

GLOSSARY OF TERMS

TERM	DEFINITION / EXPLANATION
ABC Analysis	A classification of items in an inventory according to importance defined in terms of criteria such as sales volume and purchase volume.
ABC Classification	Classification of a group of items in decreasing order of sales value or other criteria. This array is then split into three classes called A, B, and C. The A group represents 10 to 20% by number of items, and 50 to 70% by projected sales value. The next grouping, B, represents about 20% of the items and 20% of the sales value. The C-class contains 60 to 70% of the items, and represents about 10 to 30% of the sales value.
Accounts Payable	The value of goods and services acquired for which payment has not yet been made.
Accounts Receivable	The value of goods shipped or services rendered to a customer on whom payment has not been received. Usually includes an allowance for bad debts.
Accreditation	Certification by a recognized body of the facilities, capability, objectivity, competence, and integrity of an agency, service, operational group, or individual to provide the specific service or operation needed.
Advanced Shipment Notice (ASN)	An EDI term referring to a transaction set where the supplier sends out a notification to interested parties that a shipment is now outbound in the supply chain. This notification is list transmitted to a customer or consignor designating items shipped. The ASN may also include the expected time of arrival.
Air Cargo	Freight that is moved by air transportation.
Air Cargo Agent	An agent appointed by an airline to solicit and process international airfreight shipments.
Air Cargo Containers	Containers designed to conform to the inside of an aircraft. There are many shapes and sizes of containers. Air cargo containers fall into three categories: 1) air cargo pallets 2) lower deck containers 3) box type containers
Air Carrier	An enterprise that offers transportation service via air.
Air Waybill (AWB)	A bill of lading for air transport that serves as a receipt for the shipper, indicates that the carrier has accepted the goods listed, obligates the carrier to carry the consignment to the airport of destination according to specified conditions.
All-Cargo Carrier	An air carrier that transports cargo only.
Anti-Dumping Duty	An additional import duty imposed in instances where imported goods are priced at less than the "normal" price charged in the exporter's domestic market and cause material injury to domestic industry in the importing country.
Arrival Notice	A notice from the delivering carrier to the Notify Party indicating the shipment's arrival date at a specific location (normally the destination).
ATA	Actual time of arrival.
ATD	Actual time of departure.
Automated Guided Vehicle System (AGVS)	A computer-controlled materials handling system consisting of small vehicles (carts) that move along a guide way.

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Automated Storage/Retrieval System (AS/RS)	A high-density rack inventory storage system with unmanned vehicles automatically loading and unloading products to/from the racks.
Balanced Scorecard	A structured measurement system based on a mix of financial and non-financial measures of business performance. A list of financial and operational measurements used to evaluate organizational or supply chain performance.
Bale	A large compressed, bound, and often wrapped bundle of a commodity, such as cotton or hay.
Bar Code	A symbol consisting of a series of printed bars representing values. A system of optical character reading, scanning, tracking of units by reading a series of printed bars for translation into a numeric or alphanumeric identification code. A popular example is the UPC code used on retail packaging.
Bar Code Scanner	A device to read bar codes and communicate data to computer systems.
Barge	The cargo-carrying vehicle which may or may not have its own propulsion mechanism for the purpose of transporting goods. Primarily used by Inland water carriers, basic barges have open tops, but there are covered barges for both dry and liquid cargoes.
Batch Picking	A method of picking orders in which order requirements are aggregated by product across orders to reduce movement to and from product locations. The aggregated quantities of each product are then transported to a common area where the individual orders are constructed.
Billing	A carrier terminal activity that determines the proper rate and total charges for a shipment and issues a freight bill.
Bill of Lading (BOL)	A transportation document that is the contract of carriage containing the terms and conditions between the shipper and carrier.
Bill of Material (BOM):	A structured list of all the materials or parts and quantities needed to produce a particular finished product, assembly, subassembly, or manufactured part, whether purchased or not.
Bonded Warehouse	Warehouse approved by the Treasury Department and under bond/guarantee for observance of revenue laws. Used for storing goods until duty is paid or goods are released in some other proper manner.
Booking	The act of requesting space and equipment aboard a vessel for cargo which is to be transported.
Booking Number	The number assigned to a certain space reservation by the carrier or the carrier's agent.
Break-Bulk	The separation of a consolidated bulk load into smaller individual shipments for delivery to the ultimate consignee. The freight may be moved intact inside the trailer, or it may be interchanged and rehandled to connecting carriers.
Break Bulk Cargo	Cargo that is shipped as a unit or package (for example: palletized cargo, boxed cargo, large machinery, trucks) but is not containerized.
Buffer Stock	A quantity of goods or articles kept in storage to safeguard against unforeseen shortages or demands.

