the liaison between the global professional association and the more than 100 roundtables that are considered the local and regional faces of the organization. It is a demanding role made more so by the fact that Roberts already holds a full-time position as director, corporate development for LeanCor, a Florence, Ky.-based 3PL devoted to implementing lean principles. Roberts, who has run the roundtables for nearly two years, also sits on CSCMP's board.

Q: What is your biggest challenge in addressing and bridging what must be the disparate needs of different roundtables both within the United States and around the world?
A: In 1991, we had about 6,500 members and 35 roundtables. Since then, membership has grown by 20 percent, but the number of roundtables has grown 300 percent to 105. Today's network includes 10 student and 34 non-U.S.Ã¢ï¿½ï¿½based roundtables, whose needs not only differ from those of our "traditional" roundtables, but also from each other's. The needs of Peru differ greatly from those of New York, Spain, and Panama City. The needs of members associated within a single chapter will vary greatly. My job is to ensure the roundtables understand they are a critical part of a holistic CSCMP network and are well equipped to communicate and provide the value offered by the organization.

Q: How do you plan to expand the roundtables' scope and influence?
A: My immediate focus is to realign the roundtables with my regional adviser (RA) team. An RA serves as a "go-to person" for roundtable cabinet members when they have questions, suggestions, or concerns. Roundtables grew faster than the RA team did, and today, we do not have the right coverage to properly service our roundtables. I intend to launch a new structure to reduce the number of roundtables assigned to each RA, synchronize the geography so RAs can physically visit their assigned roundtables, and create a clear succession plan from cabinet member to RA within each region.

Q: Are there skill sets that you implement at your day job that overlap with your work at CSCMP?
A: Both require networking and building relationships. Both are dedicated to driving supply chain thought leadership and disseminating information throughout our community. CSCMP became a training ground to sharpen my leadership skills, and it provided an opportunity to build a credible reputation, both of which are necessary to succeed at LeanCor. In turn, my CSCMP family has received value from the lean culture and tools that I bring from my day job at LeanCor.

Q: How much work needs to be done to promote diversity and attract young people to the profession?
A: To many, roundtables are the face of the organization and play a key role in achieving a full membership lifecycle. Attracting students and young professionals, and keeping them engaged is key to keeping roundtables visible and relevant. The work in this area is just beginning. We must find a way to bring in and retain the supply chain thought leaders of today and tomorrow to remain successful in our mission.

Q: What would you like your legacy to be as roundtable chair?
A: A volunteer leader's job is to leave it a little better than they found it. The theme of my first year as chair was "Ignite the Passion." If I'm lucky, I will be able to pass on my energy, excitement, and zeal for CSCMP to the next generation of its leaders.

Lawrence Shemesh

Lawrence Dean Shemesh is president and CEO of OPSdesign Consulting, an independent supply chain consulting organization specializing in the design of warehouse, distribution, and fulfillment operations. During his career, Shemesh has worked with companies worldwide, designing operations ranging from the elegantly pragmatic to some of the most highly automated systems on the planet.

Shemesh also has a long track record of volunteer work in the profession. Not only was he recently named president of the Warehousing Education and Research Council for 2011–2012, but he has also served as president of the Material Handling Society of New Jersey and president of the Southern Middlesex County (New Jersey) Regional Chamber of Commerce.

He is the author of two books on distribution: *Rules of Thumb for Warehousing & Distribution Costs* and *Pick This—A Compendium of Piece Picking Alternatives*.

Q: What do you consider to be your greatest professional accomplishment to date?
A: I am particularly proud of my work with professional organizations such as the Warehousing Education and Research Council. Over the past 30 years, I've had the pleasure of serving as a volunteer for a variety of industry, academic, economic, government, and charitable organizations. Taking an active role in shaping the future of the industry, giving back, and mentoring those who have just joined our field are incredibly satisfying endeavors.

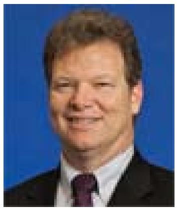
I am equally proud of the consulting organization that I have built, based upon the fundamental tenets of true independence, integrity, and client advocacy. I am also extremely proud of the incredibly talented and dedicated team of consultants, engineers, analysts, and support staff members who have joined me on this mission and contributed immeasurably to our success. As a boutique consulting organization, we have been extremely fortunate to work for many of the largest and most respected publicly traded companies as well as smaller privately held firms in North America, South America, Europe, Africa, Asia, and Australia.

Q: What do you consider to be the greatest obstacles to further supply chain optimization?
A: Aside from the obvious direct effects of rising oil prices on transportation costs (and therefore, the costs of all goods brought to market), I view the continuing instability of energy costs as a catalyst for economic paralysis. This volatility is perhaps more dangerous than the rising costs themselves in that the uncertainty undermines the financial markets, causing investors to remain on the sidelines.

