

# Connections

TECHNOLOGY

SAFETY

COMMUNICATIONS

EQUIPMENT



DEDICATION

INGENUITY

EXPERIENCE

## US Customs and Border Protection (CBP)

For paperless border crossings – timing is key

On November 15 the US Customs and Border Protection (CBP) Trade Act went into effect bringing with it significant changes to the way carriers and shippers approach border crossings.

In this latest border initiative, US Customs requires 100% electronic pre-clearance from their shippers, 100% classification of all categories, identification – by number – of the ultimate consignee, and a rigid timeframe for carriers and drivers to work within at the risk of fines or refusal of entrance to the United States.

For Challenger's customers, CBP directly impacts the method and timing of their international shipping procedures. To be successful under the new act, shippers must take serious control of their schedules and increase communications with their brokerage firm and Challenger. "Our customers need to understand what this new process is and what their obligations are. Time notification is critical if we are to ensure efficient clearance of shipments," says Enno Jakobson, Vice-President of Risk Management for Challenger. "It is up to the customer to schedule sufficient time for their broker and Challenger to do the work and still provide the border with its required one-hour window. In some cases this may require entries to be completed prior to loading of the shipment to ensure there is enough time for the entry to be processed before the driver arrives at the border."

Karen Gallant, Customs Administrator for Challenger advises shippers to participate in C-TPAT (Customs-Trade Partnership Against Terrorism) so they can take advantage of



Challenger's FAST (Free and Secure Trade) service. "FAST shipments have access to the FAST lane at the borders that have them, and they have their pre-clearance window reduced to half an hour," she says. Challenger has taken a proactive role by having already helped more than 900 of their drivers register with FAST. "The other incentive is that BRASS (Border Release Advanced Screening and Selectivity) shipments are now required to use FAST registered drivers, though they cannot take advantage of the FAST lane."

Since the infrastructure for CBP builds on prior border initiatives such as FAST and C-TPAT, Challenger was able to quickly comply with the new procedures, though at a significant cost. They have needed to hire a full-time customs person to handle the additional work, and software changes are imminent as the act evolves and carriers play a more critical role in electronic transmissions. "For now," says Enno, "our customers can help themselves and speed the process by making a fax machine easily accessible to our drivers."

A recap of the CBP Trade Act has been reproduced in the sidebar, but customers are welcome to call Challenger's Customs department for assistance at 1-800-265-6358 ext. 2292.

## CBP Notable Changes

### October 1 – 2004

- 100% classification – The exemption for goods valued at less than US \$2000 has been removed.
- Ultimate consignee – The cargo data must identify the final consignee by a unique code number. Even individual purchasers must be identified.

### November 15 – 2004

- Full data must be received from the broker by CBP at least one hour prior to crossing – half an hour for FAST (Free and Secure Trade) approved carriers.
- BRASS (Border Release Advance Screening and Selectivity) – BRASS shipments must be transported by FAST approved carriers.

### November 29 – 2004 (approx.)

- CBP web portal launch – Carriers will be able to submit data electronically to the CBP.

### LINKS:

US CBP Trade Act:  
<http://www.ontruck.org>

FAST/C-TPAT registration:  
[http://www.cbp.gov/xp/cgov/import/commercial\\_enforcement/ctpat/](http://www.cbp.gov/xp/cgov/import/commercial_enforcement/ctpat/)

# Progressive Marketing

## Through Challenger Logistics Warehouse and Distribution Management

For the competitive advantage in today's marketplace, many companies are choosing Challenger Logistics's combined warehousing and transportation service to handle their products. These single-source clients have recognized an overall unit-price reduction and faster delivery times than their competitors, giving them a significant edge with their customers.

Here's how Challenger Logistics helps them achieve it:

- **One facility for arrival, storage, and distribution of product** – Less handling of the product results in lower additional costs to the landed or manufacturer's base-price.
- **One inventory management system** – By using state-of-the-art barcode scanning technology and wave picking software, Challenger maintains the highest level of accuracy in the fastest possible pick-and-ship times.
- **One access point for tracking** – After leaving inventory, the product is traced through Challenger's online tracking software. Customers can locate their shipment anywhere. Additionally, customers can manage their inventory through real-time viewing on the Internet.
- **One chain of custody from supplier to customer's door** – With fewer location changes, the product is less likely to be lost or damaged, and turnaround times are quicker.
- **One of North America's largest and most reputable carriers** – With Challenger Motor Freight and Challenger Logistics as freight partners, you have access to global transportation. Together they provide a safe and secure network of transportation that arrives on schedule and damage free. Challenger looks after every detail of the logistics, leaving customers to focus on their business.

Beyond the physical demands of warehouse management, it is Challenger's ability to adapt to what the customer needs that ultimately gives us the advantage over the competition. "We sit down with our customers, analyze their current transportation and distribution process, and work out the most efficient and cost effective way to bring their product to market. Then we break down how we will achieve it," says Paul Cooper, Director of Challenger Logistics.



Challenger uses all its departmental resources, from HR for hiring people with the skills required for the new client, to IT and its state-of-the-art technology to ensure the transition and future distribution of the product flows smoothly. Continual communication among all parties is a key factor.

"We measure tasks, analyze the time it takes to complete them, and continue to build efficiencies as needed," says Paul. "By putting these measures into place, we can better serve our customers by finding the most efficient way to manage their orders."