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Build to Inventory	A "push" system of production and inventory management. Product is manufactured or acquired in response to sales forecasts.
Build to Order	A method of reducing inventory by not manufacturing product until there is an actual order from the customer.
Bulk Area	A storage area for large items which at a minimum are most efficiently handled by the pallet load.
Business Process Outsourcing (BPO)	The practice of outsourcing non-core internal functions to third parties. Functions typically outsourced include logistics, accounts payable, accounts receivable, payroll, and human resources. Other areas can include IT development or complete management of the IT functions of the enterprise.
Business Process Reengineering (BPR)	The fundamental rethinking and radical redesign of business processes to achieve dramatic organizational improvements.
Business-to-Business (B2B)	As opposed to business-to-consumer (B2C). Many companies are now focusing on this strategy, and their web sites are aimed at businesses (think wholesale) and only other businesses can access or buy products on the site. Internet analysts predict this will be the biggest sector on the web.
Business-to-Consumer (B2C)	The hundreds of e-commerce web sites that sell goods directly to consumers are considered B2C. This distinction is important when comparing web sites that are B2B as the entire business model, strategy, execution, and fulfillment is different.
Business Unit	A division or segment of an organization generally treated as a separate profit-and-loss center.
Buyer	An enterprise that arranges for the acquisition of goods or services and agrees to payment terms for such goods or services.
CAPEX	A term used to describe the monetary requirements (Capital Expenditure) of an initial investment in new machines or equipment.
Cargo	Merchandise carried by a means of transportation.
Carnet	A Customs document permitting the holder to carry or send special categories of goods temporarily into certain foreign countries without paying duties or posting bonds.
Carousel	A rotating system of layers of bins and/or drawers that can store many small items using relatively little floor space.
Carrier	A firm that transports goods or people via land, sea, or air.
Carrier Assets	Items that a carrier owns (technically or outright) to facilitate the services they provide.
Carrier Certificate and Release Order	Used to advise customs of the shipment's details. By means of this document, the carrier certifies that the firm or individual named in the certificate is the owner or consignee of the cargo.
Carrier Liability	A common carrier is liable for all shipment loss, damage, and delay with the exception of that caused by act of God, act of a public enemy, act of a public authority, act of the shipper, and the goods' inherent nature.
Cartage	There are two definitions for this term: 1) charge for pick-up and delivery of goods 2) movement of goods locally (short distances).
Certificate of Compliance	A supplier's certification that the supplies or services in question meet specified requirements.

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Certificate of Insurance	A negotiable document indicating that insurance has been secured under an open policy to cover loss or damage to a shipment while in transit.
Certificate of Origin	A document containing an affidavit to prove the origin of imported goods. Used for customs and foreign exchange purposes.
Channel Partners	Members of a supply chain (i.e., suppliers, manufacturers, distributors, retailers, etc.) who work in conjunction with one another to manufacture, distribute, and sell a specific product.
Channels of Distribution	Any series of firms or individuals that participates in the flow of goods and services from the raw material supplier and producer to the final user or consumer.
Chargeable Weight	The shipment weight used in determining freight charges. The chargeable weight may be the dimensional weight or, for container shipments, the gross weight of the shipment less the tare weight of the container.
Chock	A wedge, usually made of hard rubber or steel that is firmly placed under the wheel of a trailer, truck, or boxcar to stop it from rolling.
Claim	A charge made against a carrier for loss, damage, delay, or overcharge.
Co-Managed Inventory (CMI)	A form of continuous replenishment in which the manufacturer is responsible for replenishment of standard merchandise, while the retailer manages the replenishment of promotional merchandise.
Collect Freight	Freight payable to the carrier at the port of discharge or ultimate destination. The consignee does not pay the freight charge if the cargo does not arrive at the destination.
Commercial Invoice	A document created by the seller. It is an official document which is used to indicate, among other things, the name and address of the buyer and seller, the product(s) being shipped, and their value for customs, insurance, or other purposes.
Commodities	Any article exchanged in trade, most commonly used to refer to raw materials and agricultural products.
Common Carrier	Transportation available to the public that does not provide special treatment to any one party and is regulated as to the rates charged, the liability assumed, and the service provided.
Competitive Advantage	Value created by a company for its customers that clearly distinguishes it from the competition, provides its customers a reason to remain loyal.
Compliance	Meaning that products, services, processes, and/or documents comply with requirements.
Component	Material that will contribute to a finished product but is not the finished product itself. Examples include tires for an automobile, power supply for a personal computer.
Consignee	The party to whom goods are shipped and delivered. The receiver of a freight shipment.
Consignment	(1) A shipment that is handled by a common carrier. (2) The process of a supplier placing goods at a customer location without receiving payment until after the goods are used or sold.
Consignor	The party who originates a shipment of goods (shipper). The sender of a freight shipment, usually the seller.
Consolidation	Combining two or more shipments in order to realize lower transportation rates. Inbound consolidation from vendors is

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	called make-bulk consolidation; outbound consolidation to customers is called break-bulk consolidation.
Consolidator	An enterprise that provides services to group shipments, orders, and/or goods to facilitate movement.
Container	(1) A box, typically 10 to 40 feet long, which is primarily used for ocean freight shipments. For travel to and from ports, containers are loaded onto truck chassis or on railroad flatcars. (2) The packaging, such as a carton, case, box, bucket, drum, bin, bottle, bundle, or bag, that an item is packed and shipped in.
Container Depot	The storage area for empty containers.
Container Freight Station (CFS)	The location designated by carriers for receipt of cargo to be packed into containers/equipment by the carrier. At destination, CFS is the location designated by the carrier for unpacking of cargo from equipment/containers.
Containerization	A shipment method in which commodities are placed in containers, and after initial loading, the commodities, per se, are not rehandled in shipment until they are unloaded at the destination.
Container Terminal	An area designated to be used for the stowage of cargo in containers that may be accessed by truck, rail, or ocean transportation.
Container Vessel	A vessel specifically designed for the carriage of containers.
Container Yard	The location designated by the carrier for receiving, assembling, holding, storing, and delivering containers, and where containers may be picked up by shippers or redelivered by consignees.
Contract	An agreement between two or more competent persons or companies to perform or not to perform specific acts or services or to deliver merchandise. A contract may be oral or written. A purchase order, when accepted by a supplier, becomes a contract. Acceptance may be in writing or by performance, unless the purchase order requires acceptance in writing.
Contract Carrier	A for-hire carrier that does not serve the general public but serves shippers with whom the carrier has a continuing contract. The contract carrier must secure a permit to operate.
Conveyor	A materials handling device that moves freight from one warehouse area to another. Roller conveyors utilize gravity, whereas belt conveyors use motors.
Cost and Freight (C & F)	The seller quotes a price that includes the cost of transportation to a specific point. The buyer assumes responsibility for loss and damage and pays for the insurance of the shipment.
Cost, Insurance, Freight (CIF)	A freight term indicating that the seller is responsible for cost, the marine insurance, and the freight charges on an ocean shipment of goods.
Countervailing Duties (CVD)	An additional import duty imposed to offset Government subsidies in the exporting country, when the subsidized imports cause material injury to domestic industry in the importing country.
Country of Destination	The country that will be the ultimate or final destination for goods.
Country of Origin	The country where the goods were manufactured.
Cross Docking	A distribution system in which merchandise received at the warehouse or distribution center is not put away, but instead is readied for shipment to retail stores. Cross docking requires

