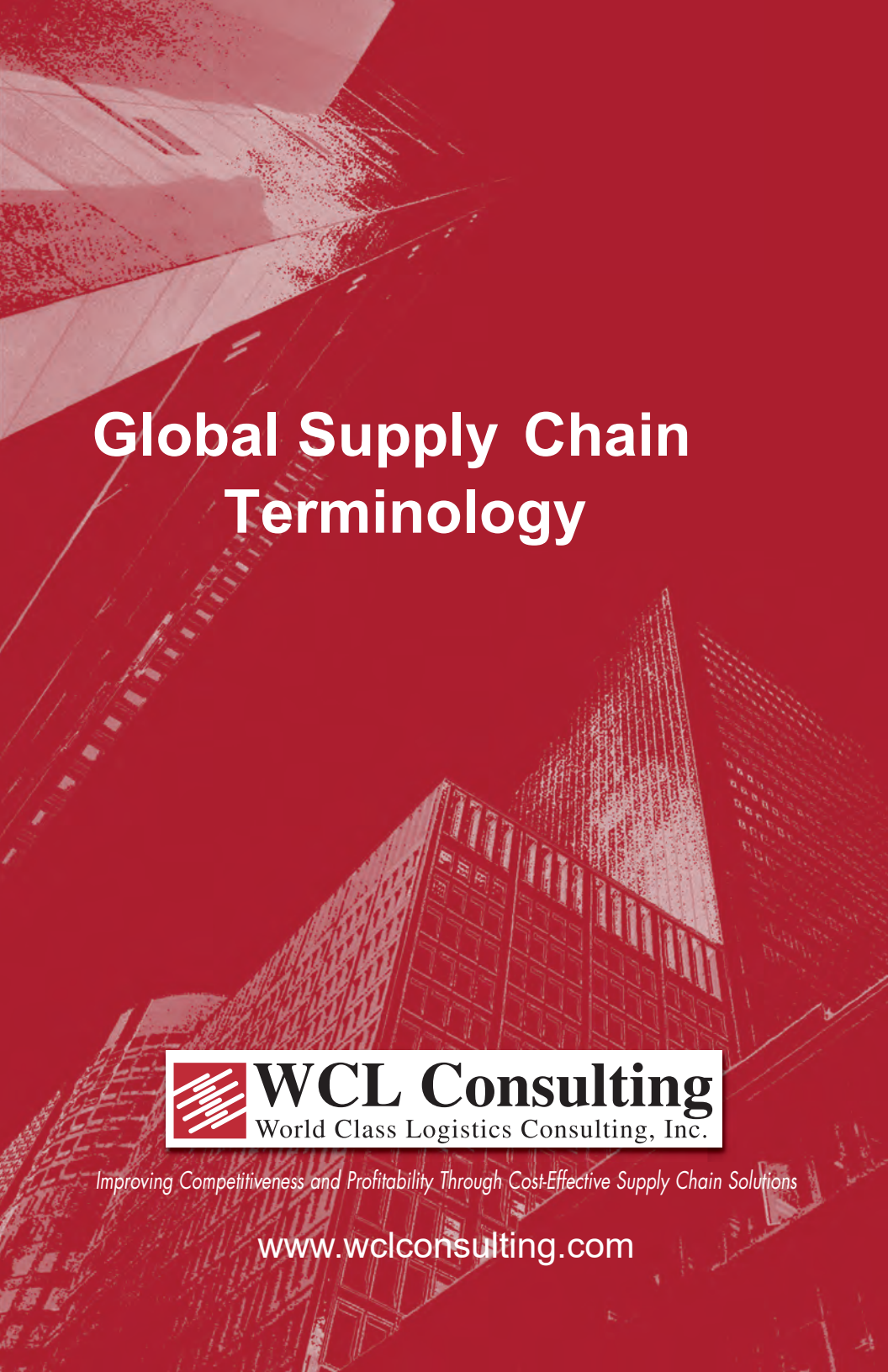
Global Supply Chain Terminology



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World Class Logistics Consulting, Inc.

Improving Competitiveness and Profitability Through Cost-Effective Supply Chain Solutions

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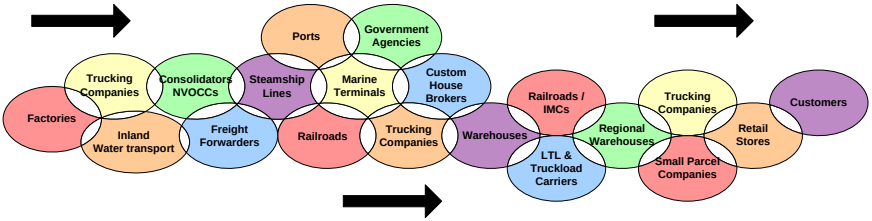
Introduction

This booklet provides a compilation of terms commonly utilized by those involved in the global supply chain. As can be seen in our diagram below, the Global Supply Chain Stakeholders' world is a complex and dynamic place of many disciplines and relationships. This Terminology booklet is designed to help both supply chain novices and veterans better understand the elements which make up this challenging world.



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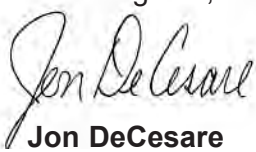
World Class Logistics Consulting (WCL Consulting) provides supply chain advisory services which help industry professionals to better understand this world and proactively address the challenges and opportunities that will arise. You can find a number of additional complementary supply chain articles and white papers by visiting our website at: www.wclconsulting.com

The dynamic nature of global supply chain management and technology results in new terms being continually developed and utilized. We will update our booklet accordingly. We encourage you to provide us with any suggested modifications or additions. Please forward them to my attention and I will ensure they are considered for our next update.

We hope that you find this terminology booklet helpful. We look forward to hearing from you.

Best Regards,



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A

4PL: (Fourth Party Logistics) Arrangement in which a firm contracts out (outsources) its logistical operations to two or more specialist firms (the third party logistics) and hires another specialist firm (the fourth party) to coordinate the activities of the third parties.

A.T.A.: Actual time of arrival, or also known as the American Trucking Association

A.T.D.: Actual time of departure

ABC Analysis: A classification of items in an inventory according to importance defined in terms of criteria such as sales volume and purchase volume.

ABI: See Automated Broker Interface

Accessorials: Extra charges for transportation services such as packing, unpacking, long haul fees and extra pick-ups. Freight carriers may charge extra fees for trailer detention/demurrage, re-delivery, fuel increases, and other expenses or extra services.

Action Message: An alert that an MRP or DRP system generates to inform the controller of a situation requiring his or her attention.

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

Activity-Based Costing: A method of cost management that identifies business activities performed, accumulates costs associated with these activities, and uses various cost drivers to trace costs of activities to the products.

Ad Valorem Duty: A duty calculated as a percentage of the shipment value. Also see Duty

Advanced Shipment Notice (ASN): An EDI term referring to a transaction set (ANSI 856) where the supplier sends out a notification to interested parties that a shipment is now outbound in the supply chain. This notification is list transmitted to a customer or consignor designating items shipped. The ASN may also include the expected time of arrival.

Agency Tariff: A rate bureau publication that contains rates for many carriers.

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

Aggregate Tender Rate: A reduced rate offered to a shipper who tenders two or more class-related shipments at one time and one place.

Agile Supply Chains: Are supply chains that are able to rapidly respond to new customer requirements and unexpected competitive influences.

Agility: The ability to successfully manufacture and market a broad range of low-cost, high-quality products and services with short lead times and varying volumes that provide enhanced value to customers through customization. Agility merges the four distinctive competencies of cost, quality, dependability, and flexibility.

Air Cargo: Freight that is moved by air transportation.

Air Carrier: An enterprise that offers transportation service via air.

Air Taxi: An exempt for-hire air carrier that will fly anywhere on demand; air taxis are restricted to a maximum payload and passenger capacity per plane.

Air Transport Association of America: A U.S. airline industry association.

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.

Air Cargo Agent: An agent appointed by an airline to solicit and process international airfreight shipments.

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.

All Water: Term used when the transportation is completely by water.

All-Cargo Carrier: An air carrier that transports cargo only.

Allocation: 1) A distribution of costs using calculations that may be unrelated to physical observations or direct or repeatable cause-and-effect relationships. Because of the arbitrary nature of allocations, costs based on cost causal assignment are viewed as more relevant for management decision-making. 2) Allocation of available inventory to customer and production orders.

Alternate Routing: A routing, usually less preferred than the primary routing, but resulting in an identical item. Alternate routings may be maintained in the computer or off-line via manual methods, but the computer software must be able to accept alternate routings for specific jobs.

American National Standards Institute (ANSI): ANSI was founded in 1918 to coordinate national standards in the U.S. ANSI is the central body responsible for the identification of a single consistent set of voluntary standards called American National Standards. ANSI provides an open forum for the identification of standards requirements, development of plans to meet those requirements, and agreement on standards. ANSI itself does not develop standards. In 1979 ANSI chartered a new committee, which in now known as Accredited Standards Committee (ASC) X12 Electronic Data Interchange, to develop uniform standards for electronic interchange of business transactions.

American Society of Transportation & Logistics: A professional organization in the field of logistics.

American Trucking Association, Inc.: A motor carrier industry association composed of sub-conferences representing various motor carrier industry sectors.

American Waterway Operators: A domestic water carrier industry association representing barge operators on inland waterways.

Amtrak: The National Railroad Passenger Corporation, a federally created corporation that operates most of the United States' intercity passenger rail service.

ANSI: See American National Standards Institute

ANSI Standard: A published transaction set approved by ANSI. The standards are reviewed every six months.

Anti-Dumping Duty: An additional import duty imposed in instances where imported goods are priced at less than the "normal" price charged in the exporter's domestic market and cause material injury to domestic industry in the importing country.

Any-Quantity (AQ) rate: A rate that applies to any size shipment tendered to a carrier; no discount rate is available for large shipments.

API: Application Programming Interface

Application-to-Application: The direct interchange of data between computers, without re-keying.

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).

Artificial Intelligence: A field of research seeking to understand and computerize the human thought process.

ASN: See Advance Shipment Notice.

Assembly: A group of subassemblies and/or parts that are put together and that constitute a major subdivision for the final product. An assembly may be an end item or a component of a higher level assembly.

Assignment: The transfer of rights, duties, responsibilities, and benefits of an agreement, contract, or financial instrument to a third party.

Association of American Railroads: A railroad industry association that represents the larger U.S. railroads.

ATFI: Automated Tariff Filing Information System

Auditing: Determining the correct transportation charges due the carrier; auditing involves checking the freight bill for errors, correct rate, and weight.

Automated Broker Interface (ABI): The U.S. Customs program to automate the flow of customs-related information among customs brokers, importers, and carriers.

Automated Guided Vehicle System (AGVS): A computer-controlled materials handling system consisting of small vehicles (carts) that move along a guideway.

Automated Storage and Retrieval System (ASRS): An automated, mechanized system for moving merchandise into storage locations and retrieving it when needed.

Average: See Marine Cargo Insurance.

Average Cost: Total cost, fixed plus variable, divided by total output.

Average Inventory: The average inventory level over a period of time. Implicit in this definition is a “sampling period” which is the amount of time between inventory measurements. For example, daily inventory levels over a two-week period of time, hourly inventory levels over one day, etc. The average inventory for the same total period of time can fluctuate widely depending upon the sampling period used.

AWB: See Air Waybill.

B

Back Order: The process a company uses when a customer orders an item that is not in inventory at the time of the original order. The company fills the order when the item becomes available.

Backhaul: A vehicle's return movement from original destination to original origin.

Balance of Trade: The surplus or deficit which results from comparing a country's exports and imports of merchandise only.

Bale: A large compressed, bound, and often wrapped bundle of a commodity, such as cotton or hay.

Bar Code: A series of lines of various widths and spacing's that can be scanned electronically to identify a carton or individual item.

Bar Code Scanner: A device to read bar codes and communicate data to computer systems.

Bar Coding: A method of encoding data for fast and accurate readability. Bar codes are a series of alternating bars and spaces printed or stamped on products, labels, or other media, representing encoded information which can be read by electronic readers called bar.

Barge: The cargo-carrying vehicle which may or may not have its own propulsion mechanism for the purpose of transporting goods. Primarily used by Inland water carriers, basic barges have open tops, but there are covered barges for both dry and liquid cargoes.

Barrier to Entry: Factors that prevent companies from entering into a particular market, such as high initial investment in equipment.

Barter: The exchange of commodities or services for other commodities or services rather than the purchase of commodities or services with money.

Base Currency: The currency whose value is "one" whenever a quote is made between two currencies.

Basing-Point Pricing: A pricing system that includes a transportation cost from a particular city or town in a zone or region even though the shipment does not originate at the basing point.

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

Batch Picking: The picking of items from storage for more than one order at a time.

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.

Benchmarking: A management tool for comparing performance against an organization that is widely regarded as outstanding in one or more areas, in order to improve performance.

Benefit-Cost Ratio: An analytical tool used in public planning; a ratio of total measurable benefits divided by the initial capital cost. see Cost Benefit Analysis.

