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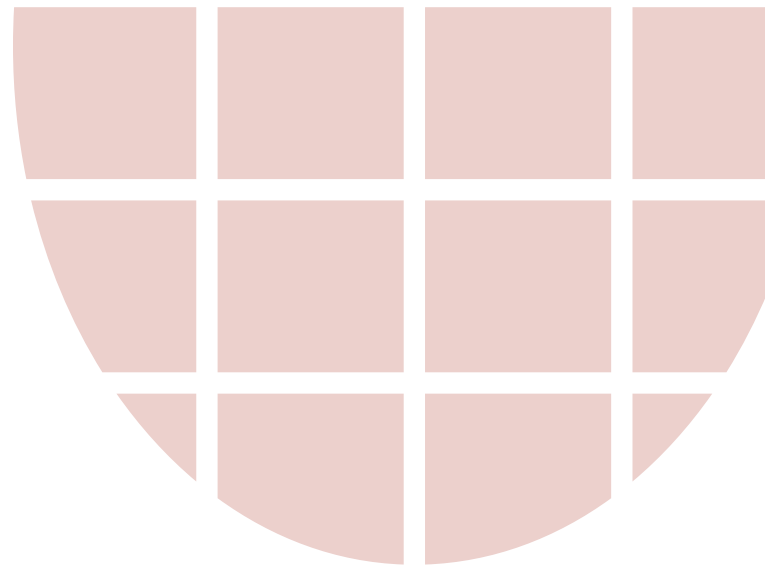
The Role of the Global Logistics Manager

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Executive Summary

Welcome to *American Shipper's* third annual study on the role of the global logistics manager. This report is designed to give an overview of the roles and responsibilities of logistics professionals, as well as the organizational structures and strategies they work within.

The report is based on responses from a confidential survey of more than 340 qualified logistics practitioners, including retailers, manufacturers, and third-party logistics providers from June 26 to July 18.

While this study has, in years past, focused on the individual, this year's analysis examines the organization's perspective on how to best put individuals to work successfully, whether that means using in-house staff or outsourced resources.

Winners

This year's study aims, for the first time, to delineate the best performing shippers, or winners, based on their structure, efficiency, global strategy, and outsourcing levels. Winners were those shippers that had:

- Service levels increase or remain the same as last year.
- Disruptions occur no more than once a year.
- International freight volumes increase over last year.
- Company revenue increased over last year.

Shippers that do not qualify as winners are called laggards in this report.

The Global Logistics Manager

Nearly three-quarters of winners in this year's study said they are tasked with global responsibility, compared to 59 percent of those shippers that didn't qualify as winners. Winners entrust their staff with broader responsibilities, both in terms of mode and geography, in areas like import and export management, international logistics, customs brokerage, regulatory compliance, and origin management.

The gap in specific responsibilities between winners and laggards is small to non-existent in more domestic functions, like domestic logistics management, freight payment, and supply chain planning. Winners also have a broader responsibility in terms of purchasing responsibility.

A preponderance of winners in this year's study say they report to operations more than any other department, while laggards report more often to a broader group of departments,

Performance Measurements

Winners had a 5 percent advantage in supply chain on-time percentage over laggards in the past year, while they also manage their logistics operations with 15 percent fewer full-time equivalent employees and more transportation spend than laggards, indicating a higher level of productivity.

Roughly one-third of respondents said they have significant service failures or disruptions once a year or less, while around a quarter said they experienced those failures or disruptions at least once every quarter.

Large shippers reported having noteworthy service disruptions or failures once a month or more to a higher degree than small and midsized shippers. That makes sense on a certain level—*American Shipper's* broader research shows that larger shippers tend to have more complex supply chains, and with more activity occurring, increased volumes move through the pipeline. That heightens the chance for something to go wrong.

Outsourcing Trends

Winners tend to allocate their outsourcing focus to areas that are global in nature, whereas laggards tend to do this on the domestic level. Winners outsource to a much greater degree functions like origin management, international logistics, and import management, areas that are crucial for importers, especially in the retail or garment sectors.

Laggards, on the other hand, use outsourcing much more than winners in areas like warehousing, domestic transportation, and domestic logistics.

Winners indicate they will continue to focus their outsourcing resources on the more global functions in their logistics process and focus less on outsourcing domestic functions, like warehousing and domestic logistics management.

Large shippers lean on outsourced providers for headcount, and small and midsized shippers for the expertise those providers have. Interestingly, large shippers also rely on their outsourced partners to provide tools they lack at twice the rate of laggards—that's roughly the same as with winners and laggards. This suggests large shippers and winners seek functionality from their providers that they don't have, functionality that mid-market shippers and laggards may not even realize they need.

Laggards report service from their providers to be a challenge 24 percent more often than winners, and say cost is a challenge three-times as often as winners.

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STUDY BACKGROUND

Welcome to *American Shipper's* third annual study focused on the logistics practitioner. This report is designed to give an overview of the roles and responsibilities of logistics professionals, as well as the organizational structures and strategies they work within. While this study has, in years past, focused on the individual, this year's analysis examines the organization's perspective on how to best put individuals to work successfully, whether that means using in-house staff or outsourced resources.

This report aims to gauge the extent to which shippers use outsourced services to aid their logistics and compliance operations, their satisfaction with outsourced arrangements, and the impact of those arrangements on their supply chains. Our broader benchmark research finds shippers wanting to take more control of their logistics processes, but help from outsourced providers remains a vital part of any supply chain. This study, unlike past editions, does not include sections on salary, education, or job satisfaction.

Ultimately, the report aims to create visibility around practitioners themselves as well as how they view the industry, which is intended to be used by companies to establish benchmarks to measure operations against. Study results are based on responses from more than 340 qualified logistics practitioners, including retailers, manufacturers, and third-party logistics providers. The 28-question survey was open from June 26 to July 18. Multiple promotions were sent via e-mail to *American Shipper* subscribers and contacts to raise the level of participation.

All studies produced by *American Shipper*, including the first and future versions of this report, are available on our Website, www.AmericanShipper.com.

TERMINOLOGY

In keeping with industry usage and to be direct with results, this study makes use of a variety of terms and acronyms. The following explanations and definitions should be considered when reviewing the information and study results that follow.

Logistics service providers (LSPs) are companies that charge a fee for supply chain services, including transportation, distribution, warehousing, and customs clearance operations.

Those LSPs that are non-asset-based are referred to as third-party logistics providers, or 3PLs.

This survey uses many segments that are straightforward, but some are less clear. Small companies are firms with less than $100 million in annual sales; midsized companies are $100 million to $1 billion; and large companies have more than $1 billion.

HYPOTHESIS

American Shipper approaches each benchmarking exercise with a set of assumptions to prove or disprove. In the case of this study these include:

- Winners outsource a large portions of their logistics operations, especially in areas like import and export management. In reality, fewer than a quarter of winners (as well as laggards) outsource more than one or two functions, as Fig. 15 shows.
- There is a correlation between logistics disruption levels and outsourcing patterns. However, the correlation appeared to be minimal.
- The biggest benefit to outsourcing logistics functions is reduced costs. But, as Fig. 20 shows, winners found the biggest benefit to be the ability to add resources without adding headcount, while laggards saw the most benefit from the expertise that outsourced partners provide.

Section II: Demographics

As in years past, nearly half of respondents fall into the manager category, with the rest split fairly evenly among executives, vice presidents, directors, and staff.

There was a nearly even distribution in terms of company size, with a third in each revenue category. To reiterate, for the purposes of this report, comparisons are most often made between shippers with $1 billion in revenue or more versus those with less than $1 billion.

FIGURE 1: Job Titles

- 8% "C" Level (CEO, CFO, CIO, CMO, etc)
- 11% Vice president (including SVP, EVP, AVP, etc)
- 18% Director
- 44% Manager
- 14% Staff/Analyst
- 5% Other

338 total respondents

FIGURE 2: Company Size

- 34% Less than $100 million
- 32% Between $100 million and $1 billion
- 35% More than $1 billion

340 total respondents
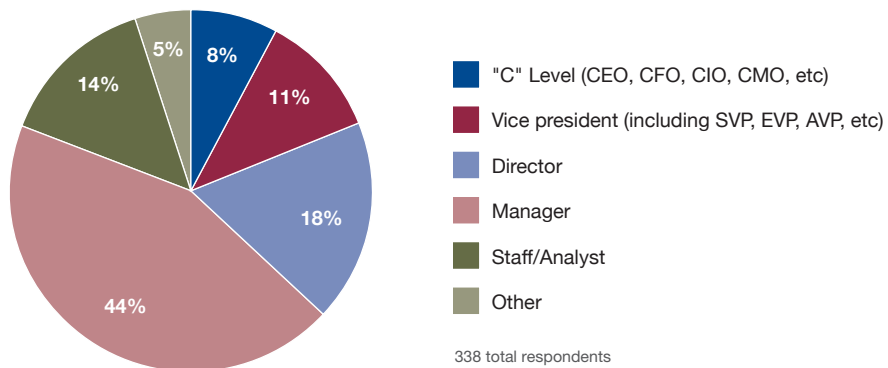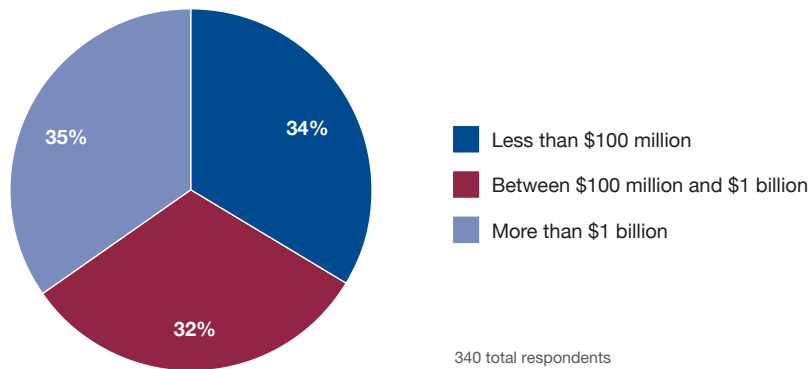
This year's respondent pool is composed of a balanced mix of retailers, manufacturers, 3PLs, and other shippers. For the purposes of this report, only shippers were included.