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	close synchronization of all inbound and outbound shipment movements. By eliminating the put-away, storage, and selection operations, it can significantly reduce distribution costs. Cross dock operations in a warehouse involve moving goods between different trucks to consolidate loads without intermediate storage.
Customer Order	An order from a customer for a particular product or a number of products. It is often referred to as an actual demand to distinguish it from a forecasted demand.
Customer/Order Fulfillment Process	A series of customers' interactions with an organization through the order-filling process, including product/service design, production and delivery, and order status reporting.
Customer Relationship Management (CRM)	This refers to information systems that help sales and marketing functions as opposed to the ERP (Enterprise Resource Planning), which is for back-end integration.
Customs	The authorities designated to collect duties levied by a country on imports and exports.
Customs Broker	A firm that represents importers/exporters in dealings with customs. Normally responsible for obtaining and submitting all documents for clearing merchandise through customs, arranging inland transport, and paying all charges related to these functions.
Customs Clearance	The act of obtaining permission to import merchandise from another country into the importing nation.
Customs House Broker	A business firm that oversees the movement of international shipments through Customs, and ensures that the documentation accompanying a shipment is complete and accurate.
Customs Invoice	A document that contains a declaration by the seller, the shipper, or the agent as to the value of the shipment.
Customs Value	The value of the imported goods on which duties will be assessed.
Cycle Inventory	An inventory system where counts are performed continuously, often eliminating the need for an annual overall inventory. It is usually set up so that A type items are counted regularly (i.e., every month), B items are counted semi-regularly (every quarter or six months), and C items are counted perhaps only once a year.
Cycle Time	The amount of time it takes to complete a business process.
Dangerous Goods	Articles or substances capable of posing a significant risk to health, safety, or property, and that ordinarily require special attention when transported. See also Hazardous Goods.
Days of Supply	Measure of quantity of inventory on hand in relation to number of days for which usage will be covered. For example, if a component is consumed in manufacturing at the rate of 100 per day and there are 1,585 units available on hand, this represents 15.85 days' supply.
Deadweight Tons (DWT)	The cargo carrying capacity of a vessel, including fuel oil, stores and provisions.
Declared Value for Carriage	The value of the goods, declared by the shipper on a bill of lading, for the purpose of determining a freight rate or the limit of the carrier's liability.
Deconsolidator	An enterprise that provides services to un-group shipments, orders, goods, etc., to facilitate distribution.

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Delivery-Duty-Paid	Supplier/manufacturer arrangement in which suppliers are responsible for the transport of the goods they've produced, which are being sent to a manufacturer. This responsibility includes tasks such as ensuring that products get through Customs.
Delivery Order	A document issued by the customs broker to the ocean carrier as authority to release the cargo to the appropriate party.
Demurrage	The carrier charges and fees applied when rail freight cars and ships are retained beyond a specified loading or unloading time.
Devanning	The unloading of cargo from a container or other piece of equipment.
Discharge Port	The name of the port where the cargo is unloaded from the export vessel.
Dispatching	The carrier activities involved with controlling equipment; involves arranging for fuel, drivers, crews, equipment, and terminal space.
Distribution	Outbound logistics, from the end of the production line to the end user. The activities associated with the movement of material, usually finished goods or service parts, from the manufacturer to the customer. These activities encompass the functions of transportation, warehousing, inventory control, material handling, order administration, site and location analysis, industrial packaging, data processing, and the communications network necessary for effective management. It includes all activities related to physical distribution, as well as the return of goods to the manufacturer. In many cases, this movement is made through one or more levels of field warehouses.
Distribution Center (DC)	The warehouse facility which holds inventory from manufacturing pending distribution to the appropriate stores.
Distribution Channel	One or more companies or individuals who participate in the flow of goods and services from the manufacturer to the final user or consumer.
Distribution Warehouse	A finished goods warehouse from which a company assembles customer orders.
Distributor	A business that does not manufacture its own products, but purchases and resells these products. Such a business usually maintains a finished goods inventory. Synonym: Wholesaler.
Dock Receipt	A document used to accept materials or equipment at an ocean pier or accepted location. Provides the ocean carrier with verification of receipt and the delivering carrier with proof of delivery.
Documentation	The papers attached or pertaining to goods requiring transportation and/or transfer of ownership.
Door to Door	The through-transport of goods from consignor to consignee.
Door to Port	The through transport service from consignor to port of importation.
Downstream	One or more companies or individuals who participate in the flow of goods and services moving from the manufacturer to the final user or consumer.
Drayage	The service offered by a motor carrier for pick-up and delivery of ocean containers or rail containers. Drayage agents usually handle full-load containers for ocean and rail carriers.