Bill of Lading (BOL): A document issued by an entity providing transportation services that serves three purposes: 1) serves as receipt for the goods delivered to the carrier for shipment, 2) defines the contract of carriage of the goods from the point of origin to the point of destination according to the responsibilities of the service provider listed on the bill of lading, 3) under certain conditions, provides evidence of title for the goods, and in its original form is negotiable.

Bill of Lading Number: The number assigned by the carrier to identify the bill of lading.

Bill of Lading, Through: A bill of lading to cover 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 Materials: Also referred to as a "BOM"; a list of components / parts required to produce an item.

Billing: A carrier terminal activity that determines the proper rate and total charges for a shipment and issues a freight bill.

Binder: A strip of cardboard, thin wood, burlap, or similar material placed between layers of containers to hold a stack together.

Blanket Rate: A rate that does not increase according to the distance a commodity is shipped.

Blanket Wrap: A service pioneered by the moving companies to eliminate packaging material by wrapping product in padded "blankets" to protect it during transit, usually on "air ride" vans.

BOL: See Bill of Lading

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

Bonded: See Bond, In.

Bonded Warehousing: A warehouse authorized by Customs authorities for storage of goods on which payment of duties is deferred until the goods are removed. This is a type of warehousing in which companies place goods in storage without paying taxes or tariffs. The warehouse bonds themselves to the tax or tariff collecting agency to ensure payment of the taxes before the warehouse releases the goods.

Booking: The act of requesting space and equipment aboard a vessel for cargo which is to be transported.

Booking Number: The number assigned to a certain space reservation by the carrier or the carrier's agent.

Boxcar: An enclosed railcar, typically forty to fifty feet long, used for packaged freight and some bulk commodities.

Bracing: To secure a shipment inside a carrier's vehicle to prevent damage.

Break Bulk Cargo: Cargo that is shipped as a unit or package (for example: palletized cargo, boxed cargo, large machinery, trucks) but is not containerized.

Break Bulk Vessel: A vessel designed to handle break bulk cargo.

Break-Bulk: The separation of a consolidated bulk load into smaller individual shipments for delivery to the ultimate consignee. The freight may be moved intact inside the trailer, or it may be interchanged and rehandled to connecting carriers.

Broken Case: An open case. The term is often used interchangeably with “repack” or “less-than-full-case” to name the area in which materials are picked in that form.

Broker: There are 3 definitions for the term "broker": 1) an enterprise that owns & leases equipment 2) an enterprise that arranges the buying & selling of transportation of, goods, or services 3) a ship agent who acts for the ship owner or charterer in arranging charters.

Buffer Stock: A quantity of goods or articles kept in storage to safeguard against unforeseen shortages or demands.

Build to Inventory: A "push" system of production and inventory management. Product is manufactured or acquired in response to sales forecasts.

Build to Order: A method of reducing inventory by not manufacturing product until there is an actual order from the customer.

Build to Stock: See Build to Inventory.

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

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

Business Logistics: The process of planning, implementing, and controlling the efficient, effective flow and storage of goods, services, and related information from the point of origin to the point of consumption for the purpose of conforming to customer requirements.

Buyer: An enterprise that arranges for the acquisition of goods or services and agrees to payment terms for such goods or services.

C

C & F: See Cost and Freight

Cabotage: A federal law that requires coastal and inter-coastal traffic to be carried in U.S.-built and registered ships.

CAD: See Cash Against Documents.

CAF: See Currency Adjustment Factor

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.

Call Center: Often used by mail order catalogs, telemarketers, help desks or many large customer service operations. It is a place where a large volume of customer telephone calls are handled.

CAPSTAN: Computer-Aided Planned Stowage and Networking system.

CARAT: Cargo Agents Reservation Air Waybill Issuance and Tracking.

Cargo: Merchandise carried by a means of transportation.

Carmack Amendment: An Interstate Commerce Act amendment that delineates the liability of common carriers and the bill of lading provisions.

Carnet: A Customs document permitting the holder to carry or send special categories of goods temporarily into certain foreign countries without paying duties or posting bonds.

Carousel: A rotating system of layers of bins and/or drawers that can store many small items using relatively little floor space.

Carrier: An enterprise engaged in the business of transporting goods.

Carrier Assets: Items that a carrier owns (technically or outright) to facilitate the services they provide.

Carrier Certificate and Release Order: Used to advise customs of the shipment's details. By means of this document, the carrier certifies that the firm or individual named in the certificate is the owner or consignee of the cargo.

Carrier Liability: A common carrier is liable for all shipment loss, damage, and delay with the exception of that caused by act of God, act of a public enemy, act of a public authority, act of the shipper, and the goods' inherent nature.

Cartage: There are two definitions for this term: 1) charge for pick-up and delivery of goods 2) movement of goods locally (short distances).

Carton Flow Rack: A storage rack consisting of multiple lines of gravity flow conveyors.

Cash Against Documents (CAD): A method of payment for goods in which documents transferring title are given to the buyer upon payment of cash to an intermediary acting for the seller.

Cash In Advance (CIA): A method of payment for goods whereby the buyer pays the seller in advance of shipment of goods.

Cash-to-Cash Cycle Time: The time it takes for cash to flow back into a company after it has been spent for raw materials. Synonym: Cash Conversion Cycle.

Cash with Order (CWO): A method of payment for goods where cash is paid at the time of order, and the transaction becomes binding on both buyer and seller

Cause and Effect Diagram: In quality management, a structured process used to organize ideas into logical groupings. Used in brainstorming and problem solving exercises. Also known as Ishikawa or fish bone diagram.

Center-of-Gravity Approach: A supply chain planning methodology for locating distribution centers at approximately the location representing the minimum transportation costs between the plants, the distribution centers, and the markets.

Centralized Authority: The restriction of authority to make decisions to few managers.

Certificate of Insurance: A negotiable document indicating that insurance has been secured under an open policy to cover loss or damage to a shipment while in transit.

Certificate of Origin: A document containing an affidavit to prove the origin of imported goods. Used for customs and foreign exchange purposes.

Certificate of Public Convenience and Necessity: The grant of operating authority that common carriers receive. A carrier must prove that a public need exists and that the carrier is fit, willing, and able to provide the needed service. The certificate may specify the commodities the carrier may haul, and the routes it may use.

Certificated Carrier: A for-hire air carrier that is subject to economic regulation and requires an operating certification to provide service.

CFS: See Container Freight Station.

CFS / CFS: See Container Freight Station to Container Freight Station.

Channel of Distribution: A means by which a manufacturer distributes products

from the plant to the ultimate user, including warehouses, brokers, wholesalers, retailers, etc.

Channel Partners: Members of a supply chain (i.e. suppliers, manufacturers, distributors, retailers, etc.) who work in conjunction with one another to manufacture, distribute, and sell a specific product.

Chargeable Weight: The shipment weight used in determining freight charges. The chargeable weight may be the dimensional weight or, for container shipments, the gross weight of the shipment less the tare weight of the container.

Charging Area: A warehouse area where a company maintains battery chargers and extra batteries to support a fleet of electrically powered materials handling equipment. The company must maintain this area in accordance with government safety regulations.

Chock: A wedge, usually made of hard rubber or steel, that is firmly placed under the wheel of a trailer, truck, or boxcar to stop it from rolling.

CIA: See Cash In Advance

CIF: See Cost, Insurance, and Freight

City Driver: A motor carrier driver who drives a local route as opposed to a long-distance, intercity route.

Civil Aeronautics Board: A federal regulatory agency that implemented economic regulatory controls over air carriers.

CL: Carload rail service requiring shipper to meet minimum weight.

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

Class I Carrier: A classification of regulated carriers based upon annual operating revenues--motor carriers of property; $5 million; railroads; $50 million; motor carriers of passengers; $3 million.

Class II Carrier: A classification of regulated carriers based upon annual operating revenues--motor carriers of property: $1-$5 million; railroads: $10-$50 million; motor carriers of passengers: $3 million.

Class III Carrier: A classification of regulated carriers based upon annual operating revenues--motor carriers of property: $1 million; railroads $10 million.

Class Rates: A grouping of goods or commodities under one general heading. All the items in the group make up a class. The freight rates that apply to all items in the class are called "class rates."

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 railcars are grouped together to form train units.

Clearance: A document stating that a shipment is free to be imported into the country after all legal requirements have been met.

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

COFC: See Container on Flat Car

Collaboration: A means by which all companies in a supply chain are actively

working together toward common objectives, and is characterized by sharing information, knowledge, risks and profits.

Collaborative Planning, Forecasting, and Replenishment (CRFR): Consists of enhanced supply chain integration with suppliers, including joint planning, visibility, and inventory replenishment. Wal-Mart and Proctor & Gamble are leading firms in this area.

Collect Freight: Freight payable to the carrier at the port of discharge or ultimate destination. The consignee does not pay the freight charge if the cargo does not arrive at the destination.

Collective Paper: All documents (commercial invoices, bills of lading, etc.) submitted to a buyer for the purpose of receiving payment for a shipment.

Combi Aircraft: An aircraft specially designed to carry unitized cargo loads on the upper deck of the craft, forward of the passenger area.

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.

Commercial zone: The area surrounding a city or town to which rate carriers quote for the city or town also apply; the ICC defines the area.

Committee of American Steamship Lines: An industry association representing subsidized U.S. flag steamship firms.

Commodities: Any article exchanged in trade, most commonly used to refer to raw materials and agricultural products.

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.

Commodity Rate: A rate for a specific commodity and its origin-destination.

Common Carrier: A for-hire carrier that holds itself out to serve the general public passenger and/or cargo transport services at reasonable rates and without discrimination. To operate, the carrier must secure a certificate of public convenience and necessity.

Common Cost: A cost that a company cannot directly assign to particular segments of the business; a cost that the company incurs for the business as a whole.

Commuter: An exempt for-hire air carrier that publishes a time schedule on specific routes; a special type of air taxi.

Comparative Advantage: A principle based on the assumption that an area will specialize in producing goods for which it has the greatest advantage or the least comparative disadvantage.

Conference Carrier: An ocean carrier who is a member of an association known as a "conference." The purpose of the conference is to standardize shipping practices, eliminate freight rate competition, and provide regularly scheduled service between specific ports.

Consignee: The receiver of goods, i.e. a freight shipment, usually the buyer.

Consignment: Goods shipped to an overseas agent when an actual purchase has not been made, but when the consignee agrees to sell the goods.

Consignor: The shipper of goods, or shipper of a transportation movement.

Consolidation: Collecting smaller shipments to form a larger quantity in order to realize lower transportation rates.

Consolidation Network: A shipper will add a consolidation center to the network if it receives less-than-container or trailer load volumes from their suppliers or manufacturers. These facilities can be located abroad at the source country or throughout North America.

Consolidation Point: The location where consolidation takes place.

Consolidation-to-Deconsolidation Network: A Shipper will add a consolidation center at the point of origin when it receives less-than-container volumes from their suppliers and manufacturers. In this case the Shipper's DC does not have enough inbound volume to support full container loads from the consolidation center.

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

Consolidator's Bill of Lading: A bill of lading issued by a consolidator as a receipt for merchandise that will be grouped with cargo obtained from other shippers. See also House Air Waybill.

Consul: A government official residing in a foreign country, charged with representing the interests of his or her country and its nationals.

Consular Declaration: A formal statement made to the consul of a country describing merchandise to be shipped to that consul's country. Approval must be obtained prior to shipment.

Consular Documents: Special forms signed by the consul of a country to which cargo is destined.

Consular Invoice: A document, required by some foreign countries, describing a shipment of goods and showing information such as the consignor, consignee, and value of the shipment. Certified by a consular official of the foreign country, it is used by the country's custom.

Consumption Entry: An official Customs form used for declaration of reported goods, also showing the total duty due on such transaction.

Container: This term is associated with more than one definition: 1) anything in which goods are packed 2) a single rigid receptacle without wheels that is used for the transport of goods (a type of carrier equipment into which freight is loaded).

Container Chassis: A vehicle built for the purpose of transporting a container so that, when a container and chassis are assembled, the produced unit serves as a road trailer.

Container Depot: The storage area for empty containers.

Container Freight Station (CFS): The location designated by carriers for receipt of cargo to be packed into containers/equipment by the carrier. At destination, CFS is the location designated by the carrier for unpacking of cargo from equipment/containers.

Container Freight Station Charge: The charge assessed for services performed at the loading or discharge location.

Container Freight Station to Container Freight Station (CFS/CFS): A type of steamship-line service in which cargo is transported between container freight stations, where containers may be stuffed, stripped, or consolidated. Usually used for less-than-container load shipments.

Container I.D.: An identifier assigned to a container by a carrier. See also Equipment ID.

Container on Flat Car (COFC): A carriage of intermodal containers detached from their chassis on rail flat cars.

Container Terminal: An area designated to be used for the stowage of cargo in containers that may be accessed by truck, rail, or ocean transportation.

Container Vessel: A vessel specifically designed for the carriage of containers.

Container Yard: The location designated by the carrier for receiving, assembling, holding, storing, and delivering containers, and where containers may be picked up by shippers or redelivered by consignees.

Container Yard to Container Yard (CY/CY): A type of steamship-line service in which freight is transported from origin container yard to destination container yard.