The largest segment of respondents manages between $10-$50 million in annual freight transportation spend, though there is representation at all spend levels. The average respondent's freight spend is 10 percent of total revenue, a figure in line with broader measures of logistics spend in the industry, such as that provided in the Council of Supply Chain Management Professionals' annual State of Logistics Report. This suggests the survey pool for this year's report is representative of the larger logistics community.

FIGURE 3: Industry Segments

- Consultant — 8%
- Discrete Manufacturing — 12%
- Other — 13%
- Other Shippers — 13%
- Retail/Wholesale — 15%
- Process Manufacturers — 15%
- 3PL — 23%

340 total respondents
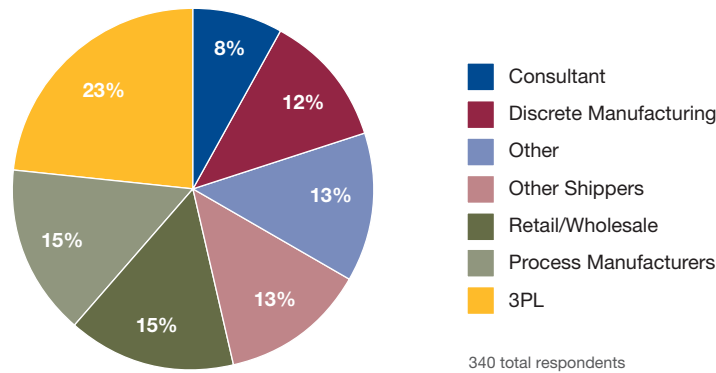
FIGURE 4: Annual Transportation Spend

- Less than $1 million — 19%
- Between $1 million and $5 million — 17%
- Between $5 million and $10 million — 8%
- Between $10 million and $50 million — 28%
- Between $50 million and $100 million — 9%
- More than $100 million — 19%

212 total respondents
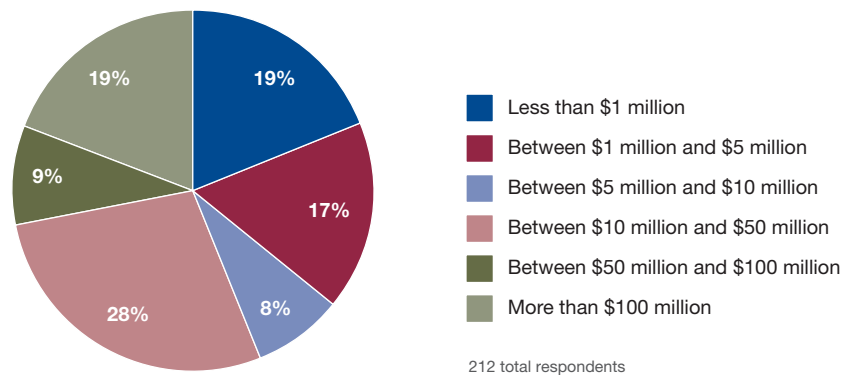
Section III: Winners

Each *American Shipper* benchmarking study seeks to highlight best practices by parsing companies that deliver excellent results— "winners"—from the average and sub-par performers. The purpose of this segment is to demonstrate how winning organizations put logistics managers to work.

To create a clearer comparison between winners and average performers, this year's study has limited the "winners" category to shippers only. Other winners' criteria are as follows:

- Service levels increased or remained the same as last year.
- Disruptions occur no more than once a year.
- International freight volumes increased over last year.
- Company revenue increased over last year.

For the sake of clarity, shippers that do not qualify as winners are considered laggards in this report. This report makes heavy use of the comparison between winners and laggards across all topics explored.

Based on this criteria winners account for 31 respondents. This segment includes a heavy representation from the manufacturing (40%) and retail/wholesale (35%) industries.

Section IV: The Global Logistics Manager

It is said that a chain is only as strong as its weakest link. That's especially appropriate in the world of logistics, where the supply chain is a conceptual idea that resonates throughout the daily work of logistics practitioners. For the purposes of this report, the examination will focus solely on logistics, an integral part of the broader supply chain. This section of the report attempts to spell out the roles and responsibilities of those individuals who make the logistics operations component of the supply chain tick.

Fig. 5 shows a disparity in the global nature of winners and laggards. Winners are 25 percent more likely than laggards to have a global role— three of four winners in all say they have a global logistics responsibility. That hits right at the heart of a trend that emerged after the economic downturn several years ago when logistics managers were tasked with greater geographic responsibilities than before thanks to staff cuts. Winners, with their more efficient supply chains, may be able to absorb more global responsibility than their laggard peers. Winners, by definition, are growing their international volume, and so their logistics managers are pre-disposed to have more global scope in their roles.

Note: The number of respondents in each category is indicated in parentheses.

F I G U R E 5 : Scope of Responsibility—Winners vs. Laggards
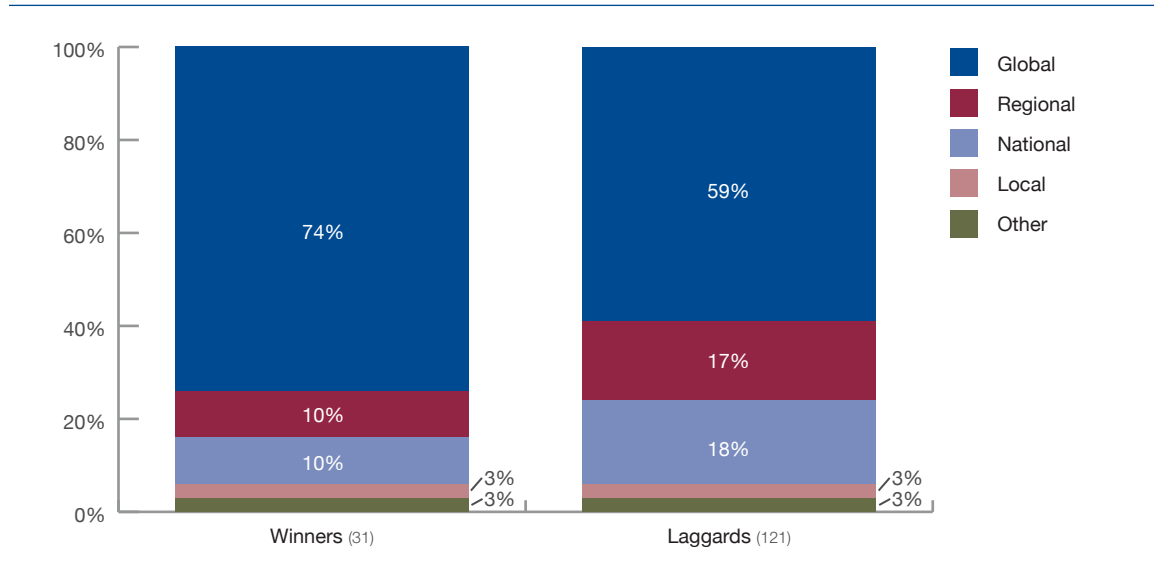
Following on with the idea that winners entrust their staff with broader responsibilities, both in terms of mode and geography, Fig. 6 shows clear gaps between winners and laggards in terms of responsibility in the areas that are classic elements of a global supply chain. Areas like import and export management, international logistics, customs brokerage, regulatory compliance, and origin management. The gap is smaller, or non-existent,

FIGURE 6: Job Role Responsibilities—Winners vs. Laggards*

Job Role	Winners	Laggards
Import management	90%	60%
International logistics management	84%	65%
Transportation management	77%	66%
Export management	71%	60%
Transportation contracting/procurement	71%	62%
Domestic logistics management	68%	60%
Regulatory compliance	68%	56%
Customs brokerage	61%	41%
Supply chain strategy	61%	56%
Third Party Vendor Management/contracting/procurement	61%	50%
Financial settlement with carriers and service providers	52%	55%
Distribution	45%	46%
Origin management	42%	38%
Inventory management	39%	40%
Reverse supply chain	39%	26%
Supply chain planning	39%	50%
Supply chain technology	39%	33%
Warehouse management	36%	31%
Environmental sustainability programs	16%	13%
Recycling	7%	13%
Supply chain finance	7%	22%
Other	7%	6%

Winners (31)
Laggards (121)

* Note: this question was "select all" format.

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in functions like domestic logistics management, freight payment, and supply chain planning. What's most striking about this figure, however, is how many categories in which winners have more responsibility than laggards. Winners, in short, accomplish more with less.

