

## A Message from the President

### Upcoming Events

#### Parcel Shipper Forum

Chicago, IL  
October 30 – 31, 2007

Don LaFrance will be participating in a forum on contract negotiation.

#### NA2008

Cleveland, OH  
April 21 – 24, 2008

Jim Barnes will present "Supply Chain Strategy: How to Access, Design, and Optimize your Supply Chain Network in a Retail Flow Environment."

Jim Barnes will present "The 10 Keys to a Successful Labor Management Implementation."

Ken Mullen will present "The Value of a e2e Solution."

Each day I am amazed by how quickly and far enVista has grown over the last five years. We were unknown just five years ago and now we are recognized by ARC as the top boutique supply chain implementation firm. That is a great honor especially since we were approached by ARC--thus providing an unbiased and unpaid for endorsement.

It is a testament of our management team's ability to execute on a vision that was created when we first started the company. In addition, it is a result of developing our internal talent and being passionate about our client's success. Many thanks to our internal associates and our clients who support enVista. Our clients are our best sales people!

Our growth is also contributed to the fact that we create opportunity versus waiting for opportunity to be created for us. I recently read the book the World is Flat by Thomas Friedman. I was excited

when I read this book because it validated our vision to expand globally. enVista is flattening the world with our office in India, along with our ability to develop transportation software and complete WMS integration work for the tier one providers. More importantly it validated for me our home sourcing concept, by which many of our associates work from home instead of having the overhead of several physical offices. In addition we consolidated our "back office" function to a new headquarters in Indianapolis.

enVista is flattening the world with our progressive thinking, leadership, and execution... watch out world!

*Passionate about logistics,*



Jim Barnes

President & CEO, enVista

# Selecting a Labor Management Solution

## New Clients

**Ametek**  
**Blue Lava Group**  
**Broadspan Commerce**  
**Charlotte Russe**  
**Cost Plus**  
**Diversitech**  
**Epson**  
**General Electric**  
**Goldline International**  
**Golf Outlets of America**  
**Goodman Manufacturing**  
**John R. Green**  
**Live Nation**  
**MGA Entertainment**  
**Magnaflow**  
**Metatech**  
**Musicnotes**  
**New Vine Logistics**  
**Novamex**  
**Payless ShoeSource**  
**PetSmart**  
**Superior Communication**  
**University Games**  
**V. Sattui Winery**

Revenue flow from the distribution center is considered contradictory in most of today's warehouse setups. Distribution was never a focal point within the supply chain where money could be made. Instead, while focusing on changes within the four walls of a distribution center, cost saving ideas stem from continuous improvement through processes, locations and people. After the boom of companies jumping to Warehouse Management solutions within the past several years, more and more are searching for that edge to optimize cost savings. One of the easiest ways to cut cost is within labor.

Improvements made through process changes can only get you as far as the people working behind it. Labor standards, more specifically engineered labor standards, provide an accurate measure of how employees perform against the norm. In-house Industrial Engineers can attest that this method of measurement is paramount to tracking productivity as well as bottlenecks in production. However, this method is also very hard to maintain without the proper software or tools. You may ask yourself the following: What types of labor solutions are out there? What do I need to measure? How much will it cost the company? These are just a few basic questions that you may have, but now you are situated with the daunting task of selecting a Labor Management Solution (LMS) that can ultimately

increase savings. What steps are needed to select the proper LMS? LMS come from all walks of life, from your best of breed total WMS/LMS package solution to your third-party LMS provider. Some are partnered to work seamlessly through certain WMS providers and some are customizable. The main thing is that there is a lot more than what meets the eye.

Consulting firms that specialize in LMS selection can point you in the right direction. The reason most companies go through this route is to keep a third-party, unbiased eye, on what is best for the company. Knowing what the client specifically wants and who can provide these answers is one of the important factors of using outside consultants. That is how the selection process starts. Next, contacts are established with numerous vendors who fit the bill and Requests for Information (RFI) are sent out to them. Within these RFI's are several yes/no and qualitative questions for the vendor to answer and return to the prospective client or consultants. Typical questions in the RFI include, "Does the LMS allow supervisors or associates to check their performance on a real-time basis?" and "Does the LMS have an integrated time and attendance system?"

To read more, please [click here](#) to read the rest of the article.

# What you need to know about Dimensional Weight Pricing

One of the most confusing and least understood aspects of parcel pricing is **Dimensional Weight Pricing**. This pricing component and its applicable surcharges can have a significant impact on your costs if you do not understand how it affects your packages and actively manage your packaging to mitigate its impact. A clear understanding of this is even more important, since UPS and FedEx changed their Ground Dimensional Weight pricing to match their Express Pricing in January, 2007.

In the simplest terms, Dimensional Weight Pricing reflects package density which, by definition, is the amount of space a package takes up in relation to its actual weight in order to cover carrier's lost revenue due to a higher cube. There are three components of this pricing today:

- n Dimensional Weight
- n Large Package Surcharges
- n Over Maximum Limits Charge/  
Unauthorized Oversize Surcharges.

