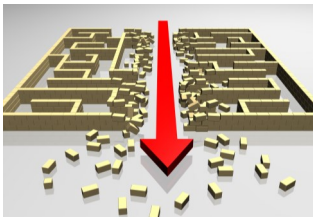


Supply Chain Spotlights™

Rockfarm Supply Chain Solutions

1st Quarter 2014

Small & Medium-Size Business Spotlight: Significant Export Growth Across the Globe



SMEs exports are growing simultaneously with growth in global trade

When the topic of international trade arises, people typically think about Fortune 500 companies and multinational corporations moving goods across international borders. Nevertheless, small and medium-size businesses (SMEs) are significant participants within international trade. SMEs are typically classified as companies possessing fewer than 500 employees. According to the International Trade Administration, 98% of companies exporting from the United States are SMEs.

Political leaders across the world are constantly deriving policies to promote not only exports for their respective country but a specific emphasis is placed on SMEs exports. In digging deeper, how do SMEs fit into global trade? Alberto Rodriguez-Baez, Senior International Business Consultant at the UTSA International Trade Center (San Antonio, TX, USA), shared some SMEs export insights during a recent interview.

Do you see any new trends among SMEs that are exporting?

There is a real trend toward "the rise of micro-multinationals". I have clients that started their business and were ready to begin exporting immediately, and I have other clients that are planning exports from day one as part of the business plan.

What is your general perspective as to how SMEs compete within the global economy?

Many of my clients have been highly successful in finding a niche within underserved markets. Larger companies tend to neglect the smaller markets, and larger companies are certainly less responsive to the dynamics within these markets.

Is there a differentiating characteristic among SMEs that are highly successful in exporting?

It comes down to three things: Being proactive about figuring out what markets are good for them, developing solid partner selection and market entry processes, and making a commitment of resources focused upon growing exports.

What is your advice to both new and experienced SMEs in relation to exporting?

Invest time and resources in education. There are organizations in every state across the US offering international trade assistance and training to SMEs. I encourage companies to take advantage of these services.

The UTSA International Trade Center (www.texastrade.org) assists South-West Texas based SMEs in all areas of importing and exporting through one-on-one trade consulting, customized market research, and innovative programs. Also, Rockfarm can assist your company in deriving a comprehensive supply chain solution tailored to your business objectives.

Inside this issue:

Research Spotlight: Analysis of the Game-Changing Virtual Integration Supply Chain Trend	2
US Risk Management Spotlight: Lack of Due Diligence Within Carrier Safety Could Bring Negligence	3
Fuel Price Spotlight: Forecasts Suggest Energy Production is Increasing Faster than Demand	3
Technology Spotlight: Continued Strong Growth in Cloud Computing	3
Employee Spotlight: Stace Knabel	4

Upcoming Event

That Borders on Complete Insanity!

Topic: The Border and the Bottlenecks

Geographic Focus: US-Mexico border

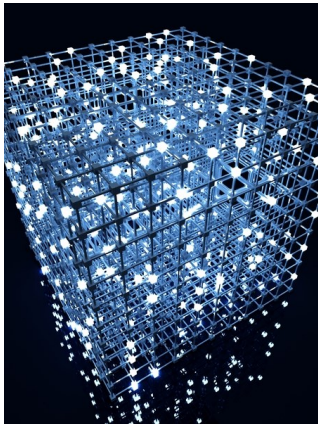
Solution Focus: Transportation, Customs Compliance

Location: Webinar

Date: 27-FEB-14

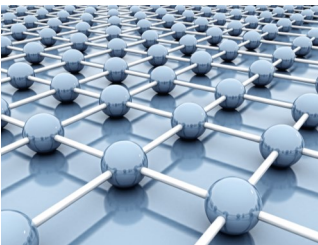
Time: 15:00 Central Standard Time (US)

Register at www.rockfarm.com



Virtual integration of partners into areas outside of the core competencies is a game-changing trend

“Supply chain partners should not only be evaluated for strategic fit but also organizational fit”