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Drop Ship	To take the title of the products but not actually handle, stock, or deliver it, e.g., to have one supplier ship directly to another or to have a supplier ship directly to the buyer's customer.
Dunnage	The packing material used to protect a product from damage during transport.
Duty	A tax imposed by a government on merchandise imported from another country.
Duty Drawback	A refund of duty paid on imported merchandise when it is exported later, whether in the same or a different form.
Duty Free Zone (DFZ)	An area where goods or cargo can be stored without paying import customs duties while awaiting manufacturing or future transport.
80/20 Rule	A term referring to the Pareto principle. This principle suggests that most effects come from relatively few causes; that is, 80% of the effects (or sales or costs) come from 20% of the possible causes (or items)
Economic Order Quantity (EOQ)	An inventory model that determines how much to order by determining the amount that will meet customer service levels while minimizing total ordering and holding costs.
Economy of Scale	A phenomenon whereby larger volumes of production reduce unit cost by distributing fixed costs over a larger quantity.
Electronic Commerce (EC)	Also written as e-commerce. Conducting business electronically via traditional EDI technologies, or online via the Internet. In the traditional sense of selling goods, it's possible to do this electronically because of certain software programs that run the main functions of e-commerce support, such as product display, ordering, shipment, billing, and inventory management. The definition of e-commerce includes business activity that is business-to-business (B2B) and/or business-to-consumer (B2C)
Electronic Data Interchange (EDI)	Intercompany, computer-to-computer transmission of business information in a standard format. For EDI purists, computer to computer means direct transmission from the originating application program to the receiving or processing application program. An EDI transmission consists only of business data, not any accompanying verbiage or free-form messages. Purists might also contend that a standard format is one that is approved by a national or international standards organization, as opposed to formats developed by industry groups or companies.
Embargo	A prohibition upon exports or imports, either with specific products or specific countries.
End User	The final buyer of the product who purchases the product for immediate use.
Enterprise Resource Planning (ERP) System	A class of software for planning and managing enterprise-wide the resources needed to take customer orders, ship them, account for them, and replenish all needed goods according to customer orders and forecasts. Often includes electronic commerce with suppliers. Examples of ERP systems are the application suites from SAP, Oracle, PeopleSoft, and others.
Equipment	The rolling stock carriers use to facilitate the transportation services that they provide, including containers, trucks, chassis, vessels, and airplanes, among others.
ETA	The Estimated Time of Arrival.
ETD	The Estimated Time of Departure.

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Export	To send goods and services to another country.
Export Compliance	Complying with rules for exporting products, including packaging, labeling, and documentation.
Export License	A document secured from a government authorizing an exporter to export a specific quantity of a controlled commodity to a certain country. An export license is often required if a government has placed embargoes or other restrictions upon exports.
Export Sales Contract	The initial document in any international transaction; it details the specifics of the sales agreement between the buyer and seller.
Export Trading Company	A firm that buys domestic products for sale overseas. A trading company takes title to the goods; an export-management company usually does not.
Express	The use of priority package delivery to achieve overnight or second-day delivery.
Ex Works	The price that the seller quotes applies only at the point of origin. The buyer takes possession of the shipment at the point of origin and bears all costs and risks associated with transporting the goods to the destination.
Field Warehouse	A warehouse that stores goods on the goods' owner's property while the goods are under a bona fide public warehouse manager's custody. The owner uses the public warehouse receipts as collateral for a loan.
Finished Goods Inventory (FG or FGI)	Products completely manufactured, packaged, stored, and ready for distribution
First In First Out (FIFO)	In inventory control and financial accounting, this refers to the practice of using stock from inventory on the basis of what was received first and is consumed first. Antonym: Last In First Out.
Fixed Costs	Costs which do not fluctuate with business volume in the short run. Fixed costs include items such as depreciation on buildings and fixtures.
Fixed Order Quantity	A lot-sizing technique in MRP or inventory management that will always cause planned or actual orders to be generated for a pre-determined fixed quantity, or multiples thereof, if net requirements for the period exceed the fixed order quantity.
Flatbed	A flatbed, is a type of trailer on a truck that consists of a floor and no enclosure.
Flight Number	An identifier associated with the air equipment (plane). Typically a combination of two letters, indicating the airline, and three or four digits indicating the number of the voyage.
Free On Board (FOB)	A term of sale defining who is to incur transportation charges for the shipment, who is to control the shipment movement, or where title to the goods passes to the buyer; originally meant "free on board ship." FOB Destination: Title passes at destination, and seller has total responsibility until shipment is delivered. FOB Origin: Title passes at origin, and buyer has total responsibility over the goods while in shipment.
Forecast	An estimate of future demand. A forecast can be constructed using quantitative methods, qualitative methods, or a combination of methods, and can be based on extrinsic (external) or intrinsic (internal) factors. Various forecasting techniques