No surprise either then that winners also have a broader purchasing responsibility than laggards across seven of the 10 categories surveyed. The gap was especially prevalent in international transportation services and 3PL services.

FIGURE 7: Purchasing Responsibility—Winners vs. Laggards*
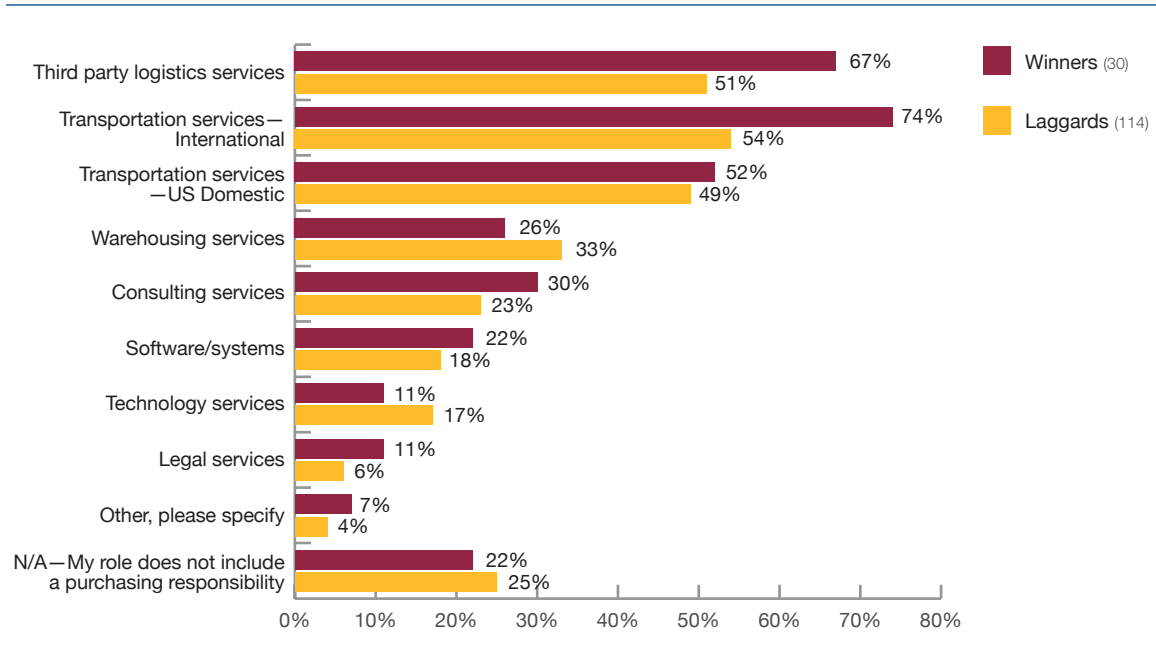
* Note: this question was "select all" format.

Legend:
- Large Shippers (58)
- Small & Medium Shippers (70)

Category	Large Shippers	Small & Medium Shippers
Third party logistics services	59%	59%
Transportation services—International	53%	64%
Transportation services—US Domestic	52%	51%
Warehousing services	38%	27%
N/A—My role does not include a purchasing responsibility	26%	21%
Consulting services	24%	24%
Software/systems	16%	20%
Technology services	9%	23%
Other, please specify	7%	1%
Legal services	5%	10%

But purchasing responsibility varies less dramatically when broken down by company size. Here, we see logistics managers at small and midsized shippers actually tasked with slightly more responsibility than their counterparts at large companies, especially in the areas of transportation and technology. It makes sense that managers at smaller shops might have more purchasing responsibility, but the fact the gap isn't all that wide suggests even larger shippers are tasking their logistics managers with a broad role in this key area.
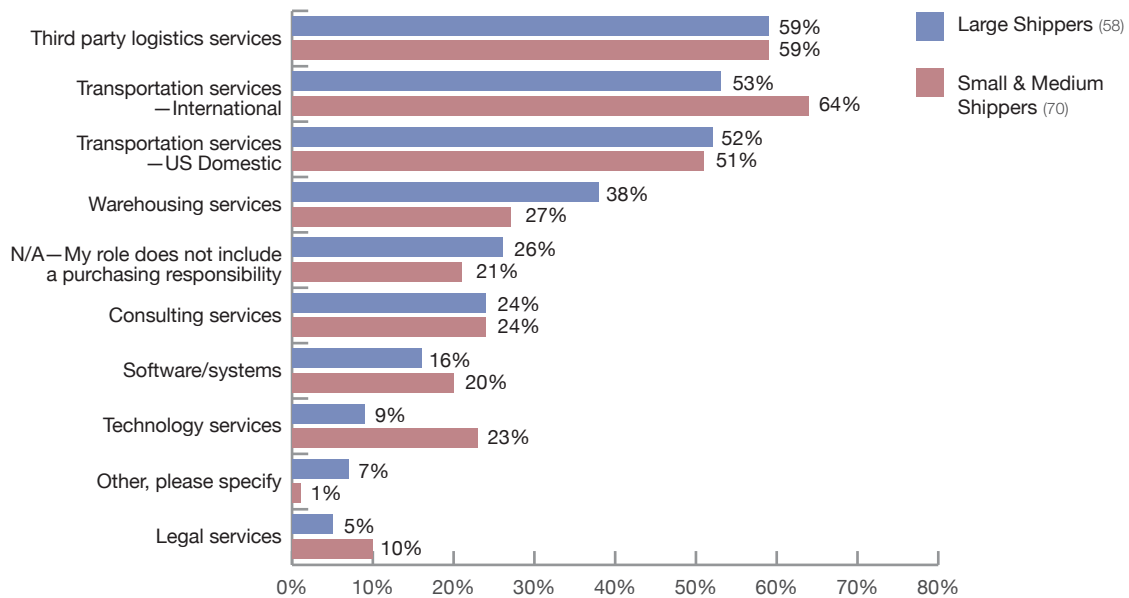
NEW RESPONSIBILITIES

It's a growing trend in logistics management—practitioners being tasked with broader roles and new responsibilities. Respondents in this year's survey were asked to describe what new tasks have been added to their plates. The answers spanned the gamut of logistics operations. Some described growing responsibility for procurement, risk assessment, or cost cutting. But the most common responses fell largely into three wider categories:

- Expanded responsibilities with regard to global trade compliance (including the combining of compliance and logistics operations under one umbrella).

- The management of domestic or international logistics management, suggesting the individual was responsible for one or the other and now must be fluent in both.

- Inventory management initiatives.

Section V: The Logistics Department

Behind every successful logistics practitioner is a department that supports and enables this individual to succeed. This section analyzes logistics functions and structures at a department level.

The most notable aspect of Fig. 9 is that nearly 40 percent of shipper respondents belong to the logistics department in their company, compared to barely 20 percent of those at 3PLs. No other department registered more than 11 percent among shippers.

FIGURE 9: Department Name—Shippers vs. 3PLs

Logistics — 3PLs 22%, All Shippers 39%
Other, please specify — 3PLs 22%, All Shippers 10%
Transportation management — 3PLs 16%, All Shippers 7%
Purchasing/sourcing — 3PLs 5%, All Shippers 11%
Supply chain strategy — 3PLs 9%, All Shippers 7%
Export — 3PLs 9%, All Shippers 4%
Import — 3PLs 7%, All Shippers 5%
Trade or Regulatory Compliance — 3PLs 2%, All Shippers 7%
Distribution/Fulfillment — 3PLs 3%, All Shippers 4%
Customer Service — 3PLs 3%, All Shippers 2%
Finance/Accounting — 3PLs 2%, All Shippers 1%
Planning/Forecasting — 3PLs 0%, All Shippers 2%

3PLs (58)
All Shippers (135)