Containerization: The technique of using a boxlike device in which a number of packages are stored, protected, and handled as a single unit in transit.

Countervailing Duties: An additional import duty imposed to offset Government subsidies in the exporting country, when the subsidized imports cause material injury to domestic industry in the importing country.

Contingency Planning: Preparing to deal with calamities (e.g., floods) and noncalamitous situations (e.g., strikes) before they occur.

Continuous Replenishment (CRP): A system used to reduce customer inventories and improve service usually to large customers.

Continuous-Flow, Fixed-Path Equipment: Materials handling devices that include conveyors and drag lines.

Contract Carrier: A for-hire carrier that does not serve the general public but serves shippers with whom the carrier has a continuing contract. The contract carrier must secure a permit to operate.

Conveyance: The application used to describe the function of a vehicle of transfer.

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

Cooperative Associations: Groups of firms or individuals having common interests; agricultural cooperative associations may haul up to 25 percent of their total interstate non-farm, nonmember goods tonnage in movements incidental and necessary to their primary business.

Coordinated Transportation: Two or more carriers of different modes transporting a shipment.

Cost and Freight (C & F): The seller quotes a price that includes the cost of transportation to a specific point. The buyer assumes responsibility for loss and damage and pays for the insurance of the shipment.

Cost of Lost Sales: The forgone profit companies associate with a stockout.

Cost Trade-Off: The interrelationship among system variables in which a change in one variable affects other variables' costs. A cost reduction in one variable may increase costs for other variables, and vice versa.

Cost, Insurance, and Freight (CIF): The price quote that the seller offers to the buyer, which includes cost of the goods, insurance of the goods, and transportation charges.

Countertrade: A reciprocal trading agreement that includes a variety of transactions involving two or more parties.

Countervailing Duties: Special duties imposed on imports to offset the benefits of subsidies to producers or exporters of the exporting country.

Country of Destination: The country that will be the ultimate or final destination for goods.

Country of Origin: The country where the goods were manufactured.
Courier Service: A fast, door-to-door service for high-valued goods and documents; firms usually limit service to shipments weighing fifty pounds or less.

Crane: A materials handling device that lifts heavy items. There are two types: bridge and stacker.

Credit Terms: The agreement between two or more enterprises concerning the amount and timing of payment for goods or services.

Critical Value Analysis: A modified ABC analysis in which a company assigns a subjective critical value to each item in an inventory.

Cross-Docking: The movement of goods directly from receiving dock to shipping dock to eliminate storage expense. Many times a site is chosen to consolidate goods from several origins and reship to the retail or manufacturing site (sometimes called Merge in Transit or Flow Through Distribution).

Cross-Shipment: Material flow activity where materials are shipped to customers from a secondary shipping point rather than from a preferred shipping point.

CSA 2010: Federal Motor Carrier Safety Administration's Compliance, Safety & Accountability (CSA) initiative is to improve large truck and bus safety and ultimately reduce crashes, injuries, and fatalities that are related to commercial motor vehicles.

Cube Out: The situation when a piece of equipment has reached its volumetric capacity before reaching the permitted weight limit.

Cubic Capacity: The carrying capacity of a piece of equipment according to measurement in cubic feet.

Cube Utilization: In warehousing, a measurement of the utilization of the total storage capacity of a vehicle or warehouse.

Currency Adjustment Factor (CAF): A surcharge imposed by a carrier on ocean freight charges to offset foreign currency fluctuations.

Customer Service: The series of activities involved in providing the full range of services to customers.

Customs: The authorities designated to collect duties levied by a country on imports and exports.

Customs Broker / Customhouse Broker: A firm that represents importers/exporters in dealings with customs. Normally responsible for obtaining and submitting all documents for clearing merchandise through customs, arranging inland transport, and paying all charges related to these functions.

Customs Clearance: The act of obtaining permission to import merchandise from another country into the importing nation.

Customs Invoice: A document that contains a declaration by the seller, the shipper, or the agent as to the value of the shipment.

Customs Value: The value of the imported goods on which duties will be assessed.

CWO: See Cash with Order.

CWT: The abbreviation for hundredweight, which is the equivalent of 100 pounds.

CY/CY: See Container Yard to Container Yard.

Cycle Inventory: An inventory system where counts are performed continuously, often eliminating the need for an annual overall inventory. It is usually set up so that A items are counted regularly (i.e., every month), B items are counted semi-regularly (every quarter or six months), and C Items are counted perhaps only once a year.

Cycle Time: The elapsed time between commencement and completion of a process.

D

DC By-Pass: Practice that occurs when vendors ship goods directly to the retail store instead of to the retailer's distribution center.

Decentralized Authority: A situation in which a company management gives decision-making authority to managers at many organizational levels.

Decision Support System (DSS): A set of computer oriented tools designed to assist managers in making decisions.

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 for Carriage: 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.

Deconsolidation Network: Various suppliers or factories will ship full containers to an import deconsolidation/transload facility where they are split into separate shipments destined for a number of different DCs.

Deconsolidator: An enterprise that provides services to un-group shipments, orders, goods, etc., to facilitate distribution.

Defective goods inventory (DGI): Those items that have been returned, have been delivered damaged and have a freight claim outstanding, or have been damaged in some way during warehouse handling.

Delivery Appointment: The time agreed upon between two enterprises for goods or transportation equipment to arrive at a selected location.

Delivery Instructions: A document issued to a carrier to pick up goods at a location and deliver them to another location. See also Delivery Order

Delivery Order: A document issued by the customs broker to the ocean carrier as authority to release the cargo to the appropriate party.

Demand Pull Inventory System: a system for replenishing distribution center inventories where the inventory decisions are made at the distribution center using product sales activities and "pulled" from the manufacturing plant. (decentralized decision making)

Demurrage: The penalty for exceeding free time allowed for loading/unloading under the terms of the agreement with the carrier. Demurrage is the term used in the rail and ocean industry; detention is used in the motor industry.

Density: A physical characteristic measuring a commodity's mass per unit volume or pounds per cubic foot; an important factor in ratemaking, since density affects the utilization of a carrier's vehicle.

Density rate: A rate based upon the density and shipment weight.

Deregulation: Revisions or complete elimination of economic regulations controlling transportation. The Motor Carrier Act of 1980 and the Staggers Act of 1980 revised the economic controls over motor carriers and railroads, and the Airline Deregulation Act of 1978 eliminated economic controls over air carriers.

Derived demand: The demand for a product's transportation is derived from the product's demand at some location.

Destination: The location designated as a receipt point for goods/shipment.

Detention: The penalty for exceeding free time allowed for loading/unloading under the terms of the agreement with the carrier. Detention is the term used in the motor industry; demurrage is used in the rail and ocean industry.

Devanning: The unloading of cargo from a container or other piece of equipment. See Stripping.

DFZ: See Duty Free Zone

Differential: A discount offered by a carrier that faces a service time disadvantage over a route.

Direct Product Profitability (DPP): Calculation of the net profit contribution attributable to a specific product or product line.

Direct Store Delivery (DSD): A logistics strategy to improve services and lower warehouse inventories.

Direct-to-DC Network: The vendor or factory ships full container loads directly to each Shipper’s Distribution Center (DC), with full container load pricing and no handling of the product between plant and each DC.

DISA: Data Interchange Standards Association

Discharge Port: The name of the port where the cargo is unloaded from the export vessel. This is the port reported to the U.S. Census on the Shipper's Export Declaration, Schedule K, which is used by U.S. companies when exporting. This can also be considered the first discharge port.

Dispatching: The carrier activities involved with controlling equipment; involves arranging for fuel, drivers, crews, equipment, and terminal space.

Distribution: The physical path and legal title that goods and services take between production and consumption.

Distribution Channel: The route by which a company distributes goods.

Distribution Channel Management: The organizational and pipeline strategy for getting products to customers. Direct channels involve company sales forces, facilities, and/or direct shipments to customers; indirect channels involve the use of wholesalers, distributors, and/or other parties to supply the products to customers. Many companies use both strategies, depending on markets and effectiveness.

Distribution Resource Planning (DRP): A computer system that uses MRP techniques to manage the entire distribution network and to link it with manufacturing planning and control.

Distribution Warehouse: A finished goods warehouse from which a company assembles customer orders.

Distributor: An enterprise that offers services to buy and sell goods on their own account.

Diversion: The process of changing the destination and/or the consignee while the shipment is enroute.

Dock Receipt: A document used to accept materials or equipment at an ocean pier or accepted location. Provides the ocean carrier with verification of receipt and the delivering carrier with proof of delivery.

Dock-to-Stock: A program by which specific quality and packaging requirements are met before the product is released. Pre-qualified product is shipped directly into the customer's inventory. Dock-to-stock eliminates the costly handling of components, specifically in receiving and inspection and enables product to move directly into production.

Documentation: The papers attached or pertaining to goods requiring transportation and/or transfer of ownership.

Domestic Trunk Line Carrier: A classification for air carriers that operate between major population centers. These carriers are now classified as major carriers.

Door to Door: The through-transport of goods from consignor to consignee.

Door to Port: The through transport service from consignor to port of importation.

Double Bottoms: A motor carrier operation that involves one tractor pulling two trailers.

Double-Pallet Jack: A mechanized device for transporting two standard pallets simultaneously.

Double-Stacked Rail Transport: Double-stack rail transport is a form Intermodal freight transport where intermodal containers are stacked two high on special railroad cars called well cars. Introduced in North America in 1984, double stack has become increasingly common, being used for nearly 70% of United States intermodal shipments. Using double stack technology, a freight train of a given length can carry roughly twice as many containers, sharply reducing costs per container. In addition, the well car design significantly reduces damage in transit and provides greater cargo security by cradling the lower containers so their doors cannot be opened. A succession of large, new container sizes was introduced to further increase shipping productivity on domestic routes.

Drawback: See Duty Drawback

Drayage: The service offered by a motor carrier for pick-up and delivery of ocean containers or rail containers. Drayage agents usually handle full-load containers for ocean and rail carriers.

Driving Time Regulations: U.S. Department of Transportation rules that limit the maximum time a driver may drive in interstate commerce; the rules prescribe both daily and weekly maximums.

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 Shipment: A request for the goods to go to the retailer directly from the manufacturer when the invoice comes from another party in the transaction, typically the distributor from whom the retailer would normally receive the goods.

DRP: See Distribution Requirements Planning

DSS: See Decision Support System

Dual Operation: A motor carrier that has both common and contract carrier operating authority.

Dual rate system: An international water carrier pricing system in which a shipper signing an exclusive use agreement with the conference pays a rate 10 to 15 percent lower than non-signing shippers do for an identical shipment.

Dumping: When a product is sold below cost in a foreign market and/or when a product is sold at a lower price in the foreign market than in a domestic market, with the intention of driving out competition in the foreign market.

Dunnage: Packaging material such as cardboard and cushioning material; used to protect a product or keep it from moving around.

Duty: A tax imposed by a government on merchandise imported from another country.

Duty Drawback: A refund of duty paid on imported merchandise when it is exported later, whether in the same or a different form.

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

ECR: See Efficient Consumer Response

EDI: See Electronic Data Interchange.

ETA.: The Estimated Time of Arrival.

ETD.: The Estimated Time of Departure.

E-commerce: Commerce conducted electronically as on the internet.

Economic Order Quantity (EOQ): An inventory model that determines how much to order by determining the amount that will minimize total ordering and holding costs.

Economy of Scale: The lowering of costs with added output due to allocation of fixed costs over more units.

EDI: See Electronic Data Interchange.

EDI Interchange: Communication between partners in the form of a structured set of messages and service segments starting with an interchange control header and ending with an interchange control trailer. In the context of X.400 EDI messaging, the contents of the primary body of an EDI message.

EDIFACT: EDI for Administration Commerce and Transport.

Efficient Consumer Response (ECR): A system in which demand for inventory is driven by the retailers in response to consumer demand, often through Point Of Sale information systems. This a customer-driven system where distributors and suppliers work together as business allies to maximize consumer satisfaction and minimize cost.

Electronic Data Interchange (EDI): Computer-to-computer communication between two or more companies that such companies can use to generate bills of lading, purchase orders, and invoices. It also enables firms to access the information systems of suppliers, customers, and trading partners.

Embargo: A prohibition upon exports or imports, either with specific products or specific countries.

End User: The final buyer of the product who purchases the product for immediate use.

Enroute: A term used for goods in transit or on the way to a destination.

Enterprise Resource Planning (ERP): A cross-functional/regional planning process supporting regional forecasting, distribution planning, operations centers planning, and other planning activities. ERP provides the means to plan, analyze, and monitor the flow of demand/supply alignment and to allocate critical resources to support the business plan.

Entry Form: The document that must be filed with Customs to obtain the release of imported goods and to allow collection of duties and statistics. Also called a Customs Entry Form or Entry.

Environmental Sustainability: Maintaining the factors and practices that contribute to the quality of environment on a long-term basis.

Equipment: The rolling stock carriers use to facilitate the transportation services that they provide, including containers, trucks, chassis, vessels, and airplanes, among others.

Equipment I.D.: An identifier assigned by the carrier to a piece of equipment. See also Container ID.