Since the economic meltdown of 2008, our project profile has taken a radical turn. Before the recession, most of our projects were supply chain expansion and optimization initiatives aimed at gaining market share, enlarging geographic footprint, accelerating speed to market, and enhancing service levels. When the business community realized the magnitude of the global financial crisis, the knee-jerk reaction was to freeze capital expenditures and wait to see where the economy was headed. As the recession dragged on, boardroom discussions shifted to cost-cutting measures to counteract shrinking bottom-line results. Our project profile migrated from growth-driven initiatives to triage (stop the bleeding) work in the blink of an eye. Consolidation, labor reduction, and cost cutting became the mantra. Today, we are seeing a shift back to expansion projects that are largely driven by companies seeking to take advantage of their weakened competitors.

These drastic reactive swings in the supply chain rules of engagement challenge global optimization efforts. Many executives are bound to a financial model that places such great emphasis on the next quarter's bottom line that they are unable to take advantage of opportunities to make long-term investments that will deliver a competitive advantage and lead to greater profitability in the future. We must set our sights on a global supply chain model that is inherently flexible and scalable.

Timothy J. Thornton



What can we do at the DC to improve delivery at the store? By asking that question, Tim Thornton and his team at Pepsi Beverages Co. (PBC) turned what started out as a DC automation project into something much more valuable.

At the time, the company was embarking on an ambitious distribution network overhaul that would include the construction of several highly automated DCs. When they went to design the automated system, Thornton and his team chose equipment that would not only boost warehouse throughput but also allow them to build loads for efficient loading and delivery. As a result, trailer loading productivity is up 58 percent and delivery productivity has increased by 15 percent.

Thornton recently left PBC after 10 years at the company. During that time, he held a variety of logistics and supply chain positions, most recently serving as vice president of supply chain–warehouse and logistics.

Q: Why should DC operations be concerned about the efficiency of store deliveries?
A: For Pepsi, as a direct store delivery company, service in the store is everything, and it is the role of the distribution/fulfillment centers to deliver on the promises made by the sales organization to have the right product at the right place at the right time for the right price. It cannot be service at any price; it has to be a balance of cost and performance across the supply chain, including the distribution centers. The DCs have to focus on improving efficiency and effectiveness within their four walls because it has a direct bearing on the effectiveness and efficiency of the store delivery, check-in, and merchandising operations for Pepsi and its customers.

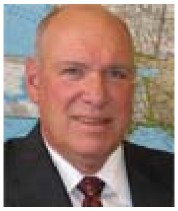
Q: What was the most challenging part of Pepsi's transformation effort for you? How did you overcome that challenge?
A: As with any change—but particularly with process changes to age-old business practices—addressing organizational resistance was the biggest challenge. Surprisingly, most of the resistance came from the supervisors and managers, not the hourly and salaried employees. The selling, delivery, and distribution center employees very quickly saw the benefits of our many transformation initiatives since most focused on removing non-valueÃ¢ï¿½ï¿½added processes and wasted time from their daily activities. The challenge we faced most often was related to management capability and commitment to lead the transformation.

We found that we were best able to overcome this challenge by focusing our efforts on communication and training. To mobilize the organization, you first have to transform the thinking of the leadership team. We found that we needed to speak the language of the organization, to tailor our training and communication message to each unique audience, and to paint the vision they personally needed to see to better understand the initiative.

Q: What recommendations would you make to companies embarking on a similar effort to revamp their distribution operations?

A: Look beyond the traditional challenges impacting your distribution operations, move past the visible symptoms inside your operations, and look across the entire supply chain to uncover the true problems and bottlenecks that are preventing you from becoming great. Challenge all existing people, processes, and technology solutions. Look upstream in your supply chain for ways to challenge the existing inputs into your distribution system; likewise, look downstream to challenge the outputs required by your delivery network. By doing so, you will be able to develop initiatives that transcend warehouse-centric solutions and provide truly transformational wins across the entire supply chain.

Donald G. Walker



Don Walker has spent over 30 years in wholesale distribution. For the past 23, he has worked at McKesson Pharmaceutical, where he is currently senior vice president of distribution operations.

Walker is responsible for the pharmaceutical distribution network, which includes 30 distribution facilities nationwide. Along with field operations teams, he directs staff functions in engineering, facilities, warehouse systems, transportation, regulatory affairs, and central fill pharmacies. Prior to his current role, Walker was senior vice president, business process redesign, responsible for McKesson's Six Sigma program and infrastructure.

Walker has a B.S. degree from the University of California, Davis and an M.P.A. (master of public administration) degree from Golden Gate University.

Q: You have been at McKesson for 23 years. That's a long time to remain at one company. What's your secret for carving out a long and successful career there?
A: I had some really good opportunities throughout my career to do a number of different things in and around operations and supply chain. When I started, it was a relatively small company compared to where we are today, and it has been a growth opportunity all the way through my career.