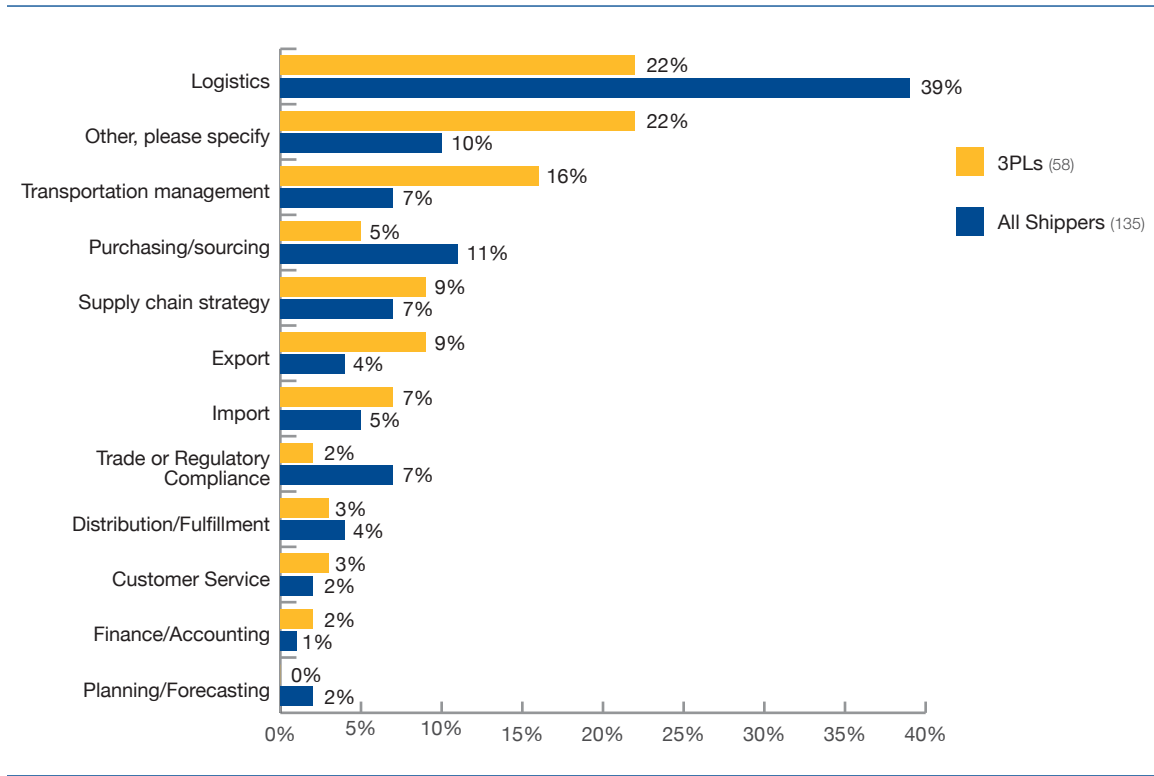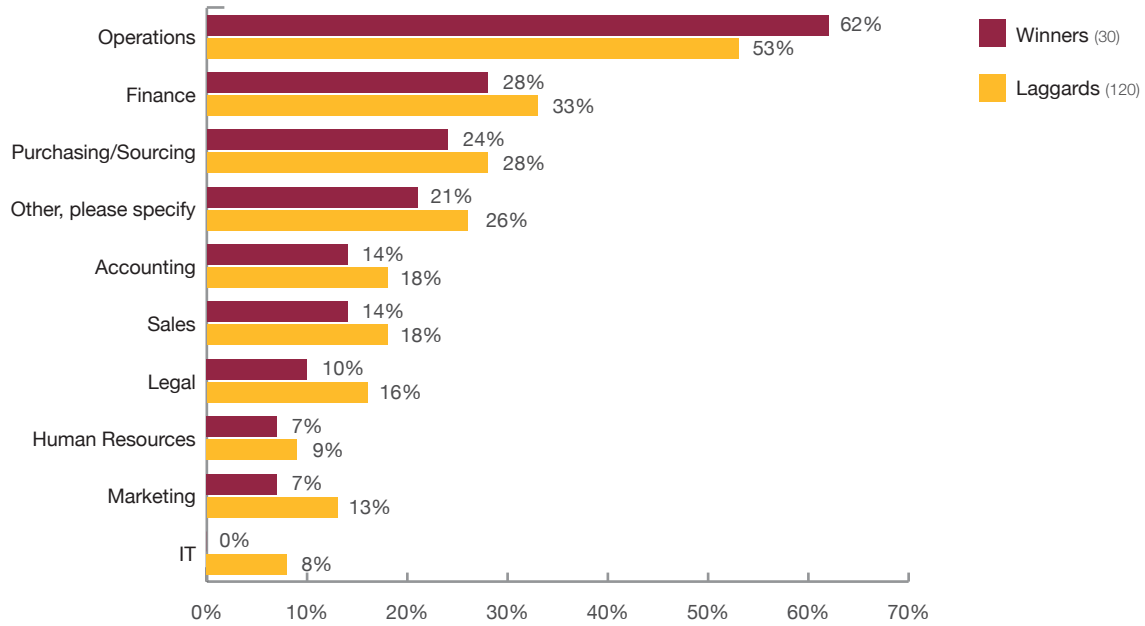Fig. 10, meanwhile, points markedly to the fact winners have a more streamlined approach in terms of which department staff report to. Nearly two-thirds of winners say they report to operations, while for every other department surveyed a higher proportion of laggards say they report to those departments.

FIGURE 10: **Department Reports To—Winners vs. Laggards***

* Note: this question was "select all" format.

Section VI: Performance Measurements

Introducing the metric of "winners," which *American Shipper's* benchmark research series readers are familiar with, allowed the results of this year's survey to be viewed through a particular lens: companies that perform well and how they allocate human resources in their logistics functions.

Nowhere is that measurement as stark as when analyzing departmental performance. Fig. 11 shows winners perform markedly better than their laggard counterparts in terms of efficiency and service. Winners managed to carve out a 5 percent advantage in supply chain on-time percentage over the past year. As on-time percentages near 100 percent, it becomes that much harder to move the needle in a positive direction, so that 5 percent gap can be quite an advantage.

FIGURE 11: Shipper's Productivity Matrix—Winners vs. Laggards

	On-Time Percentage	Number of FTEs
Winners	95%	12
Laggards	90%	14.2

206 total respondents

Meanwhile, winners also manage their logistics operations with 15 percent fewer full-time equivalent employees, indicating a higher level of productivity. Add in the fact that winners also manage more transportation spend than laggards, again with less staff, and it's easy to conclude winners are operating at a higher level than their peers. Also bear in mind, none of the metrics in Fig. 11 are determining characteristics of a winner. This is merely further evidence winners are more efficient and get better service.

Fig. 12 is heartening to both shippers and their service providers. Nearly 80 percent of large shippers and more than 80 percent of small and midsized shippers said their service levels either remained the same or improved over the past year. That performance looks even stronger when you consider roughly 10 percent of respondents said they don't track service levels.

FIGURE 12: Service Level Change in Past 12 Months

Large Shippers (66)
Small & Medium Shippers (74)

	Increased significantly	Increased modestly	Remained the same	Decreased modestly	Decreased significantly	NA—We do not track service levels
Large Shippers	8%	39%	32%	9%	3%	9%
Small & Medium Shippers	3%	34%	45%	7%	0%	12%
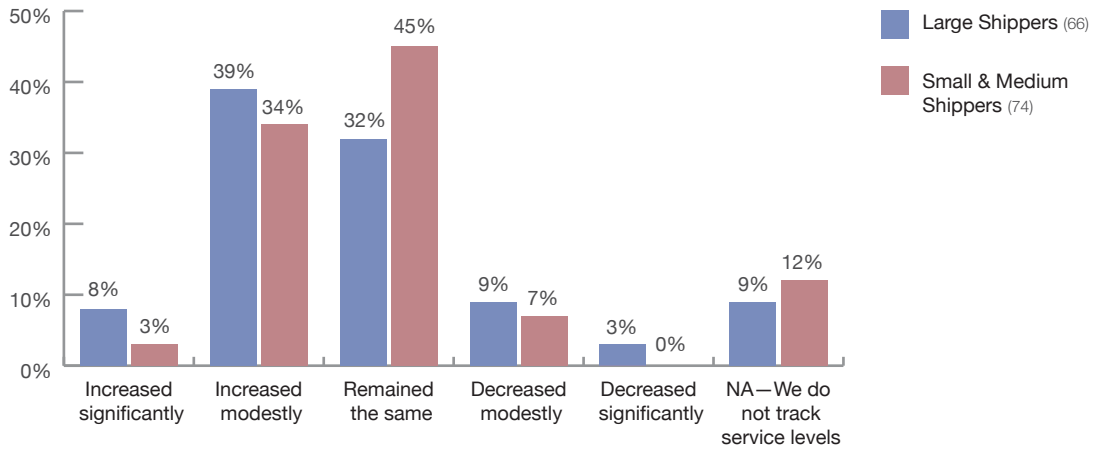
When it comes to service disruptions, however, the results are more varied. Large shippers reported having significant service disruptions or failures once a month or more to a higher degree than small and midsized shippers. That makes sense on a certain level—larger shippers tend to have broader, more complex supply chains, and with more activity occurring, increased volumes move through the pipeline, heightening the chance for something to go wrong.

