

World-Class Security Creates Added Value for Transportation Customers

A White Paper

By

Yellow Transportation

Introduction

In today's highly competitive transportation marketplace, it simply isn't enough to provide customers with on-time, damage-free service. Savvy organizations are looking for more: a transportation partner with broad capabilities, an extensive service portfolio to meet all their transportation needs and, most importantly, a partner with the ability to serve as a trusted advisor and consultant to help streamline their supply chain. Yellow Transportation, founded in 1924, has become one of the most recognizable brands in the transportation industry because of the ability of our people to go beyond the basics and deliver customized, outside-the-box solutions. Providing exceptional service is a team effort involving professional drivers, operations experts and support staff. This paper focuses on security, a capability that is taking on an increasingly visible and important role in ensuring that customers' shipments reach their intended destination.

Security Plays Expanded Role

The Yellow security department is the largest in the industry. Its mission is to safeguard company resources, including employees, equipment and facilities, as well as customers' shipments through application of security Best Practices and state-of-the-art systems and techniques. It carries out that mission through an ever-evolving scope of responsibilities which are executed with efficiency and precision.

All members of the Yellow security staff have prior law enforcement experience at the federal, state or local level. They have an average tenure at Yellow of 12-plus years, ensuring that team members fully understand transportation industry issues as well as being highly trained law enforcement officers able to adapt to the new global environment. Staff members regularly participate in professional organizations and industry committees. They hold positions of leadership in security, law enforcement and civic associations. And, as an extension of the strong relationships they establish with the law enforcement community, they often work cooperatively while conducting investigations and Yellow facilities are frequently made available to law enforcement agencies for training exercises.

Flawless Execution on High Profile Shipments

While Yellow security professionals perform traditional security functions, their real value is derived from the prominent role they play in non-traditional projects, such as special shipments for the movement of sensitive goods.

For one major customer who requires customized solutions on an ongoing basis, security was involved from the outset in developing a comprehensive and detailed plan. The plan was designed to ensure highly sensitive shipments were delivered to thousands of locations with precise delivery windows and were not tampered with during or after transit. When it came time to execute the plan, security continued to play a prominent role.

Key features of this plan included locking devices for trailers, a heightened level of operational coordination, specific packaging recommendations to enhance security of the shipments, and a requirement that shipments be physically signed for each time they

were assigned to a new driver or a new piece of equipment. In addition, investigators were available to personally respond to any shipment irregularity.

This hands-on approach, coupled with the dedicated efforts of the operations team, has resulted in a series of successful distributions and a highly satisfied customer.

This is one example of how security is being redefined at Yellow in response to the ever changing transportation marketplace. And it continues a commitment to safeguarding company equipment and employees that has existed at Yellow throughout its 80-year history. As early as the 1930s, company founder A.J. Harrell recognized the potential danger to which Yellow drivers were subjected on then one-lane highways. So, the company commissioned research to identify the color that could be seen best from the farthest distance. The hue found to be the safest color on the road was Swamp Holly Orange. Since its introduction on Yellow equipment, Swamp Holly Orange has been a constant visible reminder of the company's commitment to transportation safety.

Positive Response to Terrorist Threats

Today, the issues surrounding security have become far more complex. And Yellow is dedicated to continually transform in response to changing global issues.

The emphasis on safety and security has become even more critical to business since the terrorist attacks on the United States on September 11, 2001. In the aftermath, the federal government has undertaken a number of initiatives to prevent future attacks, many of which have directly affected the transportation industry. Yellow has been a leader in working with Customs and Border Protection and other governmental agencies to understand the enhanced security requirements and implement solutions.

Yellow Transportation is an active participant in United States Department of Homeland Security, Bureau of Customs and Border Protection programs. As a member of Customs-Trade Partnership Against Terrorism (C-TPAT) and the Free and Secure Trade (FAST) programs, Yellow contributes to the security of our borders and to the continued free flow of international trade.

C-TPAT is a voluntary program in which participants, including shippers and transportation providers, agree to follow Best Practices designed to prevent terrorists (or weapons that could be used by terrorists to inflict harm) from entering the United States.