An efficient international logistics network is critical

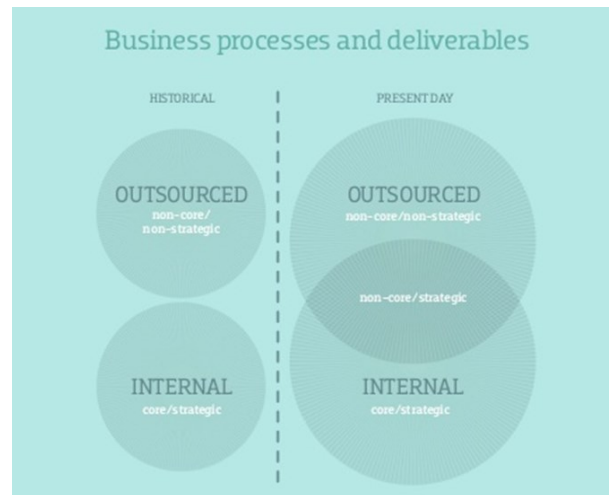
Research Spotlight: Analysis of the Game-Changing Virtual Integration Supply Chain Trend

As overviewed in a previous issue of Supply Chain Spotlights, a recent study published by The University of Tennessee-Knoxville identified ten game-changing supply chain trends that are reducing inventory levels, improving inventory availability, reducing logistics costs, and improving service levels. At the same time, companies active in this evolution are leveraging the supply chain as the strategic driver within their competitive industry landscape.

Previous Approach	Game-Changing Trend	Concept Overview
Vertical Integration	Virtual Integration	Company focus upon core competencies while closely integrating expertise of partners into other areas of the supply chain

Virtual integration is one of the identified game-changing trends. There is a tremendous amount of empirical evidence suggesting that increased specialization and outsourcing drives efficiency. Nevertheless, how do you define your core competencies? What are the associated risks with outsourcing technology, services, production, etc.? What criteria should be utilized in selecting your partners? What other factors should be taken into account?

Back in 2000, Yahoo decided to out-source its search technology to Google and other third-parties. In hindsight, it is easy to see that this was a critical mistake. How could the highly intelligent people at Yahoo have made such a mistake? Kelly OCG suggests that a much clearer division previously existed between outsourcing and internally managed processes. As companies have sought increased efficiency in the hypercompetitive and dynamic global economy, the non-core and strategic processes have often become intertwined in various areas. A comprehensive strategic analysis and risk assessment should be conducted before implementing a supply chain strategy.



Source: Kelly OCG

At the same time, supply chain partners should not only be evaluated for strategic fit but also for organizational fit. Organizational fit is a basic business school concept within the area of mergers, acquisitions, and joint ventures. Nevertheless, it is equally important to extend this concept to the partners within your supply chain.

Another increasingly important aspect is the fact that many virtual integrations take place across international borders (for both goods and services). Possessing an efficient international logistics network is critical. In a recent article within an industry publication, Rockfarm provides insight into managing the complexities of international logistics. Click below to read the article.

[Driving Efficiency in International Logistics: Five Key Components](#)



Risk management within a carrier management program is becoming increasingly important

US Risk Management Spotlight: Lack of Due Diligence Within Carrier Safety Could Bring Negligence

It has been nearly three years since the *Sperl et al. v. C.H. Robinson Worldwide, Inc.* was decided in the State of Illinois District Court. It was concluded that C.H. Robinson, acting as a transportation broker, was at fault for an accident resulting in two fatalities. The damages came to a total of nearly \$24 Million USD. The rationale for the decision was based upon “vicarious liability” and “negligent hiring of a subcontractor”.

In 2007, Bluffton University was found liable in *Fed. Ins. Co. v. Executive Coach Luxury Travel, Inc.* for a crash that resulted in seven deaths. The liability was based upon transporting students in a vehicle that the university “owned, hired, or borrowed”.

There have been similar lawsuits prior to and after the aforementioned cases. There is certainly a trend toward a broadening net of accounta-

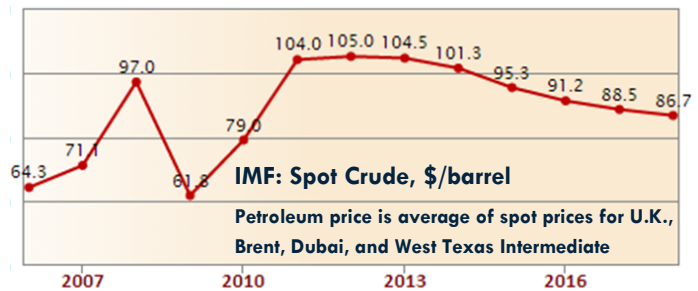
bility. This trend coupled with an increased focus on US highway safety (e.g. recent changes in the driver hours of service regulations) will bring attention to all companies directly and indirectly involved in transportation.