FIGURE 13: Service Disruption Frequency—Company size
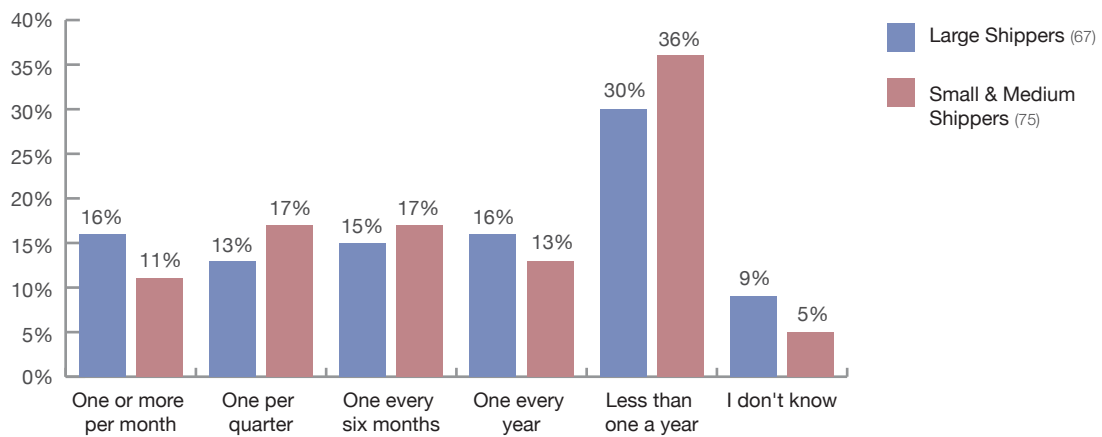
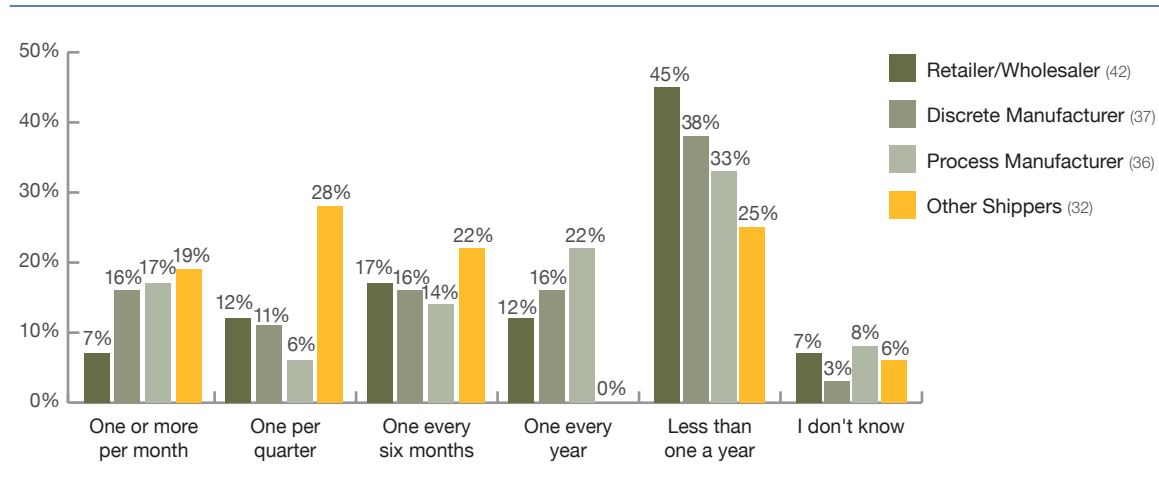Looking at the same issue from another perspective—by shipper category—retailers said they experience fewer disruptions than their manufacturing peers. *American Shipper* research shows that retailers are primarily supply chain managers, and are often early adopters of modern, sophisticated supply chain principles and practices. Retailers also tend to penalize their vendors for failure to meet delivery deadlines and other metrics. So, essentially retailers are pushing any failures back in the supply chain. But just because they're experiencing disruptions to a lesser degree than manufacturers doesn't mean they don't happen.

FIGURE 14: Service Disruption Frequency—Shipper Type

Legend:
- Retailer/Wholesaler (42)
- Discrete Manufacturer (37)
- Process Manufacturer (36)
- Other Shippers (32)

Section VII: Outsourcing Trends

The focus of this year's report changed to capture the degree to which successful organizations outsource critical logistics functions. Attendant to that is determining whether those outsourced arrangements are successful, and the degree to which shippers plan to continue or augment those arrangements. Anecdotal and quantitative analysis by *American Shipper* shows shippers desire to take more of their logistics processes in house, and some are gradually achieving that. But it's hard to imagine a single major global shipper that literally does everything in-house. Outsourced providers still have a major, albeit shifting, role to play, and this section attempts to define just where shippers use those providers, and where they will be in the future.

The immediately noticeable trend is winners tend to allocate their outsourcing focus to areas that are global in nature, whereas laggards tend to do this on the domestic level. Fig. 15 shows this clearly. Winners outsource to a much greater degree functions like origin management, international logistics, and import management, areas that are crucial for importers, especially in the retail or garment sectors. Laggards, on the other hand, use outsourcing much more than winners in areas like warehousing, domestic transportation, and domestic logistics. The split is clear, and it largely jives with the type of operations in which winners engage. Remember, winners are, by definition, growing their international freight volume.

FIGURE 15: Outsourced Functions—Winners vs. Laggards*

Winners (31)
Laggards (128)

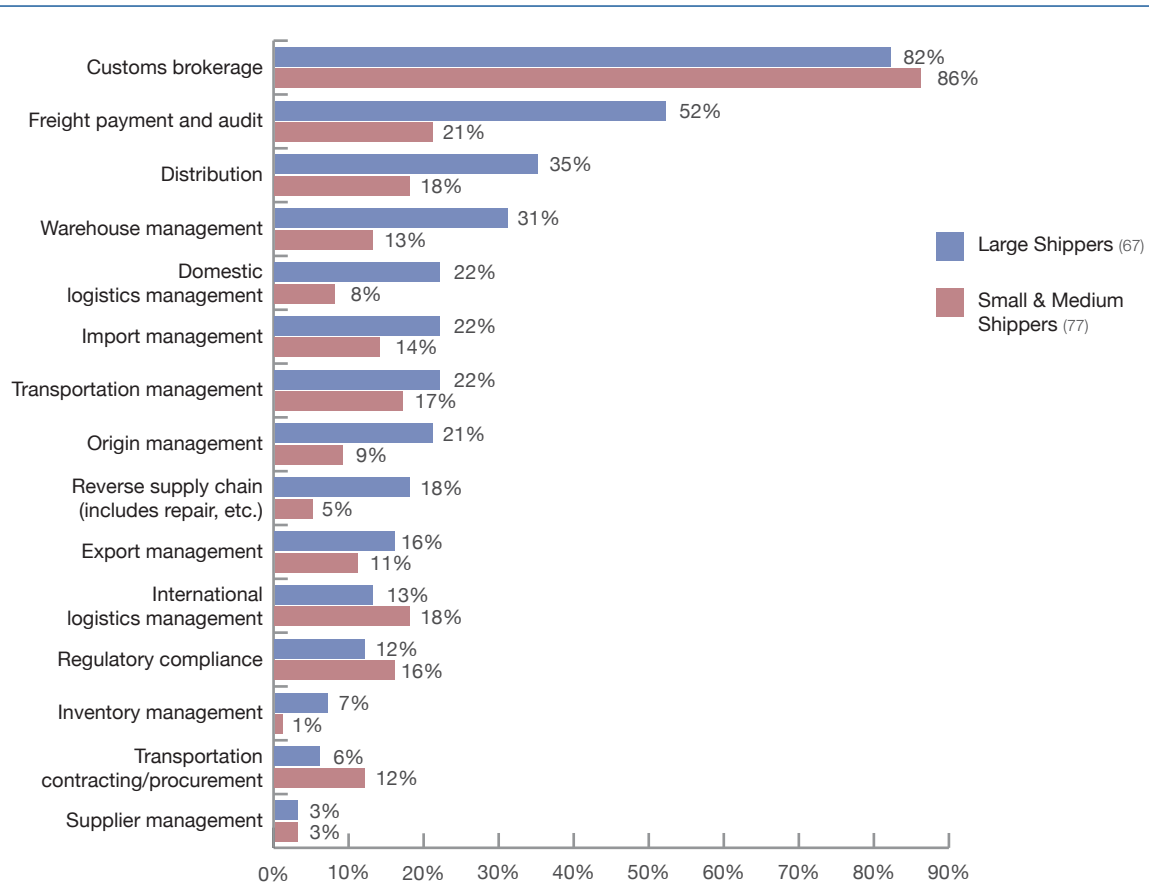| Function	Winners	Laggards
Customs brokerage	87%	78%
Freight payment and audit	35%	35%
Distribution	26%	25%
Import management	23%	16%
International logistics management	23%	16%
Origin management	23%	14%
Export management	16%	13%
Warehouse management	13%	22%
Regulatory compliance	13%	14%
Transportation management	10%	21%
Transportation contracting/procurement	10%	10%
Domestic logistics management	6%	17%
Reverse supply chain (includes repair, etc.)	6%	13%
Supplier management	6%	2%
Inventory management	3%	5%

* Note: this question was "select all" format.

Looking at the same issue through the lens of shipper size, we see a different picture. More large shippers are outsourcing a variety of functions than their small and medium peers. Again, given the greater volume and supply chain complexity faced by larger shippers, this makes sense.