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	attempt to predict one or more of the four components of demand: cyclical, random, seasonal, and trend.
Free Trade Zone (FTZ):	An area or zone set aside at or near a port or airport under the control of the US Customs Service, for holding goods duty-free pending Customs clearance.
Forklift Truck	A machine-powered device used to raise and lower freight and to move freight to different warehouse locations.
Fourth Party Logistics (4PL)	Differs from third party logistics in the following ways (1) 4PL organization is often a separate entity established as a joint venture or long-term contract between a primary client and one or more partners; (2) 4PL organization acts as a single interface between the client and multiple logistics service providers; (3) All aspects (ideally) of the client's supply chain are managed by the 4PL organization; (4) It is possible for a major third party logistics provider to form a 4PL organization within its existing structure
Free Along Side (FAS)	The seller agrees to deliver the goods to the dock alongside the overseas vessel that is to carry the shipment. The seller pays the cost of getting the shipment to the dock; the buyer contracts the carrier, obtains documentation, and assumes all responsibility from that point forward.
Free Alongside Ship	A term of sale indicating that the seller is liable for all changes and risks until the goods sold are delivered to the port on a dock that will be used by the vessel. Title passes to the buyer when the seller has secured a clean dock or ship's receipt of goods.
Free on Board (FOB):	Contractual terms between a buyer and a seller that define where title transfer takes place.
Freight	Goods being transported from one place to another.
Freight Charge	The rate established for transporting freight.
Freight Collect	The freight and charges to be paid by the consignee.
Freight Consolidation	The grouping of shipments to obtain reduced costs or improved utilization of the transportation function. Consolidation can occur by market area grouping, grouping according to scheduled deliveries, or using third party pooling services such as public warehouses and freight forwarders.
Freight Forwarder	An organization which provides logistics services as an intermediary between the shipper and the carrier, typically on international shipments. Freight forwarders provide the ability to respond quickly and efficiently to changing customer and consumer demands and international shipping (import/export) requirements.
Freight Prepaid	The freight and charges to be paid by the consignor.
Fulfillment	The act of fulfilling a customer order. Fulfillment includes order management, picking, packaging, and shipping.
Full Container load (FCL)	A term used when goods occupy a whole container.
Full Truckload (FTL)	Same as Full Container load, but in reference to motor carriage instead of containers.
Global Positioning System (GPS)	A system which uses satellites to precisely locate an object on earth. Used by trucking companies to locate over-the-road equipment.
Goods	A term associated with more than one definition: 1) Common term indicating movable property, merchandise, or wares. 2) All materials which are used to satisfy demands. 3) Whole or part of

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	the cargo received from the shipper, including any equipment supplied by the shipper.
Gross Margin	The difference between total revenue and the cost-of-goods sold. Synonym: Gross Profit Margin.
Gross Weight	The total weight of the vehicle and the payload of freight or passengers.
Handling Costs	The cost involved in moving, transferring, preparing, and otherwise handling inventory.
Harmonized Commodity Description & Coding System (Harmonized Code)	An international classification system that assigns identification numbers to specific products. The coding system ensures that all parties in int'l. trade use a consistent classification for the purposes of documentation, statistical control, and duty assessment. (HSN Code)
Hazardous Goods	Articles or substances capable of posing a significant risk to health, safety, or property, and that ordinarily require special attention when transported. Also called Dangerous Goods .
House Air Waybill (HAWB)	A bill of lading issued by a forwarder to a shipper as a receipt for goods that the forwarder will consolidate with cargo from other shippers for transport.
Import	Movement of products from one country into another.
Import/Export License	Official authorization issued by a government allowing the shipping or delivery of a product across national boundaries.
In Bond	Goods are held or transported In-Bond under customs control either until import duties or other charges are paid, or to avoid paying the duties or charges until a later date.
Inbound logistics	The management of materials from suppliers and vendors into production processes or storage facilities.
INCOTERMS	International terms of sale developed by the International Chamber of Commerce to define sellers' and buyers' responsibilities.
International Air Transport Association (IATA)	An international air carrier rate bureau for passenger and freight movements.
International Maritime Organization (IMO)	A United Nations-affiliated organization representing all maritime countries in matters affecting maritime transportation, including the movement of dangerous goods. The organization also is involved in deliberations on marine environmental pollution.
In-Transit Inventory	Material moving between two or more locations, usually separated geographically; for example, finished goods being shipped from a plant to a distribution center. In-transit inventory is an easily overlooked component of total supply chain availability.
Inventory	Raw materials, work in process, finished goods, and supplies required for creation of a company's goods and services. The number of units and/or value of the stock of goods held by a company.
Inventory Cost	The cost of holding goods, usually expressed as a percentage of the inventory value; includes the cost of capital, warehousing, taxes, insurance, depreciation, and obsolescence.
Inventory Management	The process of ensuring the availability of products through inventory administration.