Equipment Positioning: The process of placing equipment at a selected location.

ERP: See Enterprise Resource Planning

Ex Works: The price that the seller quotes applies only at the point of origin. The buyer takes possession of the shipment at the point of origin and bears all costs and risks associated with transporting the goods to the destination.

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

Exclusive Patronage Agreements: A shipper agrees to use only a conference's member liner firms in return for a 10 to 15 percent rate reduction.

Exclusive Use: Vehicles that a carrier assigns to a specific shipper for its exclusive use.

Exempt Carrier: A for-hire carrier that is exempt from economic regulations.

Expediting: Determining where an in-transit shipment is and attempting to speed up its delivery.

Expert System: A computer program that mimics a human expert.

Export: To send goods and services to another country.

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

Export Declaration: A document required by the U.S. Treasury department and completed by the exporter to show the value, weight, consignee, destination, etc., pertinent to the export shipment. The document serves two purposes: to gather trade statistics and to provide a control document if the goods require a valid export license.

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 Management Company: A private firm that serves as the export department for several manufacturers, soliciting and transacting export business on behalf of its clients in return for a commission, salary, or a retainer plus commission.

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

Export Trading Company: A firm that buys domestic products for sale overseas. A trading company takes title to the goods; an export-management company usually does not.

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.

F

Federal Aviation Administration: The federal agency that administers federal safety regulations governing air transportation.

Federal Maritime Commission: Regulatory agency responsible for rates and practices of ocean carriers shipping to and from the United States.

FEU: Forty-foot equivalent unit, a standard size intermodal container.

Field Warehouse: A warehouse that stores goods on the goods' owner's property while the goods are under a bona fide public warehouse manager's custody. The owner uses the public warehouse receipts as collateral for a loan.

Fill Rate: The percentage of order items that the picking operation actually found.

Final Destination: The last stopping point for a shipment.

Finance Lease: An equipment-leasing arrangement that provides the lessee with a means of financing for the leased equipment; a common method for leasing motor carrier trailers.

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

Finished Goods Inventory (FGI): The products completely manufactured, packaged, stored, and ready for distribution.

FIPS: Federal Information Processing Standards.

Firm Planned Order: In a DRP or MRP system, a planned order whose status has been updated to a fixed order.

Fixed Costs: Costs that do not fluctuate with the business volume in the short run.

Fixed-Location Storage: A method of storage in which a relatively permanent location is assigned for the storage of each item in a storeroom or warehouse. Although more space is needed to store parts than in a random-location storage system, fixed locations become familiar, and therefore a locator file may not be needed.

Fixed Quantity Inventory Model: A setup wherein a company orders the same (fixed) quantity each time it places an order for an item.

Flatcar: A railcar without sides, used for hauling machinery.

Flexibility: Ability to respond quickly and efficiently to changing customer and consumer demands.

Flexible-Path Equipment: Materials handling devices that include hand trucks and forklifts.

Flight Number: An identifier associated with the air equipment (plane). Typically a combination of two letters, indicating the airline, and three or four digits indicating the number of the voyage.

Flow Rack: A storage method where product is presented to picking operations at one end of a rack and replenished from the opposite end.

F.O.B.: A term of sale defining who is to incur transportation charges for the shipment, who is to control the shipment movement, or where title to the goods passes to the buyer; originally meant "free on board ship."

Fair Return: A profit level that enables a carrier to realize a rate of return on investment or property value that the regulatory agencies deem acceptable for that level of risk.

Fair Value: The value of the carrier's property; the calculation basis has included original cost minus depreciation, replacement cost, and market value.

FAS: See Free Along Side.

FCL: See Full Container Load.

Finished Goods Inventory (FGI): The products completely manufactured, packaged, stored, and ready for distribution and/or sale.

Flexible Capacity: The logistics infrastructure established by best-in-class retailers is not one size fits all. They rely upon multiple distribution methods –

traditional DCs, direct store delivery, and cross docking – as well as third-party logistics resources to scale capacity up/down as needed.

Float: The time required for documents, payments, etc. to get from one trading partner to another.

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. Also known as a "cross-dock" process in the transportation business. See Cross Docking.

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

Foreign Trade Zone (FTZ): A site sanctioned by the U.S. Customs Service in which imported goods are exempted from duties until withdrawn for domestic sale or use. Such zones are used by commercial warehouses or assembly plants.

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

Form Utility: The value the production process creates in a good by changing the item's form.

Forwarder's Bill of Lading: See Consolidator's Bill of Lading.

FPA: Free of Particular Average. See Marine Cargo Insurance.

Free Along Side (FAS): The seller agrees to deliver the goods to the dock alongside the overseas vessel that is to carry the shipment. The seller pays the cost of getting the shipment to the dock; the buyer contracts the carrier, obtains documentation, and assumes all responsibility from that point forward.

Free of Particular Average: See Marine Cargo Insurance.
Free on Board (F.O.B.) (exchange point): This expression follows an exchange point. The exchange point indicates the transition of responsibility (risk) from the buyer to the seller. See also Terms of Sale. For example: F.O.B. Origin The seller agrees to deliver the goods to the point of origin.

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

Free Trade Zone (FTZ): See Foreign Trade Zone.

Freight: Goods being transported from one place to another.

Freight Alongside Ship: The point of embarkment chosen by the buyer, from where a carrier transports goods. Under this designation, a seller is obligated to pay the cost and assume all risks for transporting goods from a place of business to the FAS point.

Freight Bill: The carriers invoice for payment of transport services rendered.

Freight Charge: The rate established for transporting freight.

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

Freight Forwarder: An enterprise that provides services to facilitate the transport of shipments. Services can include documentation preparation, space and equipment reservation, warehousing, consolidation, delivery, clearance, banking and insurance services, and agency services. The forwarder may facilitate transport by land, air, ocean, or may specialize in one mode of transport. Also called Forwarder or Foreign Freight Forwarder.

Freight Forwarders Institute: The freight forwarder industry association.

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

Freight Quotation: A quotation from a carrier or forwarder covering the cost of transport between two specified locations.

Freight-All-Kinds (FAK): An approach to rate making whereby the ante is based only upon the shipment weight and distance; widely used in TOFC service.

FTL: See Full Truck Load.

FTZ: See Foreign Trade Zone and Free Trade Zone.

Fulfillment: The primary functions of fulfillment systems are (1) to respond quickly and correctly to an order by delivering the item ordered, (2) to maintain customer records, (3) to send invoices and to record payments, (4) to respond to customer inquiries and complaints and resolve problems, and (5) to produce purchase and payment information on an individual customer basis and on a group basis (usually by source or key code) to aid in developing marketing plans and strategies. The basic processes of fulfillment are mail opening, caging (see cage), order entry, customer service, address label printing and presorting, merchandise picking and packing, billing, promoting, and statistical analysis and reporting.

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

Full Truck Load (FTL): Same as Full Container Load, but in reference to motor carriage instead of containers.

Full-Service Leasing: An equipment-leasing arrangement that includes a variety of services to support the leased equipment; a common method for leasing motor carrier tractors.

Full-time Connection: A communication link between two (or more) entities which is normally maintained continuously.

Fully Allocated Cost: The variable cost associated with a particular output unit plus a common cost allocation.

G

GATT: See General Agreement on Tariffs and Trade.

General Agreement on Tariffs and Trade (GATT): A multilateral trade agreement aimed at expanding international trade as a means of raising world welfare.

General Average: See Marine Cargo Insurance.

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

General-Merchandise Warehouse: A warehouse used to store goods that are readily handled, are packaged, and do not require a controlled environment.

Global Positioning System (GPS): A system which uses satellites to precisely locate an object on earth. Used by trucking companies to locate over-the-road equipment.

GO: See General Order.

Gondola: A railcar with a flat platform and sides three to five feet high, used for top loading long, heavy items.

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.

Government Bill of Lading (GB/L): The bill of lading used for shipments made by U.S. Government agencies.

Grandfather Clause: A provision that enabled motor carriers engaged in lawful trucking operations before the passage of the Motor Carrier Act of 1935 to secure common carrier authority w/o proving public convenience and necessity; a similar provision exists for other modes.

Granger Laws: State laws passed before 1870 in Midwestern states to control rail transportation.

Great Lakes Carriers: Water carriers that operate on the five Great Lakes.

Greenhouse Gas (GHG) Emissions: A greenhouse gas (sometimes abbreviated GHG) is a gas in an atmosphere that absorbs and emits radiation within the thermal infrared range. This process is the fundamental cause of the greenhouse effect. The primary greenhouse gases in the Earth's atmosphere are water vapor, carbon dioxide, methane, nitrous oxide, and ozone.

Grid Technique: A quantitative technique to determine the least-cost center, given raw materials sources and markers, for locating a plant or warehouse.

Gross National Product (GNP): A measure of a nation's output; the total value of all final goods and services a nation produces during a time period.

Gross Weight: The total weight of the vehicle and the payload of freight or passengers.

Guaranteed Loans: Railroad loans that the federal government cosigns and guarantees.

GUI: Graphical User Interface.

H

Hard Copy: Computer output printed on paper.

Harmonized Commodity Description & Coding System (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.

HAWB: See House Air Waybill.

Hazardous Goods: Articles or substances capable of posing a significant risk to health, safety, or property, and that ordinarily require special attention when transported. Also called Dangerous Goods.

Hazardous Materials: Materials that the Department of Transportation has determined to be a risk to health, safety, and property; includes items such as explosives, flammable liquids, poisons, corrosive liquids, and radioactive material.

Hi-Low: Usually refers to a forklift truck on which the operator must stand rather than sit.

Highway Trust Fund: A fund into which highway users (carriers and automobile operators) pay; the fund pays for federal government's highway construction share.

Highway Use Taxes: Taxes that federal and state governments assess against highway users (the fuel tax is an example). The government uses the use tax money to pay for the construction, maintenance, and policing of highways.

Hopper Cars: Railcars that permit top loading and bottom unloading of bulk commodities; some hopper cars have permanent tops with hatches to provide protection against the elements.

Hostler: An individual employed to move trucks and trailers within a terminal or warehouse yard area.

Hours-of-Service Restrictions: The Federal Motor Carrier Safety Administration's new rules would require a driver to finish all driving in a 14-hour workday and to finish all work-related activities within 13 hours (with a 1-hour break). They are considering reducing total driving time from 11 hours to 10 hours per day but this is still up for debate.

House Air Waybill (HAWB): A bill of lading issued by a forwarder to a shipper as a receipt for goods that the forwarder will consolidate with cargo from other shippers for transport.

House to House: See Door to Door.

House to Pier: See Door to Port.

Household Goods Warehouse: A warehouse that stores household goods.

Hub: A central location to which traffic from many cities is directed and from which traffic is fed to other areas.

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

Hub & Spoke: (1) A distribution model. Stock is held at the Hub location and then sent out to the Spoke location (DC's) when needed. This model usually shows for reduced overall inventory because the Safety Stock is mostly held at the Hub, rather than at numerous spokes; (2) A transportation network providing a system of connections (spokes) through centralized transportation nodes (hubs)

Hundredweight (CWT): The pricing unit used in transportation; a hundredweight is equal to 100 pounds.

Igloos: Pallets and containers used in air transportation; the igloo shape fits the internal wall contours of a narrow-body airplane.

IMB: See International Maritime Bureau.

IMO: See International Maritime Organization.

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

Import License: A document issued by a carrier and by some national governments authorizing the importation of goods into their individual countries.

Importation Point: The location where goods will be cleared for importation into a country.

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.

Incentive Rate: A rate that induces the shipper to ship heavier volumes per shipment.

Incoterms: International terms of sale developed by the International Chamber of Commerce.

Independent Action: A carrier that is a rate bureau member may publish a rate that differs from the rate the rate bureau publishes.

Information: The data, plus the interpretation necessary to understand it. Information System (I/S): Managing the flow of data in an organization in a systematic, structured way to assist in planning, implementing, and controlling.

Inherent Advantage: The cost and service benefits of one mode compared with other modes.

Inland Bill of Lading: The carriage contract used in transport from a shipping point overland to the exporter's international carrier location.

Inland Carrier: An enterprise that offers overland service to or from a point of export.

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

Insurance: A system of protection against loss under which a number of parties agree to pay certain sums (premiums) for a guarantee that they will be compensated under certain conditions for specified loss and damage.

Insurance Certificate: A document issued to the consignee to certify that insurance is provided to cover loss of or damage to the cargo while in transit.

Integrated Carrier: An airfreight company that offers a blend of transportation services such as air carriage, freight forwarding, and ground handling.

Integrated Logistics: An integrating process that combines the classic logistics functions of physical distribution and materials management with the purchasing of raw materials and/or inventory and sales, marketing, information technology and strategic planning functions.

Interchange: The transfer of cargo and equipment from one carrier to another in a joint freight move.

Intercoastal carriers: Water carriers that transport freight between East and West Coast ports, usually by way of the Panama Canal.

Intercorporate hauling: A private carrier hauling a subsidiary's goods and charging the subsidiary a fee; this is legal if the subsidiary is wholly owned or if the private carrier has common carrier authority.