FIGURE 16: Outsourced Functions—Shipper Size*

Large Shippers (67)

Small & Medium Shippers (77)

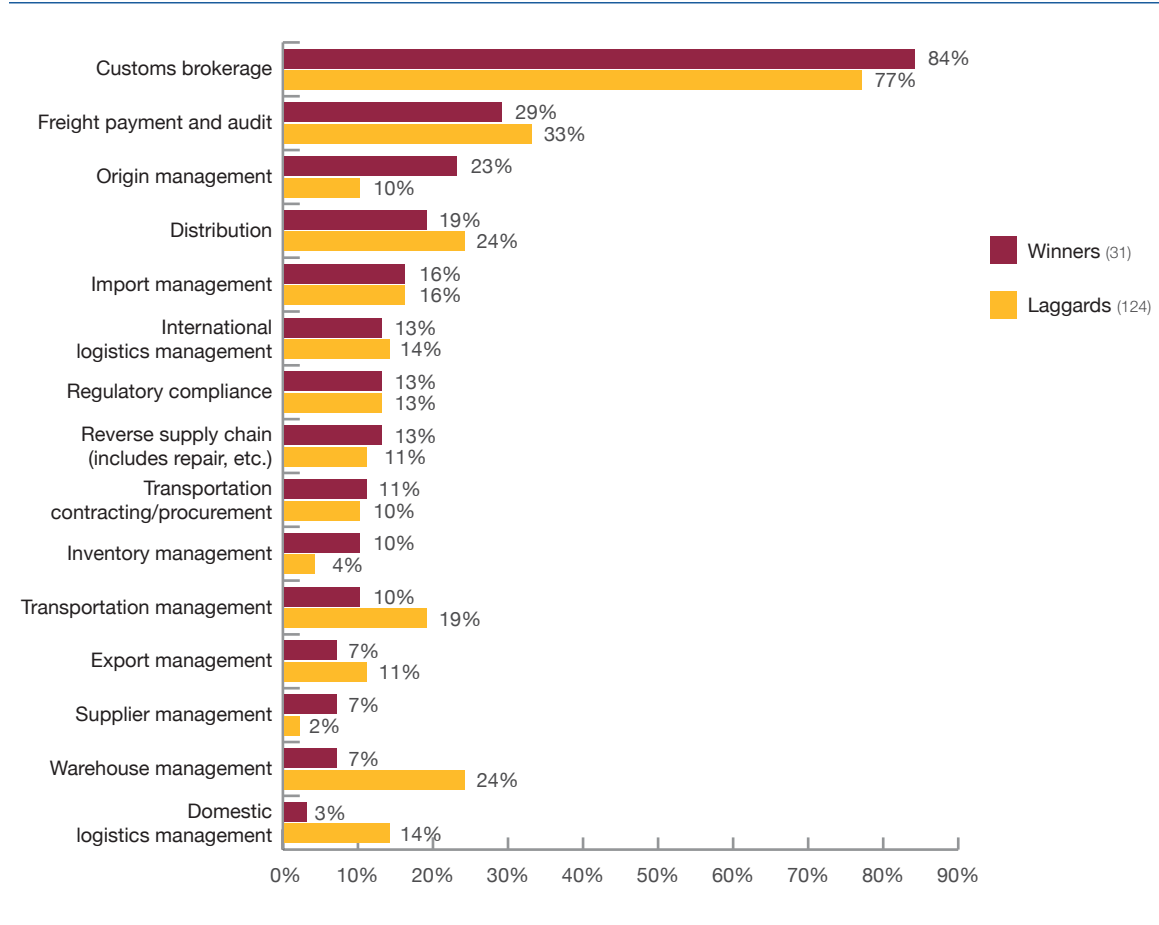| Function	Large Shippers	Small & Medium Shippers
Customs brokerage	82%	86%
Freight payment and audit	52%	21%
Distribution	35%	18%
Warehouse management	31%	13%
Domestic logistics management	22%	8%
Import management	22%	14%
Transportation management	22%	17%
Origin management	21%	9%
Reverse supply chain (includes repair, etc.)	18%	5%
Export management	16%	11%
International logistics management	13%	18%
Regulatory compliance	12%	16%
Inventory management	7%	1%
Transportation contracting/procurement	6%	12%
Supplier management	3%	3%

* Note: this question was "select all" format.

That said, it's clear mid-market shippers lean on outsourced providers in a number of areas, notably for customs and other regulatory compliance, freight payment, transportation management, and transportation procurement.

Looking forward at future outsourcing plans provides an even keener gauge of where shippers want to take their logistics processes. As Fig. 17 shows, winners indicate they will continue to focus their outsourced resources on global logistics functions and focus less on domestic functions.

FIGURE 17: How Will Functions be Managed by the End of 2014—Winners vs. Laggards*

Legend:
- Winners (31)
- Laggards (124)

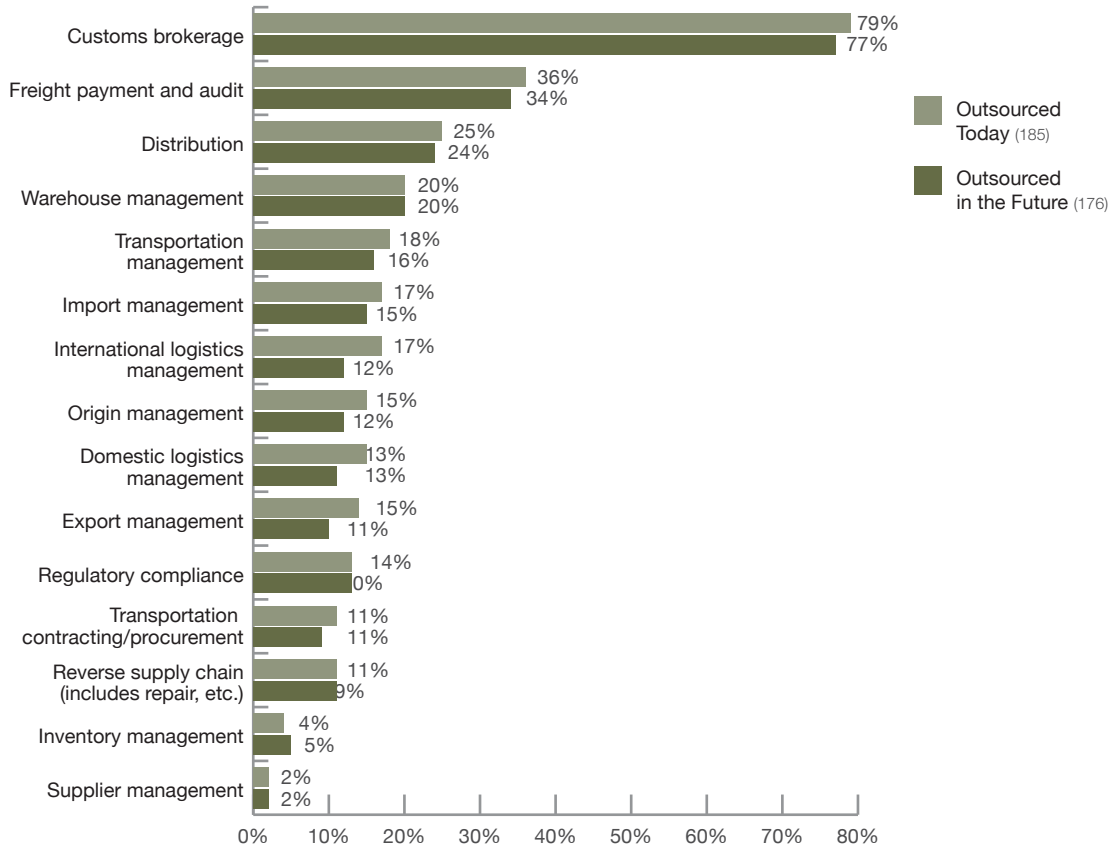| Function	Winners	Laggards
Customs brokerage	84%	77%
Freight payment and audit	29%	33%
Origin management	23%	10%
Distribution	19%	24%
Import management	16%	16%
International logistics management	13%	14%
Regulatory compliance	13%	13%
Reverse supply chain (includes repair, etc.)	13%	11%
Transportation contracting/procurement	11%	10%
Inventory management	10%	4%
Transportation management	10%	19%
Export management	7%	11%
Supplier management	7%	2%
Warehouse management	7%	24%
Domestic logistics management	3%	14%

* Note: this question was "select all" format.

Other than those areas, respondents said they intend to reduce their reliance on outsourced providers, another indication shippers desire to take more in-house. But that planned reduction shouldn't be overstated. Shippers still plan to rely heavily on outsourced providers, especially in the areas of customs brokerage, distribution, and freight payment.

FIGURE 18: Outsourced Functions—Current vs. Future*

Customs brokerage — 79% / 77%
Freight payment and audit — 36% / 34%
Distribution — 25% / 24%
Warehouse management — 20% / 20%
Transportation management — 18% / 16%
Import management — 17% / 15%
International logistics management — 17% / 12%
Origin management — 15% / 12%
Domestic logistics management — 13% / 13%
Export management — 15% / 11%
Regulatory compliance — 14% / 10%
Transportation contracting/procurement — 11% / 11%
Reverse supply chain (includes repair, etc.) — 11% / 9%
Inventory management — 4% / 5%
Supplier management — 2% / 2%

Outsourced Today (185)

Outsourced in the Future (176)
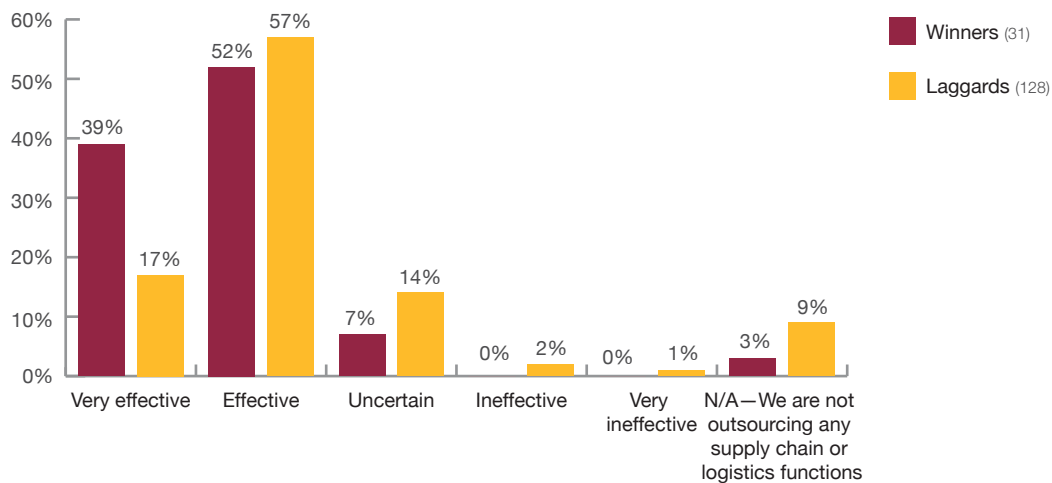
* Note: this question was "select all" format.