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Last In First Out (LIFO)	In inventory control and financial accounting, this refers to the practice of using stock from inventory on the basis of what was received last is consumed first. This has limited use in stock keeping and is primarily a cost-accounting method.
Lead Time	The total time that elapses between an order's placement and its receipt. It includes the time required for order transmittal, order processing, order preparation, and transit.
Less-Than-Container load (LCL)	A term used when goods do not completely occupy an entire container. When many shipper's goods occupy a single container, each shipper's shipment is considered to be LCL.
Less-Than-Truckload (LTL)	Trucking companies that consolidate and transport smaller (less than truckload) shipments of freight by utilizing a network of terminals and relay points.
Letter of Credit (LOC)	A method of payment for goods in which the buyer established his credit with a local bank, clearly describing the goods to be purchased, the price, the documentation required, and a time limit for completion of the transaction. Upon receipt of documentation, the bank is either paid by the buyer or takes title to the goods themselves and proceeds to transfer funds to the seller.
Load Factor	A measure of operating efficiency used by air carriers to determine a plane's utilized capacity percentage or the number of passengers divided by the total number of seats.
Loading Port	The port where the cargo is loaded onto the exporting vessel. This port must be reported on the Shipper's Export Declaration, Schedule D. Schedule D is used by U.S. companies when exporting to determine which tariff is used to freight rate the cargo for carriers with more than one tariff.
Logistics	The process of planning, implementing, and controlling procedures for the efficient and effective storage of goods, services, and related information from the point of origin to the point of consumption for the purpose of conforming to customer requirements. This definition includes inbound, outbound, internal, and external movements.
Logistics Channel	The network of supply chain participants engaged in storage, handling, transfer, transportation, and communications functions that contribute to the efficient flow of goods.
Make-or-Buy Decision	The act of deciding whether to produce an item internally or buy it from an outside supplier. Factors to consider in the decision include costs, capacity availability, proprietary and/or specialized knowledge, quality considerations, skill requirements, volume, and timing.
Manifest	A document which describes individual orders contained within a shipment.
Master Air Waybill (MAWB)	The bill of lading issued by air carriers to their customers.
Materials Handling	The physical handling of products and materials between procurement and shipping.
Materials Management	Inbound logistics from suppliers through the production process. The movement and management of materials and products from procurement through production.
Materials Planning	The materials management function that attempts to coordinate materials supply with materials demand.

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Material Requirements Planning (MRP)	A decision-making methodology used to determine the timing and quantities of materials to purchase.
Non Vessel Operating Common Carrier (NVOCC)	A firm that offers the same services as an ocean carrier, but which does not own or operate a vessel. NVOCCs usually act as consolidators, accepting small shipments (LCL) and consolidating them into full container loads. They also consolidate and disperse international containers that originate at or are bound for inland ports. They then act as a shipper, tendering the containers to ocean common carriers. They are required to file tariffs with the Federal Maritime Commission and are subject to the same laws and statutes that apply to primary common carriers.
Obsolete Inventory	Inventory for which there is no forecast demand expected. A condition of being out of date. A loss of value occasioned by new developments that place the older property at a competitive disadvantage.
Order Cycle Time	The time that elapses from placement of order until receipt of order. This includes time for order transmittal, processing, preparation, and shipping.
Order Picking	Assembling a customer's order from items in storage.
Original Equipment Manufacturer (OEM)	A manufacturer that buys and incorporates another supplier's products into its own products. Also, products supplied to the original equipment manufacturer or sold as part of an assembly. For example, an engine may be sold to an OEM for use as that company's power source for its generator units.
Outbound Logistics	The process related to the movement and storage of products from the end of the production line to the end user.
Outsource	To utilize a third party provider to perform services previously performed in house. Examples include manufacturing of products and call center/customer support.
Packing List	A document containing information about the location of each Product ID in each package. It allows the recipient to quickly find the item he or she is looking for without a broad search of all packages. It also confirms the actual shipment of goods on a line item basis.
Pallet	The platform which cartons are stacked on and then used for shipment or movement as a group. Pallets may be made of wood or composite materials.
Pallet Wrapping Machine	A machine that wraps a pallet's contents in stretch-wrap to ensure safe shipment.
Perpetual Inventory	An inventory record keeping system where each transaction in and out is recorded and a new balance is computed.
Picking	The operations involved in pulling products from storage areas to complete a customer order.
Pick List	A list of items to be picked from stock in order to fill an order; the pick list generation and the picking method can be quite sophisticated.
Port	A harbor where ships will anchor. Port Authority: A state or local government that owns, operates, or otherwise provides wharf, dock, and other terminal investments at ports.
Port of Discharge	Port where vessel is off loaded.

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Port of Entry	A port at which foreign goods are admitted into the receiving country.
Port of Loading	Port where cargo is loaded aboard the vessel.
Prepaid Freight	Freight paid by the shipper to the carrier when merchandise is tendered for shipment that is not refundable if the merchandise does not arrive at the intended destination.
Private Warehousing	The storage of goods in a warehouse owned by the company that has title to the goods.
Process:	A series of time-based activities linked to complete a specific output.
Process Improvement	A design or activity which improves quality or reduces costs, often through the elimination of waste on non-value-added tasks.
Procurement	The business functions of procurement planning, purchasing, inventory control, traffic, receiving, incoming inspection, and salvage operations. Synonym: Purchasing
Product	Something that has been or is being produced.
Product Description	The user's description of the product.
Pro Forma Invoice	An invoice, forwarded by the seller of goods prior to shipment that advises the buyer of the particulars and value of the goods. Usually required by the buyer in order to obtain an import permit or letter of credit.
Proof of Delivery (POD)	Information supplied by the carrier containing the name of the person who signed for the shipment, the time and date of delivery and other shipment delivery-related information.
Public Warehouse	The warehouse space that is rented or leased by an independent business providing a variety of services for a fee or on a contract basis.
Public Warehouse receipt	The basic document a public warehouse manager issues as a receipt for the goods a company gives to the warehouse manager. The receipt can be either negotiable or nonnegotiable.
Pull Ordering System	A system in which each warehouse controls its own shipping requirements by placing individual orders for inventory with the central distribution center. A replenishment system where inventory is "pulled" into the supply chain (or "demand chain" by POS systems, or ECR programs). Associated with "build to order" systems.
Purchase Order (PO)	The purchaser's authorization used to formalize a purchase transaction with a supplier. The physical form or electronic transaction a buyer uses when placing an order for merchandise.
Push Ordering System	A situation in which a firm makes inventory deployment decisions at the central distribution center and ships to its individual warehouses accordingly.
Put Away	Removing the material from the dock (or other location of receipt), transporting the material to a storage area, placing that material in a staging area, and then moving it to a specific location and recording the movement and identification of the location where the material has been placed.
Quarantine	The setting aside of items from availability for use or sale until all required quality tests have been performed and conformance certified.