Q: Pharmaceutical distribution can be quite challenging, what with track and trace requirements, the products' short shelf life, and demands for perfect order accuracy. How have you addressed those challenges?
A: We've approached it by concentrating on one transaction at a time. As simple as that may sound, we really look daily and reconcile our inventory in terms of any variances that we have. We have a tremendous focus on our order quality. I also think of late that the larger challenges are more external than they are internal, as the government has become more focused on the pharmaceutical supply chain, whether it be the Drug Enforcement Administration, the Food and Drug Administration, or various state-level agencies.

Q: During your tenure at McKesson, your group was responsible for distribution of the H1N1 swine flu vaccine. Was that the biggest project you have undertaken?
A: Yes, I'd say it was. The limited amount of time we had to bring up four distribution centers, get systems in place, and prepare to distribute what turned out to be 125 million doses of the H1N1 vaccine made it a real challenge. We had great experience in terms of mergers and acquisitions, and consolidation of distribution centers, so we had some of the core skill sets in place, but in terms of the timeline and the number of people and functions involved, it really was probably a once-in-a-career kind of an event.

Q: How much time did you have to turn that project around?
A: From the time that we were officially notified until the time we had to be ready for the first dose was about eight and a half weeks.

Q: You recently launched an effort to transform your supply chain. Can you tell us what that's all about?
A: We are in the middle of what we are calling a re-engineering of our supply chain, where we are implementing new technologies, building new facilities, and incorporating new levels of automation inside some of these new, larger distribution centers. We are really trying to drive some additional throughput along with gains in efficiencies.

We have also done some work looking up and down our supply chain to find areas where we can continue to influence both the manufacturer and the supplier side, as well as the customer side to build in some efficiencies.

It's really caused us to think a little more broadly about the supply chain than a traditional wholesaler might.

Rosalyn Wilson

If the logistics field has a "data queen," it would be Roz Wilson. From her days analyzing costs and prices for the post-deregulation railroad industry in the 1980s to her current role as a senior business analyst for the Delcan Corp. and author of the influential annual "State of Logistics Report" (SOL), Wilson has parlayed her interest in data into a successful research and consulting career and has proved a worthy successor to the report's founder, the late Robert V. Delaney.

Wilson recently donned another research hat as the editor and author of a monthly shipping index published by freight-bill auditing and payment firm Cass Information Systems.

Q: What got you interested in transportation research and consulting?
A: I fell into transportation early in my career working as the transportation analyst for the Producer Price Indexes. This started my career-long fascination with the data and trends. Decades of measuring and analyzing the trends led me into consulting to share that knowledge and perspective. I helped create the Rail Cost Adjustment Factor for the railroads after the industry was deregulated, and worked through the new era of pricing and contracts.

Q: Bob Delaney had put his imprimatur on the SOL report, and you are now doing the same. Is there any difference between the way Bob approached the data and how you go about it?
A: The biggest difference between the way Bob and I approach the data is technology. Bob did not use computers. In fact, Bob did very little of the number crunching. Instead, he brought an overall perspective based on his many years in the industry. I once thought I would never fill Bob's shoes but have come to realize that I have the tools and skills to bring perspective to today's logistics industry, which is much broader, more complex, and visible than the one Bob analyzed.

Q: What do you see happening in the transportation market in the next one to three years?
A: An imbalance between supply and demand will eventually cause pricing power to shift from shippers to carriers. Unless freight volumes continue to soften, shippers could see very significant truck rate hikes by late 2011. Looking out over the next several years, I expect truck capacity, both in terms of equipment and drivers, to continue to be a constraint on the industry. Rail is well-poised to absorb more volume and will fare better than other modes.

Q: There are some who've said this is the most challenging period for shippers since deregulation. Is that an overstatement? Is this simply a cyclical change from the buyer's market for transportation services we've seen in the past four to five years?

A: When we entered deregulation, we entered a period in which our experience did not match the new reality. Carriers had to learn to price their services, shippers and carriers had to learn how to negotiate rates and levels of service, and industry capacity far outweighed demand. We had to learn new ways to do business.

The last four or five years have been challenging for carriers as volumes dwindled and the market shifted in the shipper's favor. The lengthy recession and recovery have changed many of the rules. Fortunately, the industry has always emerged from its most challenging periods with better ways of managing inventories and distribution, and getting the most out of the transportation system. Intermodalism is a great example of a new paradigm that has increased productivity and lowered costs.

Q: What do the SOL and Cass data tell you about broad inflation trends in the U.S. and world economies?
A: The SOL and Cass data show that inflation has been held in check. The trends in the SOL, for example, tell us that transportation costs are about at the same level they were 20 years ago—quite a feat given the globalization of supply chains—while inventory carrying costs have dropped significantly. Except for the past two recession years, freight volumes have been steadily climbing. Yet we have dramatically reduced the level of inventories we hold and the velocity with which we turn inventory.

However, we are at a crossroads. Higher fuel prices, a driver shortage that is bound to increase hiring costs, and rising freight rates are starting to trickle down into higher global prices for goods. That will start pushing up inflation. High unemployment in the U.S. and other world economies continues to cast a shadow over a full recovery.