Interline: Two or more motor carriers working together to haul a shipment to a destination. Carriers may interchange equipment but usually they rehandle the shipment without transferring the equipment.

Intermediate Destination: A stopping point for a shipment prior to the final destination.

Intermittent-Flow, Fixed-Path Equipment: Materials handling devices that include bridge cranes, monorails, and stacker cranes.

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

Intermodal Marketing Company (IMC): An intermediary that sells intermodal services to shippers.

Intermodal Transportation: The use of two or more transportation modes to transport freight; for example, rail to ship to truck.

Internal Water Carriers: Water carriers that operate over internal, navigable rivers such as the Mississippi, Ohio, and Missouri.

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

International Civil Aeronautics Organization: An international agency responsible for air safety and for standardizing air traffic control, airport design, and safety features worldwide.

International Import Certificate: A document required by the importing country indicating that the importing country recognizes that a controlled shipment is entering their country. The importing country pledges to monitor the shipment and prevent its re-export, except in accordance with its own export control regulations.

International Maritime Bureau (IMB): A special division of the International Chamber of Commerce.

International Maritime Organization (IMO): A United Nations-affiliated organization representing all maritime countries in matters affecting maritime transportation, including the movement of dangerous goods. The organization also is involved in deliberations on marine environmental pollution.

Interstate Commerce: The transportation of persons or property between states; in the course of the movement, the shipment crosses a state boundary.

Interstate System: The National System of Interstate and Defense Highways, 42,000 miles of four-lane, limited-access roads connecting major population centers.

Intrastate Commerce: The transportation of persons or property between points within a state.

In-Transit Inventory: Material moving between two or more locations, usually separated geographically; for example, finished goods being shipped from a plant to a distribution center. In-transit inventory is an easily overlooked component of total supply chain availability.

In-Transit Shipment Redirect: The re-direction of shipments in-transit (e.g. at Port of Entry Transload Facilities) to different destinations (e.g. based on updated demand information, to avoid congestion points, etc.)

Inventory: The number of units and/or value of the stock of goods a company holds.

Inventory Cost: The cost of holding goods, usually expressed as a percentage of the inventory value; includes the cost of capital, warehousing, taxes, insurance, depreciation, and obsolescence.

Inventory, Days of: The number of days of inventory on-hand at any given time.

Inventory In Transit: Inventory in a carrier's possession, being transported to the buyer.

Inventory Management: The process of ensuring the availability of products through inventory administration activities such as planning, stock positioning, and monitoring the age of the product. The goal is to ensure product availability.

Inventory Turns: The number of times inventory is sold during a period, generally measured in turns per year.

Inventory Velocity: The speed with which inventory "turns"; the faster the better. Increased turns = increased velocity.

Invoice: A detailed statement showing goods sold or shipped and amounts for each. The invoice is prepared by the seller and acts as the document that the buyer will use to make payment.

Irregular Route Carrier: A motor carrier that may provide service utilizing any route.

ISO: International Standards Organization.

Issuing Carrier: The carrier whose name is printed on the bill of lading and with whom the contract of carriage exists.

IT: Information Technology

J

Joint Cost: A common cost in cases where a company produces products in fixed proportions and the cost the company incurs to produce one product entails producing another; the backhaul is an example.

Joint Rate: A rate over a route that requires two or more carriers to transport the shipment.

Just-In-Time (JIT) Inventory System: An inventory control system, that also is an inbound manufacturing strategy, that smoothes material flow into assembly and manufacturing plants. This strategy seeks to minimize inventory investment by scheduling delivery of raw material to the point where they are needed, at the precise time they are required.

Just-in-Time Logistics (or Quick Response): The process of minimizing the times required to source, handle, produce, transport, and deliver products in order to meet customer requirements.

K

Kaizen: The Japanese term for improvement; continuing improvement involving everyone - managers and workers. In manufacturing, kaizen relates to finding and eliminating waste in machinery, labor, or production methods.

Keiretsu: A form of cooperative relationship among companies in Japan where the companies largely remain legally and economically independent, even though they work closely in various ways such as sole sourcing and financial backing. A member of a keiretsu generally owns a limited amount of stock in other member companies. A keiretsu generally forms around a bank and a trading company but “distribution” (supply chain) keiretsus exist linking companies from raw material suppliers to retailers.

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

L

Lading: The cargo carried in a transportation vehicle.

Land bridge: The movement of containers by ship-rail-ship on Japan-to-Europe moves; ships move containers to the U.S. Pacific Coast, rails move containers to an East Coast port, and ships deliver containers to Europe.

Land Grants: Grants of land given to railroads to build tracks during their development stage.

Landed Cost: The total cost of a product delivered at a given location; the production cost plus the transportation cost to the customer's location.

Lash Barges: Covered barges that carriers load on board oceangoing ships for movement to foreign destinations.

LASH Vessel: A ship measuring at least 820 feet long with a deck crane able to load and unload barges through a stern section that projects over the water. The acronym LASH stands for Lighter (barge) Aboard Ship.

Last Updated: A date and time stamp that is recorded when a field or record was last modified by the user.

LCL: Less than carload rail service; less than container load.

LCL: See Less than Container Load.

Lead Logistics Provider (LLP): A logistics provider who is responsible for managing the primary interface between the customer and other logistics providers.

Lead Time: The total time that elapses between an order's placement and its receipt. It includes the time required for order transmittal, order processing, order preparation, and transit.

Lean Supply Chain Strategies: A lean supply chain defines how a well-designed supply chain should operate, delivering products quickly to the end customer, with minimum waste. A lean supply chain is a great enabler for any organization that strives to become more lean and efficient. Organizations within a

lean supply chain are able to leverage their own lean journey more easily, delivering better customer value by responding more efficiently, quickly, and predictably to customer needs.

LEED: Leadership in Energy & Environmental Design (LEED) Warehouse Certification

Leg: A leg has an origin, destination, and carrier and is composed of all consecutive segments of a route booked through the same carrier. Also called Bookable Leg.

Less than Container Load (LCL): A term used when goods do not completely occupy an entire container. When many shipper's goods occupy a single container, each shipper's shipment is considered to be LCL.

Less than Truck Load (LTL): The same as Less than Container Load, but in reference to trucks instead of containers.

Lessee: A person or firm to whom a lessor grants a lease.

Lessor: A person or firm that grants a lease.

Letter of Credit (LOC): A method of payment for goods in which the buyer established his credit with a local bank, clearly describing the goods to be purchased, the price, the documentation required, and a time limit for completion of the transaction. Upon receipt of documentation, the bank is either paid by the buyer or takes title to the goods themselves and proceeds to transfer funds to the seller.

Lift on, Lift off (LO/LO): A method by which cargo is loaded onto and unloaded from an ocean vessel, which in this case is with a crane.

Lighter: A barge-type vessel used to carry cargo between shore and cargo ship. While the terms barge and lighter are used interchangeably, a barge usually refers to a vessel used for a long haul, while a lighter is used for a short haul.

Lighterage: The cost of loading or unloading a vessel by means of barges.

Line Functions: The decision-making areas companies associate with daily operations. Logistics line functions include traffic management, inventory control, order processing, warehousing, and packaging.

Line Item: A specific and unique identifier assigned to a product by the responsible enterprise.

Line-Haul Shipment: A shipment that moves between cities and over distances more than 100 to 150 miles in length.

Liner Service: International water carriers that ply fixed routes on published schedules.

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

Live: A situation in which the equipment operator stays with the trailer or boxcar while it is being loaded or unloaded.

LLP: See Lead Logistics Provider

LO/LO: See Lift on, Lift off.

Load Factor: A measure of operating efficiency used by air carriers to determine a plane's utilized capacity percentage or the number of passengers divided by the total number of seats.

Load Tender (Pick-Up Request): An offer of cargo for transport by a shipper. Load tender terminology is primarily used in the motor industry.

Loading Allowance: A reduced rate that carriers offer to shippers and/or consignees who load and/or unload LTL or Any Quantity shipments.

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. Schedule D is used by U.S. companies when exporting to determine which tariff is used to freight rate the cargo for carriers with more than one tariff.

LOC: See Letter of Credit.

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

Local Service Carriers: A classification of air carriers that operate between less-populated areas and major population centers. These carriers feed passengers into the major cities to connect with major carriers. Local service carriers are now classified as national carriers.

Localized Raw Material: A raw material found only in certain locations.

Locational Determinant: The factors that determine a facility's location. For industrial facilities, the determinants include logistics.

Locator System: Locator systems are inventory-tracking systems that allow you to assign specific physical locations to your inventory to facilitate greater tracking and the ability to store product randomly. Location functionality in software can range from a simple text field attached to an item that notes a single location, to systems that allow multiple locations per item and track inventory quantities by location. Warehouse management systems (WMS) take locator systems to the next level by adding functionality to direct the movement between locations.

Logbook: A daily record of the hours an interstate driver spends driving, off duty, sleeping in the berth, or on duty but not driving.

Logistics: The process of planning, implementing, and controlling procedures for the efficient and effective storage of goods, 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. Also see the Council of Logistics Management's definition of Logistics.

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

Logistics Costs: The factors associated with the acquisition, storage, movement, and disposition of goods.

Logistics Data Interchange (LDI): A computerized system that electronically transmits logistics information.

Long Ton: 2,240 pounds.

Lot Control: A set of procedures (e.g., assigning unique batch numbers and tracking each batch) used to maintain lot integrity from raw materials, from the supplier through manufacturing to consumers.

Lot Size: The quantity of goods a company purchases or produces in anticipation of use or sale in the future.

LTL: See Less-than-Truckload.

LTL shipment: A less-than-truckload shipment, one weighing less than the minimum weight a company needs to use the lower truckload rate.

Lumping: The act of assisting a motor carrier owner-operator in the loading and unloading of property; quite commonly used in the food industry.

M

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 list of all cargoes that pertain to a specific shipment, grouping of shipments, or piece of equipment. Ocean and motor carrier carriers will prepare a manifest per container, truckload, etc.

Manufacturing Resource Planning (MRP II): The process of identifying, performing a needs analysis, and committing the resources needed to produce a product.

Mar Ad: See Maritime Administration.

Marginal Cost: The cost to produce one additional unit of output; the change in total variable cost resulting from a one-unit change in output.

Marine Cargo Insurance - Average: Average- A term in marine cargo insurance signifying loss or damage to merchandise.

Marine Cargo Insurance - FPA: FPA- Free of Particular Average. A provision in a marine cargo insurance policy that no claim shall be paid for damage to goods in the course of a voyage unless a loss is sustained that totals or exceeds a certain percentage of the value as specified in the policy. The object of such a provision is the avoidance of petty claims.

Marine Cargo Insurance - General Average: A loss arising out of a voluntary sacrifice made of any part of a shipment or cargo to prevent loss of the whole and for the benefit of all persons concerned.

Marine Cargo Insurance - Open Policy: A cargo insurance policy that is an open contract; i.e. it provides protection for all of an exporter's shipments afloat or in transit within a specified geographical trade area for an unlimited period of time, until the policy is cancelled by the insured or by the insurance company. It is "open" because the goods that are shipped are also detailed at that time. This is usually shown in a document called a marine insurance certificate.

Maritime Administration (Mar Ad): A U.S. government agency, not actively involved in vessel operation, that administers laws for maintenance of a merchant marine for the purposes of defense and commerce.

Market Dominance: The absence of effective competition for railroads from other carriers and modes for the traffic to which the rail rate applies. The Staggers Act stated that market dominance does not exist if the rate is below the revenue-to-variable-cost ratio of 160 percent in 1981 and 170 percent in 1983.

Marks and Numbers: Marks and numbers placed on goods used to identify a shipment or parts of a shipment.

Master Air Waybill (MAWB): The bill of lading issued by air carriers to their customers.

Material Index: The ratio of the sum of the localized raw material weights to the weight of the finished product.

Materials Handling: Short-distance movement of goods within a storage area.

Materials Management: The movements and storage functions associated with supplying goods to a firm.

Materials Planning: The materials management function that attempts to coordinate materials supply with materials demand.

Materials Requirements Planning (MRP): The process used to determine the amount of material to purchase and when to purchase it.

MAWB: See Master Air Waybill.

Measurement Ton: Forty cubic feet; used in water transportation ratemaking.

Merge In Transit: The process of "merging" shipments from suppliers and going directly to the buyer or to the store, bypassing the seller. A "drop shipment" from several vendors to one buyer.

Merger: The combination of two or more carriers into one company that will own, manage, and operate the properties that previously operated separately.

Micro-Land Bridge: An intermodal movement in which the shipment is moved from a foreign country to the U.S. by water and then moved across the U.S. by railroad to an interior, non-port city, or vice versa for exports from a non-port city.

Mileage Allowance: An allowance, based upon distance, that railroads give to shippers using private railcars.

Mileage Rate: A rate based upon the number of miles the commodity is shipped.

Mini-Land bridge: An intermodal movement in which the shipment is moved from a foreign country to the U.S. by water and then moved across the U.S. by railroad to a destination that is a port city, or vice versa for exports from a U.S. port city.

Minimum Weight: The shipment weight the carrier's tariff specifies as the minimum weight required to use the TL or CL rate; the rate discount volume.