To understand if Dimensional Weight Charges and its applicable surcharges apply to you, the first step is to determine the method of shipment and carrier. DHL, UPS, and FedEx all use the same dimensional rating logic for express shipments. UPS and FedEx use the same dimensional rating logic for ground, but DHL remains on legacy oversize (OS) logic with a change in late 2007. Once this has been determined, you need to calculate the cubic size of the package. To calculate your cubic size for express shipments, measure length x width x height. To determine the dimensional weight, divide the cubic size by the DIM divisor (the standard for Domestic is 194). For example, if your box is 19 x 10 x 10, your cubic size is 1900 inches and the dimensional weight is 9.8 lbs. If your box is 30 X 20 X 10, your cubic size is 6,000 inches and the dimensional weight is 30.9 pounds. Once this is done, the higher of the actual weight or dimensional weight will apply.

For ground shipments with FedEx and UPS, a threshold is added to the calculation. So, you still calculate your cubic size. If it is larger than 5,184 (standard threshold), you divide it by 194, which gives you the dimensional weight. If the cubic size is less than 5184, you should use the actual weight.

Examples of this would be:

**Box 1** weighs 20 pounds and has dimensions of 17" x 17" x 17." The cubic size (17 x 17 x 17) is 4,913. The dimensional weight (4,913 / 194) is 25.3 pounds. However, because the cubic size falls below the 5,184 threshold, dimensional weighting does not apply. Therefore, the package will be rated at the actual weight of 20 pounds.

**Box 2** weighs 25 pounds and has dimensions of 24" x 16" x 16." The cubic size (24 x 16 x 16) is 6,144. The dimensional weight (6,144 / 194) is 31.7 pounds. As the cubic size exceeds the 5,184 threshold dimensional weighting will apply. Therefore, the package will be rated at the dimensional weight, adding 7 pounds to the rated weight.

To read more, please [click here](#) to read the rest of the article.

	Air	Ground
<b>Box 1</b>	17x17x17 actual weight: <b>20 lbs</b>	17x17x17 = 4913 Cubic size is under 5184 threshold. Actual weight will be used. <b>20 lbs</b>
	$\frac{17 \times 17 \times 17}{194} = 25.3$ dimensional weight: <b>26 lbs</b>	
<b>Box 2</b>	24x16x16 actual weight: <b>25 lbs</b>	24x16x16 = 6144 Cubic size is above 5184 threshold. Higher of dimensional weight or actual weight will be used. <b>32 lbs</b>
	$\frac{24 \times 16 \times 16}{194} = 31.7$ dimensional weight: <b>32 lbs</b>	

# enVista Recognized as Top Implementer of WMS Solutions by ARC

ARC Advisory Group, the leading research and advisory firm in manufacturing and supply chain solutions, has recognized enVista as the top implementer of best-of-breed WMS solutions and has named enVista to its top "Coolest SCM Boutique Consulting Firms" list.

## **From ARC:**

"When it comes to implementing best of breed WMS solutions, enVista is at the top of our list."

*July 5, 2007*

"enVista - In the area of implementation of Supply Chain Execution systems, I like enVista, headquartered

in Indianapolis, Indiana. They implement best of breed Warehouse, Transportation, and Labor Management solutions from Manhattan Associates, RedPrairie, and HighJump Software. They also have an interesting ongoing service in the transportation area. They audit the costs charged by parcel and Less than Truckload shippers. They use their own proprietary tool to do this and are typically paid on a percentage of the savings. The data that is stored in the software can allow for transportation cost benchmarking."

*July 19, 2007*

## Parcel Shipping Tips from enVista

**Identify Residential Deliveries:** In a typical pre-pay and add environment, service charge corrections applied after the fact cannot be passed on to the consignee and must be absorbed by the shipper. It is important to identify residential deliveries prior to shipment. You cannot simply rely on the customer to properly identify the shipment as residential. Customer provided residential delivery information is notoriously inaccurate. Misidentification as a commercial delivery on the front end could force you to absorb the cost of the surcharge when the shipment is adjusted based on the carrier's delivery scan. Using a CASS™ certified software package that incorporates RDI (Residential Delivery Indicator) can significantly reduce your overrun costs.

**Review Your Packaging:** Over the past several years parcel carriers have become more aware of the impact of package sizes on the cost of delivery. As result, surcharges and rating changes have been put in place to offset these costs and pass the expense on to the customer. In 2007 both UPS and FedEx moved from Oversize logic to DIM logic on the Ground side (with DHL scheduled to follow suit later this year). While the carriers have indicated that this change was

implemented to simplify Ground shipping, many shippers have experienced significant cost increases as a result. Obviously the package size is constrained by the size of the contents. However, you may consider making more box sizes available. By doing this, and by making certain that each package uses the smallest box possible, you can help minimize the impact of DIM and Oversize costs.

**Know Your Carrier:** When was the last time you spoke with your carrier rep? Many shippers think of their parcel carrier as an adversary, as a necessary evil. This is a mistake. Given the competitive nature of the parcel industry today, carriers are motivated to satisfy shippers from a service perspective, as well as from a cost perspective. Partnering with your carrier makes sound business sense. Engage your carrier rep on a regular basis concerning new service offerings and upcoming rating changes. Staying informed on these subjects allows you to act proactively, rather than reactively. From time to time issues with your parcel shipments will arise. Establishing a solid relationship with your carrier ensures that your carrier is responsive to your needs when these issues occur.



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