As a C-TPAT participant, Yellow is responsible for measuring and analyzing these Best Practices, and making sure that they are implemented in an appropriate manner. The company also has revised its minimum security standards in response to government requests. The company is committed to work hand-in-hand with governmental agencies as new initiatives are put forth.

As a result of C-TPAT Best Practices, Yellow has modified the pre-trip inspection process drivers conduct before operating their equipment. While drivers continue to look for mechanical flaws that could jeopardize the safety of their equipment, they also have been trained to be alert to suspicious items that would not normally be present. If they observe suspicious items such as false walls in trailers or unfamiliar equipment attached to the exterior of the unit, they notify security. Service center employees also are trained to detect suspicious activities such as shippers paying cash, deliveries to unusual locations, and unusually shaped packages.

C-TPAT participation has not only resulted in stronger security measures, it also has dramatically improved the movement of customers' shipments across the borders.

Yellow also is prepared to implement an emergency action plan in the event of a “Code Red” terrorism threat level notification from the Department of Homeland Security. The color-coded government warning system is posted on the security Web site and is monitored daily.

As part of the security department’s annual physical assessment evaluations conducted at all service centers, a homeland security readiness review is prepared. These assessments include all pertinent information, site specific, which would be critical in a time of local or national emergency.

In addition to C-TPAT, an effort is under way at the federal level to require shippers and carriers to submit electronic manifests to Customs and Border Protection for cross border shipments. The new manifests must follow Automated Commercial Environment (ACE) standards, replacing the Automated Commercial System as the cargo processing system of record for Customs and Border Protection.

The first phase of the multi-phased program took effect in selected locations Jan. 25, 2007. Subsequently, ACE will continue to be phased in as the mandatory EDI system. Upon full implementation in 2010, electronic manifests will be required at all U.S. ports.

Tips for Selecting a Transportation Partner

In light of the heightened emphasis on cargo security, it is more important than ever that transportation service providers offer more than a basic service offering. No longer is it enough to pick a shipment up on time, and deliver it intact and on time. A strong security capability has gone from being a luxury to a necessity.

When considering a transportation services provider, businesses should not overlook security as a key core competency. Here is a list of minimum security measures for service centers where shipments will be handled.

--State-of-the-art security systems at larger facilities, including cameras that allow real-time monitoring. Such surveillance systems serve as a deterrent for theft and also allow management to monitor activity on the loading docks, in the yards, and at other locations within the facility. Access control devices and electric fences are other deterrents.

--Adequate lighting. Inspections should be conducted monthly to ensure lighting remains operational.

--No Trespassing signs at regular intervals along perimeter fence lines and at entrances.

--Photo ID cards for employees and temporary ID cards for visitors. Uniforms for drivers make them more recognizable to customers.

--Special procedures to protect shipments of electronic equipment, computers, firearms, pharmaceuticals and other high-value items. Examples include positioning trailers so the doors face each other or are backed against a fixed object, use of King Pin locks and padlocks for trailer doors, and creation of "high value" lanes for over-the-road units carrying sensitive cargo. These lanes should be located in conspicuous areas where the units are easily seen and can be monitored by service center personnel.

--Global positioning satellite devices for tracking certain sensitive shipments.

--Perimeter fencing. A suggested standard is a six-foot chain link fence with three strands of barbed wire attached to the top. Fence lines should be inspected monthly and repairs made promptly.

--Safes should be provided to protect valuables.

--Strict prohibition of firearms and other weapons on company property.

--A policy making all vehicles, persons, and containers entering company property subject to search. Signs outlining these policies should be prominently displayed.

--Security guards at larger facilities to monitor entries and exits and verify all arriving and departing units.

Strong Security Capability Is a Necessity

While the industry continues to evolve and security issues escalate, businesses should not overlook the need for a heightened security capability to ensure reliable, safe processing of their shipments. This new environment demands providers with strong core capabilities as well as a range of support services. Increasingly, a strong security unit is a crucial element in a provider's overall capabilities. Yellow anticipates that cargo security will continue to escalate in importance. And Yellow is committed to do its part to ensure our business practices address this critical need.