Mixed Loads: The movement of both regulated and exempt commodities in the same vehicle at the same time.

Modal Split: The relative use that companies make of transportation modes; the statistics include ton-miles, passenger-miles, and revenue.

MRO items: Maintenance, repair, and operating items--office supplies, for example.

Motor Carrier: An enterprise that offers service via motor carriage.

Movement of Goods: The transfer of goods from one location to another.

MRP: See Materials Requirement Planning

MRP II: See Manufacturing Resource Planning

Multinational Company: A company that both produces and markets products in different countries.

Multiple-Car Rate: A railroad rate that is lower for shipping more than one carload at a time.

N

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.

National Industrial Traffic League: An association representing shippers' and receivers' interests in matters of transportation policy and regulation.

Nationalization: Public ownership, financing, and operation of a business entity.

National Motor Bus Operators Organization: An industry association representing common and charter bus firms; now known as the American Bus Association.

National Railroad Corporation: Also known as Amtrak, the corporation established by the Rail Passenger Service Act of 1970 to operate most of the United States' rail passenger service.

Near Sourcing: Off-shoring involves shifting work to a foreign, distant organization in order to reduce production costs. Off-shoring is subject to several different constraints, however, such as time lag between the parties, differences in local employment laws and practices, and oversight. In contrast, near-shoring or near sourcing means that the business has shifted work to a lower cost organization, but within its own region, broadly defined.

Negotiable BOL: Provides for the delivery of goods to a named enterprise or to their order (anyone they may designate), but only upon surrender of proper endorsement and the bill of lading to the carrier or the carrier's agents. Also known as an order bill of lading.

Negotiations: A set of discussions between two or more enterprises to determine the business relationship.

Net Weight: The weight of the merchandise, unpacked, exclusive of any containers.

NITL: See National Industrial Transportation League

No Location (No Loc): A received item for which the warehouse has no previously established storage slot.

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

Non Vessel Operating 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.

Non-Negotiable BOL: Provides for the delivery of goods to a named enterprise and to no one else. Also known as a straight bill of lading.

Non-Certificated carrier: A for-hire air carrier that is exempt from economic regulation.

North American Free Trade Agreement (NAFTA): A free trade agreement, implemented January 1, 1994, between Canada, the United States and Mexico.

NOS/NES: See Not Otherwise Specified / Not Elsewhere Specified.

Notify Party: The name of an organization, or individual, that should be notified when a shipment reaches its destination.

Not otherwise specified / Not elsewhere specified (NOS/NES): This term often appears in ocean or airfreight tariffs respectively. If no rate for the specific commodity shipped appears in the tariff, then a general class rate (for example: printed matter NES) will apply. Such rates usually are higher than rates for specific commodities.

NVOCC: See Non-Vessel Operating Common Carrier.

O

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

Ocean Carrier: An enterprise that offers service via ocean (water) transport. Offer: See Tender.

Offshore: Utilizing an outsourcing service provider (manufacturer or business process) located in a country other than where the purchasing enterprise is located.

On-Line receiving: A system in which computer terminals are available at each receiving bay and operators enter items into the system as they are unloaded.

Open Policy: See Marine Cargo Insurance

Operating Differential Subsidy (ODS): A payment to an American-flag carrier by the U.S. government to offset the difference in operating costs between U.S. and foreign vessels.

Operating Ratio: A measure of operating efficiency defined as Operating expenses divided by the Operating revenues x 100.

Order: A type of request for goods or services.

Order Cycle Time: The time that elapses from placement of order until receipt of order. This includes time for order transmittal, processing, preparation, and shipping.

Order Cycle: The time spent and the activities performed from the time an order is received to the actual delivery of the order to a customer.

Order Fill: A measure of the number of orders processed without stockouts, or the need to back order, expressed as a percentage of all orders processed in the distribution center or warehouse.

Order Picking: Assembling a customer's order from items in storage.

Order Processing: The activities associated with filling customer orders.

Ordering Cost: The cost of placing an inventory order with a supplier.

Origin: The place where a shipment begins its movement.

OSD: Over, Short, and Damaged.

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.

Out-of-Pocket Cost: The cost directly assignable to a particular unit of traffic and which a company would not have incurred if it had not performed the movement.

Outsource: Getting a "third party" to provide a function that was historically performed in-house.

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

Owner-Operator: A trucking operation in which the truck's owner is also the driver.

P

P & D: Pickup and delivery.

Packing List: A document containing information about the location of each Product ID in each package. It allows the recipient to quickly find the item he or she is looking for without a broad search of all packages. It also confirms the actual shipment of goods on a line item basis.

Pallet: A platform device (about four feet square) used for moving and storing goods. A forklift truck is used to lift and move the loaded pallet.

Pallet Wrapping Machine: A machine that wraps a pallet's contents in stretch-wrap to ensure safe shipment.

Particular Average: See Marine Cargo Insurance.

Passenger-Mile: A measure of output for passenger transportation that reflects the number of passengers transported and the distance traveled; a multiplication of passengers hauled and distance traveled.

Payment: The transfer of money, or other agreed upon medium, for provision of goods or services.

Peak Demand: The time period during which customers demand the greatest quantity.

Pegging: A technique in which a DRP system traces demand for a product by date, quantity, and warehouse location.

Per Diem: A payment rate one railroad makes to use another's cars.

Permit: A grant of authority to operate as a contract carrier.

Perpetual Inventory: An inventory record keeping system where each transaction in and out is recorded and a new balance is computed.

Personal Discrimination: Charging different rates to shippers with similar transportation characteristics, or, charging similar rates to shippers with differing transportation characteristics.

Physical Supply: The movement and storage of raw materials from supply sources to the manufacturing facility.

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

Pick List: A list of items to be picked from stock in order to fill an order; the pick list generation and the picking method can be quite sophisticated.

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

Pick / Pack: Picking and packing immediately into shipment containers.

Picking by Aisle: A method by which pickers pick all needed items in an aisle regardless of the items' ultimate destination; the items must be sorted later.

Picking by Source: A method in which pickers successively pick all items going to a particular destination regardless of the aisle in which each item is located.

Piggyback: A rail-truck service. A shipper loads a highway trailer, and a carrier drives it to a rail terminal and loads it on a rail flatcar; the railroad moves the trailer-on-flatcar combination to the destination terminal, where the carrier offloads the trailer a

Pin Lock: A hard piece of iron, formed to fit on a trailer's pin, that locks in place with a key to prevent an unauthorized person from moving the trailer.

Place Utility: A value that logistics creates in a product by changing the product's location. Transportation creates place utility.

Planned Order: In DRP and MRP systems, a future order the system plans in response to forecasted demand.

PO: See Purchase Order.

Point of Sale Information (POS): Price and quantity data from the retail location as sales transactions occur.

Point of Use Delivery: Delivery right to the production floor of an item.

Police Powers: The United States' constitutionally granted right for the states to establish regulations to protect their citizens' health and welfare; truck weight; speed, length, and height laws are examples.

Pool Distribution: A transportation option for high volume LTL shippers. Pool distribution combines multiple modes of transportation in order to compartmentalize the specific transportation functions – pickup, line haul, cross-dock, and delivery.

Pooling: An agreement among carriers to share the freight to be hauled or to share profits. The Interstate Commerce Act outlawed pooling agreements, but the Civil Aeronautics Board has approved profit pooling agreements for air carriers during strikes.

Port: A harbor where ships will anchor.

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.
POS: Point of Shipment, or Point of Sale.

Possession Utility: The value created by marketing's effort to increase the desire to possess a good or benefit from a service.

Prepaid Freight: Freight paid by the shipper to the carrier when merchandise is tendered for shipment that is not refundable if the merchandise does not arrive at the intended destination.

Private Carrier: A carrier that provides transportation service to the firm 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 Warehousing: The storage of goods in a warehouse owned by the company that has title to the goods.

Product Family: A group of products with similar characteristics, often used in production planning (or sales and operations planning).

Pro Forma Invoice: An invoice, forwarded by the seller of goods prior to shipment, that advises the buyer of the particulars and value of the goods. Usually required by the buyer in order to obtain an import permit or letter of credit.

Pro-forma: A type of quotation or offer that may be used when first negotiating the sales of goods or services. If the pro-forma is accepted, then the terms and conditions of the pro-forma may become the request.

Procurement: The act of acquiring goods.

Product: Something that has been or is being produced.

Product Description: The user's description of the product.

Production Planning: The decision-making area that determines when and where and in what quantity a manufacturer is to produce goods.

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 (also known as SKU, Item Code or Number, or other such name).

Production Planning: The decision-making area that determines when and where and in what quantity a manufacturer is to produce goods.

Production Push Inventory System: a system for replenishing distribution center inventories where the inventory decisions are made at the manufacturing location. The stock is then "pushed" out to the distribution centers. (centralized decision making)

Productivity: A measure of resource utilization efficiency defined as the sum of the outputs divided by the sum of the inputs.

Profit Ratio: The percentage of profit to sales--that is, profit divided by sales.

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).

Proportional Rate: A rate lower than the regular rate for shipments that have prior or subsequent moves; used to overcome combination rates' competitive disadvantages.

Public Warehouse Receipt: The basic document a public warehouse manager issues as a receipt for the goods a company gives to the warehouse manager. The receipt can be either negotiable or nonnegotiable.

Public Warehousing: The storage of goods by a firm that offers storage service for a fee to the public.

Pull Ordering System: A system in which each warehouse controls its own shipping requirements by placing individual orders for inventory with the central distribution center. A replenishment system where inventory is "pulled" into the supply chain (or "demand chain" by POS systems, or ECR programs). Associated with "build to order" systems.

Purchase Order: A document created by a buyer to officially request a product or service from a seller. It contains, among other things, the name and address of the buyer, the ship-to address, the quantity, product code [and expected price], requested ship or receipt date, sales and shipping terms, and other appropriate information.

Purchase Price Discount: A pricing structure in which the seller offers a lower price if the buyer purchases a larger quantity.

Purchasing: The functions associated with buying the goods and services the firm requires.

Pure Raw Material: A raw material that does not lose weight in processing.

Push Ordering System: A situation in which a firm makes inventory deployment decisions at the central distribution center and ships to its individual warehouses accordingly.

Q

Quality Control: The management function that attempts to ensure that the goods or services in a firm manufacturers or purchases meet the product or service specifications.

Quick Response: A method of maximizing the efficiency of the supply chain by reducing inventory investment.

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 a 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."

Rail Carrier: An enterprise that offers service via rail carriage.

Rail Waybill: The bill of lading issued by rail carriers to their customers.

Rate Basis Number: The distance between two rate basis points.

Rate Basis Point: The major shipping point in a local area; carriers consider all points in the local area to be the rate basis point.

Rate Bureau: A carrier group that assembles to establish joint rates, to divide joint revenues and claim liabilities, and to publish tariffs. Rate bureaus have published single line rates, which were prohibited in 1984.

Rated Bill of Lading: See Freight Bill.

Rates: Established charges for the transport of goods.

Real-Time: The processing of data in a business application as it happens – as contrasted with storing data for input at a later time (batch processing).

Reasonable Rate: A rate that is high enough to cover the carrier's cost but not high enough to enable the carrier to realize monopolistic profits.

Recapture Clause: A provision of the 1920 Transportation Act that provided for self-help financing for railroads. Railroads that earned more than the prescribed return contributed one-half of the excess to the fund from which the ICC made loans to less profitable railroads. The Recapture Clause was repealed in 1933.

Receipt Location: A location that will receive goods.

Receipt Point: The place where cargo enters the care and custody of the carrier.

Receiver: An enterprise that receives goods/services.

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

Reciprocity: The practice by which governments extend similar concessions to each other.

Reconsignment: A carrier service that permits a shipper to change the destination and/or consignee after the shipment has reached its originally billed destination and to still pay the through rate from origin to final destination.

Reed-Bullwinkle Act: Legislation that legalized common carrier joint ratemaking through rate bureaus; extended antitrust immunity to carriers participating in a rate bureau.

Reefer: A container with a self-contained refrigeration unit, used for the transportation of perishable cargo.

Reengineering: A fundamental rethinking and radical design of business processes to achieve dramatic improvements in performance.

Refrigerated Warehouse: A warehouse that is used to store perishable items requiring controlled temperatures.

Regional Carrier: A for-hire air carrier, usually certificated, that has annual operating revenues of less than $75 million; the carrier usually operates within a particular region of the country.

Regular-Route Carrier: A motor carrier that is authorized to provide service over designated routes.

Relay Terminal: A motor carrier terminal that facilitates the substitution of one driver for another who has driven the maximum hours permitted.

Release Approval: A document to advise that goods are available for further movement or action.

Released-Value Rates: Rates based upon the shipment's value. The maximum carrier liability for damage is less than the full value, and in return the carrier offers a lower rate.

Reliability: A carrier selection criterion that considers the carrier transit time variation; the consistency of the transit time the carrier provides.

Reorder point: A predetermined inventory level that triggers the need to place an order. This minimum level provides inventory to meet the demand a firm anticipates during the time it takes to receive the order.