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Radio Frequency Identification (RFID)	The use of radio frequency technology such as RFID tags and tag readers to identify objects. Objects may include virtually anything physical, such as equipment, pallets of stock, or even individual units of product.
Raw Materials (RM)	Crude or processed material that can be converted by manufacturing, processing, or a combination thereof into a new and useful product.
Receiving	The function encompassing the physical receipt of material, the inspection of the shipment for conformance with the purchase order (quantity and damage), the identification and delivery to destination, and the preparation of receiving reports.
Receiving Dock	Distribution center location where the actual physical receipt of the purchased material from the carrier occurs.
Refrigerated Carriers	Truckload carriers designed to keep perishables good refrigerated. The food industry typically uses this type of carrier.
Replenishment	The process of moving or resupplying inventory from a reserve (or upstream) storage location or facility to a primary (or downstream) storage or picking location, or to another mode of storage in which picking is performed.
Request for Information (RFI)	A document used to solicit information about vendors, products, and services prior to a formal RFQ/RFP process.
Request for Proposal (RFP)	A document which provides information concerning needs and requirements for a manufacturer. This document is created in order to solicit proposals from potential suppliers. For example, a computer manufacturer may use an RFP to solicit proposals from suppliers of third party logistics services.
Request for Quote (RFQ)	A document used to solicit vendor responses when a product has been selected and price quotations are needed from several vendors.
Retailer	A business that takes title to products and resells them to final consumers.
Return Goods Handling	Processes involved with returning goods from the customer to the manufacturer. Products may be returned because of performance problems or simply because the customer doesn't like the product.
Return Material Authorization or Return Merchandise Authorization (RMA)	A number usually produced to recognize and give authority for a faulty (perhaps) good to be returned to a distribution center or manufacturer. A form generally required with a warranty/return which helps the company identify the original product and the reason for the return. The RMA number often acts as an order form for the work required in repair situations, or as a reference for credit approval.
Reverse Logistics	A specialized segment of logistics focusing on the movement and anagement of products and resources after the sale and after delivery to the customer. Includes product returns for repair and/or credit.
Root Cause Analysis	Analytical methods to determine the core problem(s) of an organization, process, products, market, etc.
Routing or Routing Guide	(1) Process of determining how shipment will move between origin and destination. Routing information includes designation of carrier(s) involved, actual route of carrier, and estimate time en route. (2) Right of shipper to determine carriers, routes, and points for transfer shipments. (3) In manufacturing, this is the

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	document which defines a process of steps used to manufacture and/or assemble a product.
Safety Stock	The inventory a company holds above normal needs as a buffer against delays in receipt of supply or changes in customer demand.
Scalability	How quickly and efficiently a company can ramp up to meet demand.
SCOR	Supply Chain Operations Reference Model. This is the model developed by the Supply-Chain Council (SCC), and is build around six major processes: plan, source, make, deliver, return, and enable. The aim of the SCOR is to provide a standardized method of measuring supply chain performance, and to use a common set of metrics to benchmark against other organizations.
Service Level	A measure (usually expressed as a percentage) of satisfying demand through inventory or by the current production schedule in time to satisfy the customer's requested delivery dates and quantities.
Shelf Life	The amount of time an item may be held in inventory before it becomes unusable. Shelf life is a consideration for food and drugs which deteriorate over time, and for high-tech products which become obsolete quickly.
Shipper	The party that tenders goods for transportation.
Shipping	The function that performs the tasks for the outgoing shipment of parts, components, and products. It includes packaging, marking, weighing, and loading for shipment.
Shipping Manifest	A document that lists the pieces in a shipment. A manifest usually covers an entire load regardless of whether the load is to be delivered to a single destination or many destinations. Manifests usually list the items, piece count, total weight, and the destination name and address for each destination in the load.
Short Shipment	Piece of freight missing from shipment as stipulated by documents on hand.
Stock-Keeping Unit (SKU)	A category of unit with a unique combination of form, fit, and function (i.e., unique components held in stock). To illustrate: If two items are indistinguishable to the customer, or if any distinguishing characteristics visible to the customer are not important to the customer so that the customer believes the two items to be the same, these two items are part of the same SKU.
Subcontracting	Sending production work outside to another manufacturer. This can involve specialized operations such as plating metals or complete functional operations.
Supplier	1) A provider of goods or services. Also see: Vendor. 2) A seller with whom the buyer does business, as opposed to vendor, which is a generic term referring to all sellers in the marketplace.
Supplier-Owned Inventory	A variant of Vendor-Managed Inventory and Consignment Inventory. In this case the supplier not only manages the inventory, but also owns the stock close to or at the customer location until the point of consumption or usage by the customer.