Satisfaction levels with outsourced arrangements are quite high, as Fig. 19 indicates. Winners are more than twice as likely as laggards to find their outsourced arrangements very effective. And hardly any respondents said these arrangements are ineffective. That nine of 10 winners find their outsourcing endeavors effective speaks again to the strength of their supply chains. These shippers have clearly found partners they can trust, and who improve their processes in one way or another. One other thing to note: 9 percent of laggards said they don't outsource any logistics or supply chain functions, three-times the rate of winners.

Respondents were also asked to define the greatest benefits of their outsourced arrangements and a divide emerged among winners and laggards. Winners predominantly found the biggest benefit to be that outsourced providers absorbed the burden of extra staff. More than 40 percent said the biggest benefit came from not having to add headcount or cover work that couldn't be handled due to a lack of internal resources. Juxtapose that with laggards, for whom expertise provided by outsourced providers was the biggest draw. It's an interesting dichotomy: winners need the troops they lack, and laggards need the expertise they lack.

FIGURE 19: Effectiveness of outsourcing—Winners vs. Laggards

Legend: Winners (31), Laggards (128)

|	Very effective	Effective	Uncertain	Ineffective	Very ineffective	N/A—We are not outsourcing any supply chain or logistics functions
Winners	39%	52%	7%	0%	0%	3%
Laggards	17%	57%	14%	2%	1%	9%

The same sort of dichotomy emerges when comparing the biggest benefit by shipper size. Large shippers lean on outsourced providers for headcount, and small and midsized shippers for the expertise those providers have. Interestingly, winners also rely on their outsourced partners to provide tools they lack at twice the rate of laggards—that's roughly the same as with winners and laggards. This suggests large shippers and winners aggressively seek functionality from their providers that they don't have, functionality that mid-market shippers and laggards may not even realize they need.

**FIGURE 20: Biggest Benefit to Outsourcing—Winner vs. Laggards**
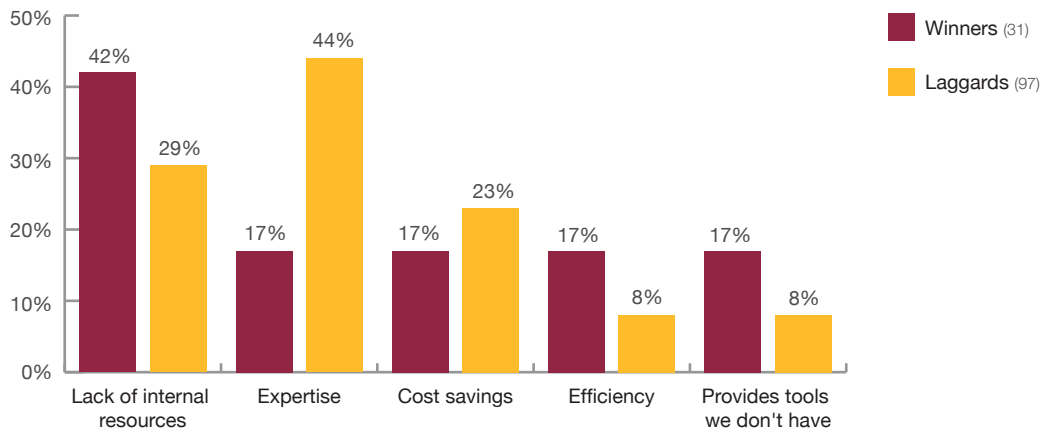
FIGURE 21: Biggest Benefit to Outsourcing—Shipper Size
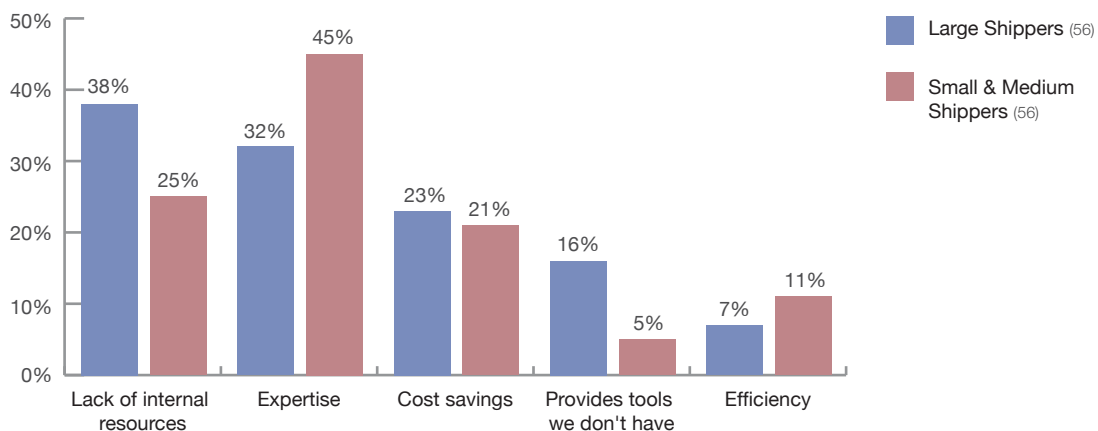
The flip-side of an outsourced arrangement is that challenges inevitably arise. It's unrealistic to expect a partnership to be perfect at all times. But what stands out in Fig. 22 is a larger number of laggards said they have problems across the categories surveyed than do winners.

FIGURE 22: Biggest Challenge of Outsourcing—Winners vs. Laggards
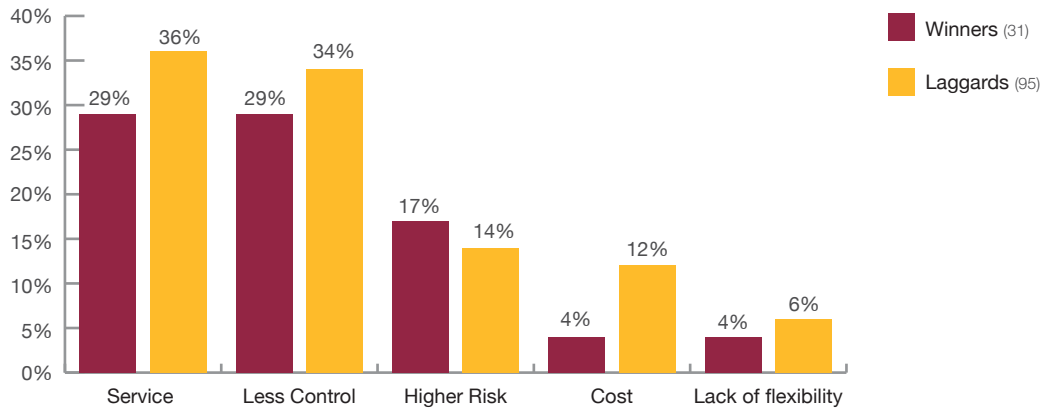
Only in the area of risk do winners see their outsourced providers presenting more challenges, compared to their laggard peers. Notably, laggards report service from their providers to be a challenge 24 percent more often than winners, and say cost is a challenge three-times as often as winners.
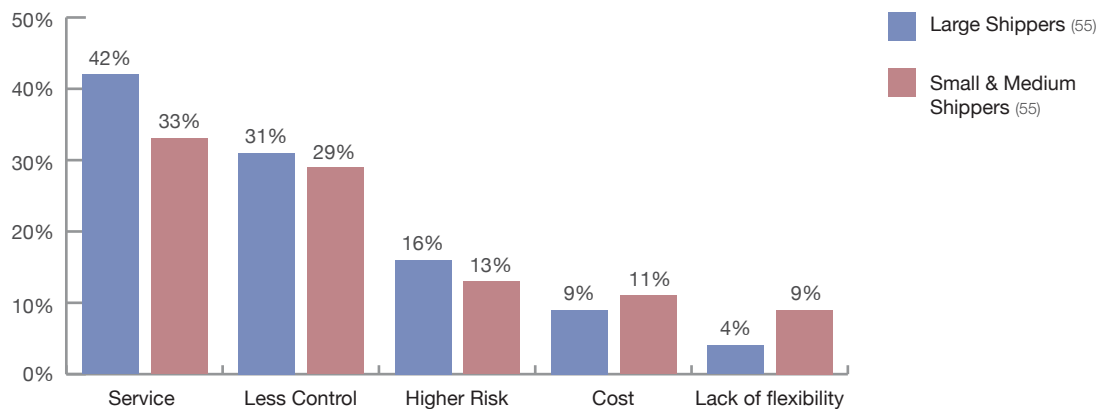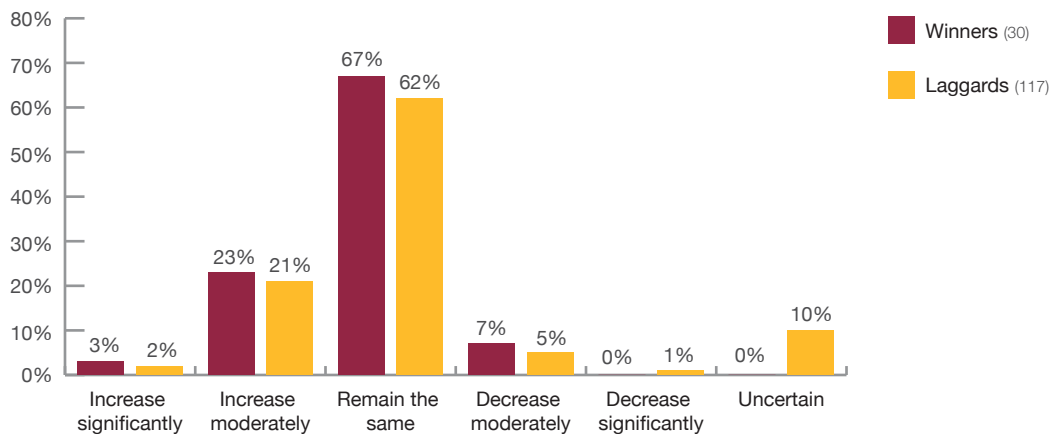
Large shippers, meanwhile, indicate they are most challenged by the service from their outsourced providers, as Fig. 23 shows. More than 40 percent say this is the biggest challenge, and they are 27 percent more likely to be challenged by service than small and midsized shippers. Shippers of all stripes report that loss of control of their processes is a major challenge.