Reparation: A situation in which the ICC requires a railroad to repay users the difference between the rate the railroad charges and the maximum rate the ICC permits when the ICC finds a rate to be unreasonable or too high.

Replenishment: The process of restocking inventory, especially at a store level as in "rapid replenishment' programs.

Request: An appeal for a transaction of goods/services between two enterprises.

Requested Arrival Date: The date the shipment must arrive at the destination.

Restricted Articles: An airline term referring to a hazardous material as defined by Title 49, Code of Federal Regulations (U.S.) and Air Transport Restricted Articles Circular 6-D. Restricted articles transported domestically may be classified as dangerous goods when transported internationally by air.

Retaliation: An action taken by a country to restrain its imports from another country that has increased a tariff or imposed other measures that adversely affect the first country's exports.

Returned Merchandise Authorization (RMA): An authorization by a company to return a product already sold to a customer, for repair, replacement, or credit.

Returns Processing Cost: The total cost to process repairs, refurbished, excess, obsolete, and End-of-Life products including diagnosing problems and replacing products. Includes the cost of logistics support, materials, centralized functions, troubleshooting service requests, on-site diagnosis and repair, external repair, and miscellaneous. These costs are broken into Returns Order Management, Returns Inventory Carrying, Returns Material Acquisition, Finance, Planning, IT, Disposal and Warranty Costs.

Reverse Logistics: The process of collecting, moving, and storing used, damaged, or outdated products and/or packaging from end users.

RFID: (Radio Frequency Identification) A technology that utilizes radio waves to exchange data between a reader and an electronic tag attached to an object. Unlike barcode readers, RFID devices do not require a direct line of sight to function.

Right of Eminent Domain: A concept that, in a court of law, permits a carrier to purchase land it needs for transportation right-of-way; used by railroads and pipelines.

RMA: See Return Merchandise Authorization.

RO/RO: See Roll-on / Roll-off.

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.

Rolling Inventory: See Rolling Stock

Rolling Stock: In the transportation business, the term traditionally has meant "vehicles". The term is used in logistics to refer to inventory in motion, or inventory in the pipeline, not at rest.

Route: A complete movement of a shipment from its origin to its destination by a carrier.

RRM: Rapid Response Manufacturing.

Rule of Eight: Before the Motor Carrier Act of 1980, the ICC restricted contract carriers requesting authority to eight shippers under contract. The number of shippers has been deleted as a consideration for granting a contract carrier permit.

Rule of Ratemaking: A regulatory provision directing the regulatory agencies to consider the earnings a carrier needs to provide adequate transportation.

S

Safety Stock: The inventory a company holds beyond normal needs as a buffer against delays in receipt of orders or changes in customer buying patterns.

Sales Order: See Customer Order.

Salvage Material: Unused material that has a market value and can be sold.

Scalability: 1) How quickly and efficiently a company can ramp up to meet demand. 2) How well a solution to some problem will work when the size of the problem increases. The economies to scale don't really kick in until you reach the critical mass, then revenues start to increase exponentially.

Schedule Information: Data concerning the service provided by an enterprise.

Scorecard: A performance measurement tool used to capture a summary of the key performance indicators (KPIs)/metrics of a company. Metrics dashboards/scorecards should be easy to read and usually have "red, yellow, green" indicators to flag when the company is not meeting its targets for its metrics. Ideally, a dashboard/scorecard should be cross-functional in nature and include both financial and non-financial measures. In addition, scorecards should be reviewed regularly - at least on a monthly basis and weekly in key functions such as manufacturing and distribution where activities are critical to the success of a company. The dashboard/scorecards philosophy can also be applied to external supply chain partners such as suppliers to ensure that suppliers' objectives and practices align. Synonym: Dashboard.

Scrap Material: Unusable material that has no market value.

Seal Number: The identifier assigned to the tag used to secure or mark the locking mechanism on closed containers.

Seller: An enterprise that arranges for the supply transaction of goods/services with other enterprises.

Separable Cost: A cost that a company can directly assign to a particular segment of the business.

Sequencing: A sophisticated JIT delivery of products from a consolidation point to a manufacturing center in the exact order of that it is needed on the assembly line.

Service: The defined, regular pattern of calls made by a carrier in the pick up and discharge of cargo.

Service Contract: A contract between a shipper and an ocean carrier or conference, in which the shipper makes a commitment to provide a minimum quantity of cargo over a fixed time period. The ocean carrier or conference also commits to a rate or rate schedule as well as a defined service level, such as space, transit item, port rotation, or other features.

Service Levels: A set standard of operating procedures and outcomes as agreed upon by one or more enterprises involved in a transaction.

Service Provider: An enterprise that offers and supplies goods or services.

Setup Costs: The costs a manufacturer incurs in staging the production line to produce a different item.

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.

Shipment: A shipment is a user-defined unit containing goods (single or multiple units) and requires transportation from one location to another. A shipment becomes a shipment when it leaves the consignor's location. A shipment is complete when it arrives at the consignee's destination.

Shipment Available Date: The date the shipment will be available for transportation.

Shipment Gross Weight Qualifier: A weight qualifier for the estimated gross weight of LCL and/or FCL for a booking.

Shipment Identification: A free-text field that serves as a shipment identifier to uniquely identify a shipment to the user. This shipment ID is supplied by the user and allows loads to be consolidated into shipments.

Shipment Point: A specific location from where goods will depart for movement.

Shipper: An enterprise that fulfills the request for goods or services.

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

Shippers Association: A nonprofit, cooperative consolidator and distributor of shipments that member firms own or ship; acts in much the same way as a for-profit freight forwarder.

Shipper’s Load, Stowe & Count: A clause inserted on an ocean bill of lading by the steamship line when a container is positioned at the shipper’s premises for loading. This simply means the Steamship Line did not load the container, therefore, they cannot be held accountable for the contents.

Shipping Instructions: A document detailing the cargo and the requirements of its physical movement.

Shipping Point: See Shipment Point.

Short Ton: 2,000 pounds.

Short- Haul Discrimination: Charging more for a shorter haul than for a longer haul over the same route, in the same direction, and for the same commodity.

Shrinkage: Reductions of actual quantities of items in stock, in process, or in transit. The loss may be caused by scrap, theft, deterioration, evaporation, etc.

Simulation: A computer model that represents a real-life logistics operation with mathematical symbols and runs it for a simulated length of time to determine how proposed changes will affect the operation.

SKU: See Stock Keeping Unit.

Sleeper Team: Two drivers who operate a truck equipped with a sleeper berth; while one driver sleeps in the berth to accumulate mandatory off-duty time, the other driver operates the vehicle.

Slip Seat Operation: A motor carrier relay terminal operation in which a carrier substitutes one driver for another who has accumulated the maximum driving time hours.

Slip Sheet: Similar to a pallet, the slip sheet, which is made of cardboard or plastic, is used to facilitate movement of unitized loads.

Slotting: Warehouse slotting is defined as the placement of products within a warehouse facility. Its objective is to increase picking efficiency and reduce warehouse handling costs through optimizing product location and balancing the workload.

Slow-Steaming: Ocean carriers cut vessel speeds in late 2009 lengthening transits to absorb capacity and save fuel. New ships are being designed to sail at slower speeds.

Slurry: Dry commodities that are made into a liquid form by the addition of water or other fluids to permit movement by pipeline.

Society of Logistics Engineers: A professional association engaged in the advancement of logistics technology and management.

Software: A computer term that describes the system design and programming that the computer's effective use requires.

Sortation: Separating items (parcels, boxes, cartons, parts, etc.) according to their intended destination within a plant or for transit.

Source: A specific location or enterprise from where goods will be obtained.

Space and Equipment Reservation: A business transaction between two enterprises to arrange for services to facilitate the movement of goods via a carrier.

Space Request (Space and Equipment Request): A business transaction between two enterprises. An enterprise that has goods to be moved will contact an entity that provides transport services to request space and equipment for an upcoming shipment. The request serves as the first action to launch a set of negotiations between the two enterprises.

Special Customs Invoice: In addition to a commercial invoice, some countries require a special customs invoice designed to facilitate the clearance of goods and the assessment of customs duties in that country.

Special- Commodities Carrier: A common carrier trucking company that has authority to haul a special commodity; the sixteen special commodities include household goods, petroleum products, and hazardous materials.

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

Specific Duty: See Duty.

Split Delivery: A method by which a larger quantity is ordered on a purchase order

to secure a lower price, but delivery is divided into smaller quantities and spread out over several dates to control inventory investment, save storage space, etc.

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

Spur Track: A railroad track that connects a company's plant or warehouse with the railroad's track; the user bears the cost of the spur track and its maintenance.

Staff Functions: The planning and analysis support activities a firm provides to assist line managers with daily operations. Logistics staff functions include location analysis, system design, cost analysis, and planning.

Stage: The act of locating goods at a specific location to prepare for movement.

Statistical Process Control (SPC): A managerial control technique that examines a process's inherent variability.

Status: Information concerning the state or location of a defined item.

Steamship Conference: A voluntary, collective, rate-making body representing member steamship lines.

Steamship Line: A company that owns and/or operates vessels in maritime trade.

STL: Standard Two Letter (code designation for airlines).

Stocking Keeping Unit (SKU): A method of identifying a product without using a full description.

Stockless Purchasing: A practice whereby the buyer negotiates a purchase price for annual requirements of MRO items and the seller holds inventory until the buyer orders individual items.

Stockout: A situation in which the items a customer orders are currently unavailable.

Stockout Cost: The opportunity cost that companies associate with not having supply sufficient to meet demand.

Storage In Transit: See Rolling Stock.

Stores: The function associated with storing and issuing frequently used items.

Strategic Planning: Looking one to five years into the future and designing a logistical system (or systems) to meet the needs of the various businesses in which a company is involved.

Strategic Variables: The variables that effect change in the environment and logistics strategy. The major strategic variables include the economy, population, energy, and government.

Strategy: A specific action to achieve an objective.

Stretch-Wrap: An elastic, thin plastic material that effectively adheres to itself, thereby containing product on a pallet when wrapped around the items.

Stripping: The unloading of cargo from a container or other piece of equipment. See Devanning.

Subsidy: The economic benefit granted by a government to producers of goods or services often to strengthen their competitive position.

Substitutability: A buyer's ability to substitute different sellers' products.

Supplemental Carrier: A for-hire air carrier having no time schedule or designated route; the carrier provides service under a charter or contract per plane per trip.

Supply Chain Flexibility: Ability to mitigate global supply chain risk and uncertainty.

Supply Chain Management: The integration of the supplier, distributor, and customer logistics requirements into one cohesive process to include demand planning, forecasting, materials requisition, order processing, inventory allocation, order fulfillment, transportation services, receiving, invoicing, and payment. Also see the Council of Logistics Management's definition of Supply Chain Management.

Supply Chain Visibility: the trackability of products in transit from the manufacturer to the final destination. These could be parts or components used to make a final product or the final product itself. In a broader sense, visibility is the increase of available data that can be analyzed to make recommendations and determine strategies to improve and strengthen a supply chain. There are certainly different levels of visibility, but as risks in the supply chain continue to occur and customer demand continues to be less understanding of disruptions, more companies are recognizing the importance of creating and managing a visible supply chain.

Supply Chain(s): A group of physical entities such as manufacturing plants, distribution centers, conveyances, retail outlets, people and information which are linked together through processes (such as procurement or logistics) in an integrated fashion, to supply goods or services from source through consumption.

Supply Warehouse: A warehouse that stores raw materials; a company mixes goods from different suppliers at the warehouse and assembles plant orders.

Surcharge: An add-on charge to the applicable charges; motor carriers have a fuel surcharge, and railroads can apply a surcharge to any joint rate that does not yield 110 percent of variable cost.

Switch Engine: A railroad engine that is used to move railcars short distances within a terminal and plant.

Switching Company: A railroad that moves railcars short distances; switching companies connect two mainline railroads to facilitate through movement of shipments.

SWOT Analysis: An analysis of the strengths, weaknesses, opportunities, and threats of and to an organization. SWOT analysis is useful in developing strategy.

Supplier Hub: A location near a manufacturer or distribution operation where a supplier stores inventory so it can be pulled by the manufacturer as needed; sometimes inside the plant, or within 20 minutes drive time.

System: A set of interacting elements, variable, parts, or objects that are functionally related to each other and form a coherent group.

Systems Concept: A decision-making strategy that emphasizes overall system efficiency rather than the efficiency of each part.

T

Tally Sheet: A printed form on which companies record, by making an appropriate mark, the number of items they receive or ship. In many operations, tally sheets become a part of the permanent inventory records.

Tandem: A truck that has two drive axles or a trailer that has two axles.

Tank Cars: Railcars designed to haul bulk liquid or gas commodities.

Tapering Rate: A rate that increases with distance but not in direct proportion to the distance the commodity is shipped.

Tare Weight: The weight of the vehicle when it is empty.

Tariff: A document issued by a carrier setting forth applicable rules, rates, and charges for the movement of goods. The document sets up a contract of carriage between the shipper, consignee, and carrier. In international trade applications, the term also refers customs duties that are payable on imported merchandise.

Tariff Rate Quota: A two-stage tariff, which imposes a lower rate of duty on imports up to the quota level and a higher rate of duty on imports over-quota.