Customers who would like to discuss progressive marketing ideas with Challenger can call their sales representative or Challenger directly at 1-800-265-6358.

***"By putting task and time measures into place, we find the most efficient way to manage our customers' orders."***

*Paul Cooper  
Director, Challenger Logistics*



# Letter From Dan



Rising fuel costs, US Homeland Security initiatives, and the relative value of the Canadian dollar continued to plague the trucking industry throughout 2004. Yet, demand for trucking services has remained extremely high. In contrast to the truck shortage of a year ago – the great limiter on our industry today, and we believe for years to come, is the shortage of drivers.

In the US, companies have reported up to 10% of their trucks lying idle for lack of drivers. Given the high demand for work in their country, and the challenges of border crossing, US drivers have little desire to journey internationally. This puts the greater responsibility for trans-border shipments on Canadian carriers.

In response to this shortage, Challenger has elevated the pay and status of our own drivers, and we have recently implemented a multi-million-dollar program for them. Our hope is to increase recruitment, and at the same time improve the quality of their work-life. Today's drivers look for greater incentives from their companies – more time with their families, good destination lanes, and fewer delays resulting in loss of income – and we have risen to this challenge.

This year we also undertook the construction of our new maintenance facility as a long-term commitment to all our stakeholders. With it, we can re-affirm our commitment to the industry and our part in keeping Canada as a significant trading partner with the US.

As we move into a new season, we ask our customers to be understanding of both the conditions Challenger faces and the compensation we ask. Include us earlier in your decision-making loop so we can plan effectively, and together we can work hard to minimize the bottle-necks in an already stretched system.

Thank you for your continued support of Challenger Motor Freight.

Dan Einwechter

## Shipper's Choice Award 2004

For the third consecutive year, *Canadian Transportation and Logistics Magazine* (CT&L) has awarded Challenger Motor Freight with a Shipper's Choice Award for performance excellence. With almost 1,000 buyers casting evaluations across all modes of transportation, this year's benchmark for excellence was raised to new levels. Challenger once again exceeded this benchmark and captured a place in the winners' circle.

CT&L magazine's review of the survey and winner's list stated that, "the bar for carrier performance is rising rapidly...TL motor carriers have the highest standard to live up to for quality of equipment and problem solving." From a response of 1056 evaluations,

Challenger is proud to have captured top honour for the equipment and operations category in the "TL Motor Carrier" division.

The award, now in its third year, offers Canadian shippers, 3PL service providers, and freight forwarders an opportunity to set benchmarks on seven key performance indicators (KPIs), and then to rate their top carriers against those benchmarks.

This year's award was undertaken in partnership with the Chartered Institute of Traffic and Transportation (C.I.T.T.) and the Canadian Industrial Transportation Association (CITA). Research was once again performed by an independent research firm, G. Bramm and Associates.



# Challenger's Maintenance Facility

Fast, efficient, and cost-effective

Throughout the planning stages of the new Maple Grove site, Challenger has had the perfect opportunity to design a maintenance facility that allows optimal efficiency with a cost-saving approach. In this respect, the requirements of both the employees and the customers can be answered.

Designers addressed these key areas:

- Inspection and maintenance facility
- Yard management
- Environmental responsibility

## Inspection and maintenance facility

*Focus: To ensure the quick turnaround of safe, reliable trucks through preventive maintenance, technology and building design.*

They achieved this by first analyzing the required functions and then separating the facility in two:

### Indoor fueling and inspection facility

– Offering three indoor inspection lanes, this facility enables drivers to complete their paperwork while technicians provide refueling, a 27-point inspection, and repairs that are estimated at fewer than 15 minutes. All vehicles entering the fueling bays will have the tire pressures and wheel alignment checked automatically. The use of new automated tire pressure and alignment-sensing technology is expected to reduce tire costs by 10%.

**Maintenance facility** – By nearly doubling the current number of truck bays to 12, adding an automated truck washing system, as well as bays for detailing, paint, alignment, and fast repair – Challenger expects to reduce the need for outsourcing and to optimize the skills of its in-house team. Staff are trained on-site with an average of 60 hours per year of seminars, vendor classes, and self-study programs.



## Yard management

*Focus: To provide drivers and maintenance staff with an efficient means to locate vehicles, identify trucks that need maintenance, and ensure pre-loaded trailers are positioned in high-security areas.*

RF (radio frequency) technology is being considered to identify all equipment entering and exiting the terminal. This will automatically update our operational software. A single, controlled access point maximizes security for both personnel and customer cargo.

## Environmental responsibility

*Focus: Reduce – Reuse – Recycle... with an emphasis on "Reuse."*

Reclaiming water from the building roof and recycling truck wash-water reduces

the demand for fresh water by almost 65%. An important consideration when washing approximately 100,000 pieces of equipment annually.

Implementing timers on truck block-heaters to activate only as needed reduces electricity by 75% per day.

Installing eight feet of glass in the bay doors reduces the required amount of artificial light.

Burning used-oil to heat the fuel island and maintenance facility reduces heating costs.

For a facility and yard that never sleeps, Challenger has employed the best technology of today – for the greatest efficiency and cost savings in the future.

**“Challenger kept the needs of our customers and employees in mind while designing the new maintenance facility.”**

– Wayne Scott  
Director of Maintenance

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