Rockfarm can assess your carrier management program in relation to the necessary controls for achieving compliance within the evolving legal and regulatory environment.

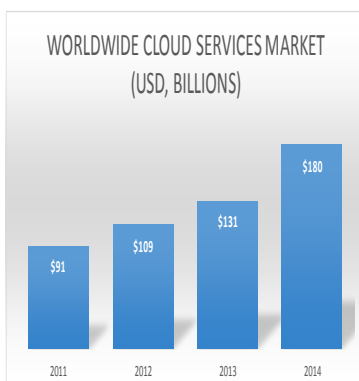
“It appears that significant investments are helping the growth in energy production”

Fuel Price Spotlight: Forecasts Suggest Energy Production is Increasing Faster than Demand

Forecasts from the World Bank, IMF, and Economist Intelligence Unit project that crude oil prices have peaked and will be declining over the next few years. It appears that significant investments are helping the growth in energy production to catch up and exceed the growth in energy demand.



Source: IMF Commodity Price Forecasts, September 2013



Source: Gartner Inc.

Technology Spotlight: Continued Strong Growth in Cloud Computing

According to Gartner, the worldwide cloud services market should reach \$180 Billion USD by 2015. This technology transformation is moving at a rapid pace and is significantly changing businesses along the way.

Cloud computing is much less costly than traditional server-based applications. At the same time, the cloud allows for both seamless integration and seamless upgrades.

Companies are either gain-

ing a competitive advantage or being left behind during this transition. Rockfarm can provide an assessment of the technology leveraged within your supply chain and also determine if it is being utilized effectively.

Employee Spotlight: Stace Knabel

Stace Knabel joined RT&T Logistics (a Rockfarm subsidiary) in 2007. She is responsible for growing the logistics business by delivering value propositions to both existing and prospective clients.

Tell us a little bit about yourself. Where did you grow up?

I grew up in Ionia, Michigan, a small town near Grand Rapids. I'm the youngest of three. Growing up, I raced mountain bikes and played tennis. I was often at concerts with friends on the weekends.

Where did you work prior to RT&T Logistics? Why did you decide to join RT&T?

Prior to RT&T, I was at a logistics company that I started working at while in high school. I made the change to RT&T because of the opportunity that RT&T has available to its employees. RT&T was (and still is) growing, and there was a position available in which I could put my skills to use.

What do you find most interesting about your role?

Across the board my role is interesting - being able to save costs for our clients while providing the level of service they expect is very rewarding. Speaking with new customers and putting effective processes into place to meet their wants and needs is interesting to me.

What are some things you've learned during your time at RT&T?

While at RT&T, I have learned how to assist the customer beyond picking up and delivering their freight. We consult with our customers to help them improve shipping and receiving processes, as well as utilize the full range of transportation modes. No matter how long you have been in the industry, there is always more to learn!

Tell us about some of your interests/hobbies outside RT&T?

In my personal life, my time revolves around our three dogs and our family. My husband and I go camping a lot during the summer. We are constantly staying busy; always on the go!

What's something most people know about you?

Very dedicated; great passion.

What's a little-known secret about you?

I enjoy photography in my free time.

Favorite type of music? Any favorite artist(s)?

I listen to a wide variety of music, from country to rock. My favorite artist is Aaron Lewis.

What would you most love to be doing in ten years?

I look forward to continuing to grow within RT&T, improving/creating processes, and helping customers to operate efficiently and lean.

If you have any more questions for Stace, you can contact her by email (stace.knabel@rttlogistics.com) and if she's not shooting photos or playing with her dogs, she'll get back to you!



Stace brings enthusiasm every day

“Providing the level of service they expect is very rewarding”



Stace is constantly looking to take on new challenges