Tariff Service: The type of service required, such as House to House, Pier to Pier, Pier to House, etc.

Task Interleaving: A method of combining warehouse picking and putaway. Warehouse Management Systems (WMS) use logic to direct a lift truck operator to put away a pallet en route to the next pick.

Temporary Authority: Temporary operating authority as a common carrier granted by the ICC for up to 270 days.

Tender: A request for space and equipment with a motor carrier.

Terminal: A location or facility for the handling and/or temporary storage of cargo as it is loaded/unloaded or transferred between enterprises.

Terminal Delivery Allowance: A reduced rate that a carrier offers in return for the shipper or consignee tendering or picking up the freight at the carrier's terminal.

Terminal Operator: The enterprise responsible for the operation of facilities for one or more modes of transportation.

Terminal Pass: A document provided to the delivering carrier by the terminal operator to allow admission into the operator's facility.

Terminal Receipt: A document used to accept materials or equipment at a terminal. This provides the delivering carrier with proof of delivery and the terminal with a verification of receipt.

Terms of Sale: The details or conditions of a transaction including details of the payment method, timing, legal obligations, freight terms, required documentation, insurance, responsibilities of the buyer and the seller, and when the buyer assumes risk for the shipment.

Terms of Sale - Cost and Freight (C&F): The seller quotes a price that includes the cost of transportation to a specific point. The buyer assumes responsibility for loss/damage and purchases insurance for the shipment. See also Cost and Freight.

Terms of Sale - Cost, Insurance & Freight (CIF): The price quote the seller offers to transportation charges. See also Cost, Insurance, and Freight.

Terms of Sale - Ex Works: The price that the seller quotes applies only at the point of origin. The buyer takes possession of the shipment at the point of origin and bears all the costs and risks associated with transporting the goods to the destination. See also Ex Works.

Terms of Sale - Free Along Side: The seller agrees to deliver the goods to the dock alongside the overseas vessel that will carry the shipment. The seller pays the cost of getting the shipment to the dock. The buyer is responsible for contracting the

carrier, obtains documentation, and assumes all responsibility from that point forward. See also Free Along Side.

Terms of Sale - Free on Board (F.O.B.) (exchange point): This expression will be followed by an exchange point. The exchange point indicates the point at which the responsibility (risk) moves from the buyer to the seller. See also Free Along Board.

Terms of Sale - F.O.B. Origin: The seller agrees to deliver the goods to the point of origin. The buyer assumes all responsibility and risk from the point of origin.

Terms of Sale - F.O.B. Port: The seller agrees to deliver the goods to the port as indicated by the exchange point. The buyer assumes all responsibility (risk) from the port as indicated by the exchange point.

Terms of Sale - F.O.B. Destination: The seller agrees to deliver the goods to the destination point. The buyer assumes all responsibility (risk) at the destination point.

TEU: Twenty-foot equivalent unit, a standard size intermodal container.

Third Party: A firm that supplies logistics services to other companies.

Third Party Logistics Provider: (3PL 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.

Three-Layer Framework: A basic structure and operational activity of a company; the three layers include operational systems, control and administrative management, and master planning.

Through Bill of Lading: A single bill of lading covering both the domestic (inland) and international carriage of an export shipment.

Throughput: A warehousing output measure that considers the volume (weight, number of units) of items stored during a given time period.

Time Utility: A value created in a product by having the product available at the time desired. Transportation and warehousing create time utility.

Time/Service rate: A rail rate that is based upon transit time.

Timetables: Time schedules of departures and arrivals by origin and destination; typically used for passenger transportation by air, bus, and rail.

TL (truckload): A shipment weighing the minimum weight or more. Carriers give a rate reduction for shipping a TL-size shipment.

TOFC: See Trailer On Flat Car. Also known as piggyback.

Ton-Mile: A freight transportation output measure that reflects the shipment's weight and the distance the carrier hauls it; a multiplication of tons hauled and distance traveled.

Total Cost Analysis: A decision-making approach that considers total system cost minimization and recognizes the interrelationship among system variables such as transportation, warehousing, inventory, and customer service.

Total Quality Management (TQM): A management approach in which managers constantly communicate with organizational stakeholders to emphasize the importance of continuous quality improvement.

Toto Authority: A private motor carrier receiving operating authority as a common carrier to haul freight for the public over the private carrier's backhaul; the ICC granted this type of authority to the Toto Company in 1978.

Tracing: Determining a shipment's location during the course of a move.

Tracking: A carrier's system of recording movement intervals of shipments from origins to destinations.

Trade: A term used to define a geographic area or specific route served by carriers.

Trade Lane: The combination of the origin and destination points.

Trader: An enterprise that operates a for-profit business arranging for the purchase and/or sale of goods/services.

Trading Partner: Any party either company or person involved in the supply chain order, fulfillment or shipping process.

Traffic Management: The buying and controlling of transportation services for a shipper or consignee, or both.

Trailer On Flat Car (TOFC): Carriage of intermodal containers when the container is still attached to the chassis, and both chassis and container are loaded on a rail flat car.

Tramp: An international water carrier that has no fixed route or published schedule; a shipper charters a tramp ship for a particular voyage or a given time period.

Transfer: Communication from one partner to another.

Transit Privilege: A carrier service that permits the shipper to stop the shipment in transit to perform a function that changes the commodity's physical characteristics, but to still pay the through rate.

Transit Time: Measured by the number of days (or hours) from the time a shipment leaves a facility to the time it arrives at the customer's location. Often measured against a standard transit time quoted by the carrier for each traffic lane. Unless you are integrated into your customer's systems, you will have to rely on freight carriers to report their own performance. This is often an important component of lead-time. Transit times can vary substantially based on freight mode and carrier systems.

Transloading: The transfer of cargo from one sealable container to another, from one means of conveyance to another, or from a sealable container directly into a means of conveyance.

Transmittal Letter: A letter from the shipper to its agent that lists the particulars of a shipment, the documents being transmitted, and instructions for the disposition of those documents.

Transpacific Stabilization Agreement (TSA): The Transpacific Stabilization Agreement (TSA) is a research and discussion forum of major ocean container shipping lines that carry cargo from Asia to ports and inland points in the U.S. TSA carriers discuss trade conditions and agree on the need for common, recommended pricing and service goals. Adoption of policy guidelines requires a unanimous vote.

Transport: See Transportation.

Transportation (Transport or Carriage): The movement of goods from one place to another.

Transportation Association of America: An association that represents the entire U.S. transportation system--carriers, users, and the public; now defunct.

Transportation Method: A linear programming technique that determines the least-cost means of shipping goods from plants to warehouses or from warehouses to customers.

Transportation Requirements Planning (TRP): Utilizing computer technology and information already available in MRP and DRP databases to plan transportation needs based on field demand.

Transportation Research Board: A division of the National Academy of Sciences which pertains to transportation research.

Transportation Research Forum: A professional association that provides a forum for the discussion of transportation ideas and research techniques.

Transportation Services: Services offered by the transport provider.

Transshipment: The shipment of merchandise to the point of destination in another country on more than one vessel or vehicle. The liability may pass from one carrier to the next, or it may be covered by Through Bills of Lading issued by the first carrier.

Transshipment Problem: A variation of the linear programming transportation method that considers consolidating shipments to one destination and reshipping from that destination.

Truckload Carriers (LTL): Trucking companies, which move full truckloads of freight directly from the point of origin to destination.

Truckload Lot: A truck shipment that qualifies for lower freight rate because it meets a minimum weight and/or volume.

Truck Turnaround Time: This is calculated by measuring the average time elapsed between a truck's arrival at your facility and its departure. This is an indicator of the efficiency of a facility's lot and dock door space, receiving processes, and shipping processes.

Trunk Lines: Oil pipelines used for the long-distance movements of crude oil, refined oil, or other liquid products.

TSA: Trans-Pacific Stabilization Agreement.

Twenty-foot Equivalent Unit (TEU): Standard unit for counting containers of various capacities of container ships or terminals. One 20 foot ISO container equals 1 TEU.

Two-Bin system: An inventory ordering system in which the time to place an order for an item is indicated when the first bin is empty. The second bin contains supply sufficient to last until the company receives the order.

U

Ubiquity: A raw material that is found at all locations.

ULD: See Unit Load Device.

Umbrella Rate: An ICC ratemaking practice that held rates to a particular level to protect another mode's traffic.

Uniform Warehouse Receipts Act: The act that sets forth the regulations governing public warehousing. The regulations define the legal responsibility of a warehouse manager and define the types of receipts issued.

Unit Load Device (ULD): Refers to airfreight containers and pallets.

Unit Train: An entire, uninterrupted locomotive, car, and caboose movement between an origin and destination.

Unitization: In warehousing, the consolidation of several units into larger units for fewer handlings.

Unitize: To consolidate several packages into one unit; carriers strap, band, or otherwise attach the several packages together.

Upstream: Refers to the supply side of the supply chain. Upstream partners are the suppliers who provide goods and services to the organization needed to satisfy demands which originate at point of demand or use, as well as other flows such as return product movements, payments for purchases, etc. Opposite of downstream.

Urban Mass Transportation Administration: A U.S. Department of Transportation agency that develops comprehensive mass transport systems for urban areas and for providing financial aid to transit systems.

V

Valuation Charges: Transportation charges to shippers who declare a value of goods higher than the value of the carriers' limits of liability.

Value Chain: A series of activities, when combined, define a business process; the series of activities from manufacturers to the retail stores that define the industry supply chain.

Value-Added Services: Usually supplied by a 3PL, value-added services can include tracking and tracing, cross-docking, specific packaging, or labeling. A solid IT foundation and a focus on economies of scale and scope will enable this type of 3PL provider to perform these types of tasks.

Value-of-Service Pricing: Pricing according to the value of the product the company is transporting; third-degree price discrimination; demand-oriented pricing; charging what the traffic will bear.

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

Velocity: Rate of product movement through a warehouse.

Vendor: A firm or individual that supplies goods or services; the seller.

Vendor-Managed Inventory (VMI): The practice of retailers making suppliers responsible for determining order size and timing, usually based on receipt of retail POS and inventory data. Its goal is to increase retail inventory turns and reduce stock outs. It may or may not involve consignment of inventory (supplier ownership of the inventory located at the customer).

Vessel: A floating structure designed for transport.

Vessel Manifest: A list of all cargoes on a vessel.

Voyage: The trip designation (trade route and origin/destination) identifier, usually numerically sequential.

VSA: Vessel Sharing Agreement.

W

WTO: See World Trade Organization

Warehouse: A storage location for 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.

Warehousing: The storage (holding) of goods.

Waterway Use Tax: A per-gallon tax assessed barge carriers for waterway

Waybill: A non-negotiable document prepared by or on behalf of the carrier at the point of shipment origin. The document shows point of origin, destination, route, consignor, consignee, description of shipment, and amount charged for the transport service.

Weight Break: The shipment volume at which the LTL charges equal the TL charges at the minimum weight.

Weight Unit Qualifier: The unit of measure that the user wants to see for weight.

Weight-Losing Raw Material: A raw material that loses weight in processing.

Wharfage: A charge assessed by a pier or dock owner against the cargo or a steamship company for use of the pier or dock for the handling of incoming or outgoing cargo.

Wide Area Network (WAN): A public or private data communications system for linking computers distributed over a large geographic area.

Will Call: The practice of taking orders that will be picked up at the selling facility by the buyer. An area where buyers can pick up an order at the selling facility. This practice is widely used in the service parts business.

Work in Process (WIP): Parts and subassemblies in the process of becoming completed assembly components. These items, no longer part of the raw materials inventory and not yet part of the finished goods inventory, may constitute a large inventory by themselves and create extra expense for the firm.

WPA: With particular average. See Marine Cargo Insurance.

World Trade Organization (WTO): An organization established on January 1, 1995 replacing the previous General Agreement on Tariffs and Trade GATT that forms the cornerstone of the world trading system.

X

Y

Yard Management System (YMS): A system which is designed to facilitate and organize the coming, going, and staging of trucks and trucks with trailers in the parking “yard” that serves a warehouse, distribution, or manufacturing facility.

Z

Zone of Rate Flexibility: Railroads may raise rates by a percentage increase in the railroad cost index that the ICC determines; the railroads could raise rates by 6 percent per year through 1984 and 4 percent thereafter.

Zone of Rate Freedom: Motor carriers may raise or lower rates by 10 percent in one year without ICC interference; if the rate change is within the zone of freedom, the rate is presumed to be reasonable.

Zone of Reasonableness: A zone or limit within which air carriers may change rates without regulatory scrutiny; if the rate change is within the zone, the new rate is presumed to be reasonable.

Zone Picking: A method of subdividing a picking list by areas within a storeroom for more efficient and rapid order picking. A zone-picked order must be grouped to a single location and the separate pieces combined before delivery or must be delivered to different locations, such as work centers.

Zone Price: The constant price of a product at all geographic locations within a zone.

Zone Skipping: For shipments via the US Postal Service, depositing mail at a facility one or more zones closer to the destination. This option would benefit customers operating in close proximity to a zone border or shipping sufficient volumes to offset additional transportation costs.

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