Respondents were then asked what their outsourcing plans are going forward. As mentioned, outsourcing intentions remain steady, with winners and laggards indicating a moderate preference to increase their current outsourcing levels. But around two-thirds of shippers said they plan to keep their outsourcing levels at the current state.

**FIGURE 23:** **Biggest Challenge to Outsourcing—Shipper Size**

Legend:
- Large Shippers (55)
- Small & Medium Shippers (55)

	Service	Less Control	Higher Risk	Cost	Lack of flexibility
Large Shippers	42%	31%	16%	9%	4%
Small & Medium Shippers	33%	29%	13%	11%	9%

FIGURE 24: **Plans to Continue Outsourcing—Winners vs. Laggards**

Legend:
- Winners (30)
- Laggards (117)

|	Increase significantly	Increase moderately	Remain the same	Decrease moderately	Decrease significantly	Uncertain
Winners	3%	23%	67%	7%	0%	0%
Laggards	2%	21%	62%	5%	1%	10%

But as Fig. 25 shows, More large shippers are planning to grow their outsourced arrangements compared to their small and midsized counterparts. Large shippers say they plan to increase use of outsourced providers at double the rate of small and midsized shippers, three-quarters of whom said their outsourced levels will remain the same.

Looking at the question on a shipper-type basis, discrete manufacturers seem keen to grow their dependence on outsourced providers more so than process manufacturers or retailers. And notably, 40 percent of those among the "other shippers" category (including energy, commodities, and government shippers) plan to grow their outsourced arrangements.

FIGURE 25: Plans to Continue Outsourcing—Shipper Size
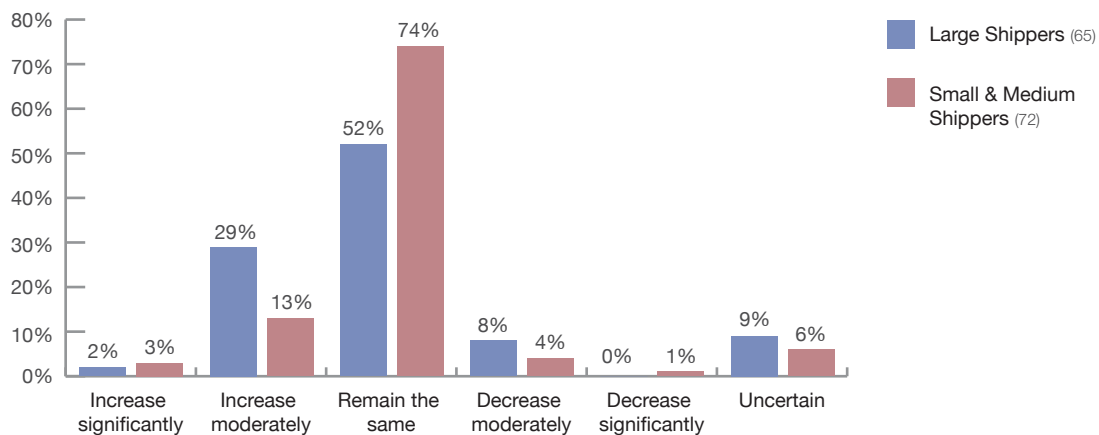
FIGURE 26: Plans to Continue Outsourcing—Shipper Type
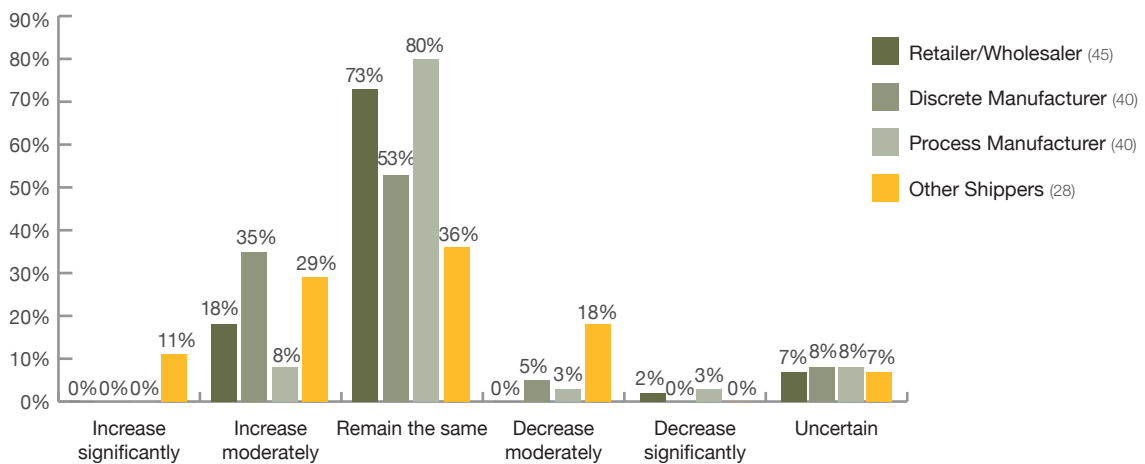
Section VIII: Best Practices & Takeaways

An analysis of the winners in this report provides a picture of how best-in-class firms structure their logistics operations and put their resources to work, including how they handle the outsourcing of critical functions. In brief, here are some of the key traits of a winner:

- They entrust their staff with broader roles, including those covering global functions like origin management, international logistics, and regulatory compliance, to help grow their international volume and efficiency. They essentially do more with less.

- They structure their organization so logistics personnel reports primarily to operations and, second, to other departments that impact the supply chain.

- They wring efficiency out of their processes, using fewer people to handle more spend and achieve higher service levels.

- They lean on outsourced providers as boots on the ground, particularly for the international component of their operations, and rely on those providers for expertise in niche areas and for tools they don't possess.

- They recognize the near-term usefulness of these outsourced arrangements even if they have a desire to take more of their supply chain in-house long term.

Appendix A: About Our Partners

CSCMP

Council of Supply Chain Management Professionals

Founded in 1963, the Council of Supply Chain Management Professionals is the leading worldwide professional association dedicated to education, research, and the advancement of the supply chain management profession. With approximately 9,000 members globally, representing business, government, and academia from 63 countries, CSCMP members are the leading practitioners and authorities in the fields of logistics and supply chain management.

Please visit www.cscmp.org to learn more.

Appendix B: About *American Shipper* Research

BACKGROUND

Since our first edition in May 1974, *American Shipper* has provided U.S.-based logistics practitioners with accurate, timely and actionable news and analysis. The company is widely recognized as the voice of the international transportation community.

In 2008 *American Shipper* launched its first formal, independent research initiative focused on the state of transportation management systems in the logistics service provider market. Since that time the company has published more than a dozen reports on subjects ranging from regulatory compliance to sustainability.

SCOPE

American Shipper research initiatives typically address international or global supply chain issues from a U.S.-centric point of view. The research will be most relevant to those readers managing large volumes of airfreight, containerized ocean and domestic intermodal freight. *American Shipper* readers are tasked with managing large volumes of freight moving into and out of the country so the research scope reflects those interests.

METHODOLOGY

American Shipper benchmark studies are based upon responses from a pool of approximately 40,000 readers accessible by e-mail invitation. Generally each benchmarking project is based on 200-500 qualified responses to a 25-35 question survey depending on the nature and complexity of the topic.

American Shipper reports compare readers from key market segments defined by industry vertical, company size, and other variables, in an effort to call out trends and ultimate best practices. Segments created for comparisons always consist of 30 or more responses.

LIBRARY

American Shipper's complete library of research is available on our Website: AmericanShipper.com/Research.

Annual studies include:

- Global Trade Management Report
- Global Transportation Planning & Procurement Benchmark
- Global Transportation Management Benchmark
- Global Transportation Settlement & Measurement Benchmark
- Import Operations & Compliance Benchmark
- Export Operations & Compliance Benchmark

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