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Supply Chain	(1) Starting with unprocessed raw materials and ending with the final customer using the finished goods, the supply chain links many companies together. (2) The material and informational interchanges in the logistical process, stretching from acquisition of raw materials to delivery of finished products to the end user. All vendors, service providers, and customers are links in the supply chain.
Supply Chain Design	The determination of how to structure a supply chain. Design decisions include the selection of partners, the location and capacity of warehouse and production facilities, the products, the modes of transportation, and supporting information systems.
Supply Chain Inventory Visibility	Software applications that permit monitoring events across a supply chain. These systems track and trace inventory globally on a line-item level, and notify the user of significant deviations from the plans. Companies are provided with realistic estimates of when the material will arrive.
Supply Chain Management (SCM)	Supply chain management encompasses the planning and management of all activities involved in sourcing and procurement, conversion, and all logistics management activities. Importantly, it also includes coordination and collaboration with channel partners, which can be suppliers, intermediaries, third party service providers, and customers. In essence, supply chain management integrates supply and demand management within and across companies. Supply chain management is an integrating function with primary responsibility for linking major business functions and business processes within and across companies into a cohesive, high-performing business model. It includes all of the logistics management activities noted above, as well as manufacturing operations, and it drives coordination of processes and activities with and across marketing, sales, product design, finance, and information technology. — as defined by the Council of Supply Chain Management Professionals (CSCMP)
Tare Weight	The weight of a substance obtained by deducting the weight of the empty container from the gross weight of the full container.
Tariff	A tax assessed by a government on goods entering or leaving a country. The term is also used in transportation in reference to the fees and rules applied by a carrier for its services.
Tender	The document which describes a business transaction to be performed.
Third Party Logistics	Outsourcing all or much of a company's logistics operations to a specialized company.
Third Party Logistics Provider (3PL)	A firm which provides multiple logistics services for use by customers. Preferably, these services are integrated or bundled together, by the provider. These firms facilitate the movement of parts and materials from suppliers to manufacturers, and finished products from manufacturers, and finished products from manufacturers to distributors and retailers. Among the services they provide are transportation, warehousing, cross docking, inventory management, packaging, and freight forwarding.

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Throughput	A measure of warehousing output volume (weight, number of units). Also, the total amount of units received, plus the total amount of units shipped divided by two.
Total Average Inventory	Average normal use stock, plus average lead stock, plus safety stock.
Traceability	1) The attribute allowing the ongoing location of a shipment to be determined. 2) The registering and tracking of parts, processes, and materials used in production, by lot or serial number.
Tracking and Tracing	Monitoring and recording shipment movements from origin to destination.
Trading Partner	Companies that do business with each other via EDI (e.g., send and receive business documents such as purchase orders).
Trailer	The part of the truck that carries the goods.
Transit Time	The total time that elapses between a shipment's pickup and delivery.
Transportation Management System	A computer system designed to provide optimized transportation management in various modes along with associated activities, including managing shipping units, labor planning and building, shipment scheduling through inbound, outbound, intra-company shipments, documentation management (especially when international shipping is involved), and third party logistics management.
Transportation Mode	The method of transportation: land, sea, or air shipment.
Unit Cost	The cost associated with a single unit of product. The total cost of producing a product or service divided by the total number of units. The cost associated with a single unit of measure underlying a resource, activity, product, or service. It's calculated by dividing the total cost by the measured volume. Unit cost measurement must be used with caution as it may not always be practical or relevant in all aspects of cost management.
Unit Load Device (ULD)	Refers to airfreight containers and pallets.
Unit of Measure (UOM)	The unit in which the quantity of an item is managed, e.g., pounds, each, box of 12, package of 20, or case of 144. Various UOMs may exist for a single item. For example, a product may be purchased in cases, stocked in boxes, and issued in single units.
Unitization	To consolidate several packages into one unit; carriers strap, band, or otherwise attach the several packages together.
Upstream	Principal direction of movement for customer orders which originate at point of demand or use, as well as other flows, such as return product movements, payments for purchases, etc. Opposite of downstream.
Value Chain	A series of activities, when combined, define a business process; the series of activities from manufacturers to the retail stores that define the industry supply chain.
Variable Cost:	A cost that fluctuates with the volume or activity level of business.
Vendor	The manufacturer or distributor of an item or product line. Also see: Supplier.
Vendor-Managed Inventory (VMI)	The practice of retailers making suppliers responsible for determining order size and timing, usually based on receipt of

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	retail POS and inventory data. Its goal is to increase retail inventory turns and reduce stock outs.
Warehouse	Storage place for products. Principal warehouse activities include receipt of product, storage, shipment, and order picking.
Warehouse Management System (WMS)	The systems used in effectively managing warehouse business processes and direct warehouse activities, including receiving, put away, picking, shipping, and inventory cycle counts. Also includes support of radio frequency communications, allowing real-time data transfer between the system and warehouse personnel. They also maximize space and minimize material handling by automating put away processes.
Wave Picking	A method of selecting and sequencing picking lists to minimize the waiting time of the delivered material. Shipping orders may be picked in waves combined by a common product, common carrier, or destination, and manufacturing orders in waves related to work centers.
Waybill	Document containing description of goods that are part of common carrier freight shipment. Shows origin, destination, consignee/consignor, and amount charged. Copies travel with goods and are retained by originating/delivering agents. Used by carrier for internal record and control, especially during transit. Not a transportation contract.
Wharfage	A charge assessed by a pier or dock owner against the cargo or a steamship company for use of the pier or dock for the handling of incoming or outgoing cargo.
Work in Process (WIP)	Parts and subassemblies in the process of becoming completed finished goods. Work in process generally includes all of the material, labor, and overhead charged against a production order which has not been absorbed back into inventory through receipt of completed products.
Zone Picking	A method of subdividing a picking list by arrears within a storeroom for more efficient and rapid order picking. A zone-picked order must be grouped to a single location and the separate pieces combined before delivery, or must be delivered to different locations such as a work center.