

Term	Explanation
3PL	3rd Party Logistics
4PL	4th Party Logistics
ABC	Activity Based Costing
Ad Valorem	According to the value. For example, an import duty rate of 10% ad valorem means 10% of the value of the goods.
Agent	An independent person or corporation acting as a representative, usually in a foreign market, who attempts to sell products for an overseas seller and earns a commission on successful sales. Agents are not normally involved in delivery or servicing of product.
Air Waybill (AWB)	The document which covers transport by air. It is issued by the carrier, whether an airline or a freight forwarder, as a non-negotiable document serving as a receipt to the consignor for the goods, and containing the conditions of transport. It also shows the details of the consignee so that they can be contacted on arrival of the goods.
APS	Advanced Planning Systems
Austrade	The Australian Trade Commission - Australia's export and investment facilitation agency, see <a href="http://www.austrade.gov.au">www.austrade.gov.au</a> .
BAF	Bunker Adjustment Factor - an adjustment to shipping companies' freight rates to take into account fluctuations in the cost of fuel oil (bunkers) for their ships.
Bill of Lading (B/L)	House B/L - A bill of lading issued by a freight forwarder acting as a carrier. The terms and conditions of the contract may well be different to the terms and conditions contained on the shipping company's B/L, which can in extraordinary circumstances lead to legal complications should a dispute arise
Bank Guarantee	A document issued by a bank acting as a guarantor for their customer. The bank's guarantee is accepted because of their status and creditworthiness compared to that of their customer.
Bill of Exchange	An unconditional order in writing, issued by the seller (drawer) instructing the buyer (drawee) to pay the seller's bank (payee) a specified amount (normally the full invoice value) on demand (at sight) or at a fixed or determinable future time. A suitable form can be obtained from the seller's bank, or drawn up on a blank sheet of paper.
Bill of Lading (B/L)	The document which covers transport by sea. Signed by the carrier, whether a shipping line or a freight forwarder, it serves as a receipt to the consignor for the goods, as evidence of the contract of transport containing the conditions of transport, and as a document of title by which possession of the goods can be transferred. Typically a B/L is issued in a set of three signed originals or negotiables, one of which must be presented to claim the goods upon which the others become void. Clean B/L - A bill of lading indicating that the goods were received by the carrier in good order and condition, without any clauses declaring a defective condition in the goods and/or their packing House B/L - A bill of lading issued by a freight forwarder acting as a carrier. The terms and conditions of the contract may well be different to the terms and conditions contained on the shipping company's B/L, which can in extraordinary circumstances lead to legal complications should a dispute arise. Master B/L - The term used for the B/L issued by a shipping company to a freight forwarder for all of the goods covered by one or more House B/Ls on the one ship going from one loading port to one destination port. Ocean B/L - A B/L covering port-to-port shipment. Typically banks continue to use this term on Letters of Credit even though the majority of international shipments are containerised.
Bonded Warehouse	A facility or a dedicated portion of a facility where imported goods are stored prior to customs duties and taxes being paid. These facilities are often used to delay the payment of import fees until the products are actually sold/shipped (when they physically leave the bonded facility). This can be particularly useful when products are received well in advance of sale or when a portion of the product received may eventually be returned or scrapped (thus preventing paying import fees on items not sold). Bonded warehouses are licensed by the government. The concept can also be applied to specially taxed domestic products such as alcohol and tobacco products.
Box	Colloquial term for a shipping container.
Breakbulk	Non-containerised cargo.
BSRA	Basic Service Rate Additional - the charge levied by shipping companies to importers for LCL cargo, including the port charges, transport to an unpacking depot (subsequent sorting and storage of the goods and finally loading onto a vehicle collecting the goods for delivery to the buyer
CAF	Currency Adjustment Factor - an adjustment to shipping companies' freight rates to take into account the effect over time of fluctuations in currency exchange rates.

**Carnet**

A document, normally issued by a Chamber of Commerce which is a member of the International Chamber of Commerce (ICC) to enable the holder to temporarily take merchandise into certain countries, as samples or for display purposes, without the need to pay import duty or pay a bond for the duty. The issuer will require the holder to give them security by way of a bank guarantee.

<b>Certificate of Origin</b>	A certificate stating the country of origin of the goods. Depending on the importing country's requirements, this can be as simple as being issued by the seller or the manufacturer. In most cases however, it is required to be issued by a Chamber of Commerce in the country of origin.
<b>CFS</b>	Container Freight Station - place or depot where individual LCL cargo is loaded into, and unloaded from, containers
<b>Commercial Invoice</b>	A document issued by the seller, addressed to the buyer, giving details of the individual transaction, including complete description of the goods, prices, currency, delivery and payment terms and so on. This is generally used by the Customs authorities in the importing country to assess customs duties payable.
<b>Consignee</b>	The party shown on the bill of lading or air waybill to whom the shipment is consigned. Need not always be the buyer, and in some countries will be the buyer's bank.
<b>Consolidation</b>	Where a freight forwarder groups, or consolidates, one or more shipments for one or more shippers to the one destination as one overall shipment.
<b>Container ship</b>	Ship designed to take ISO (International Standards Organisation) containers in vertical cells within the ship's holds as well as on the deck. These ships generally rely on infrastructure on the wharf to load and unload the containers.
<b>Conventional ship</b>	Ship designed with holds which can load almost any type of loose cargo, such as drums, sacks, crates, pallets etc. These ships are designed with their own derricks for loading and unloading.
<b>CPG</b>	Consumer Packaged Goods
<b>Cross-docking</b>	In its purest form cross-docking is the action of unloading materials from an incoming trailer or rail car and immediately loading these materials in outbound trailers or rail cars, thus eliminating the need for warehousing (storage). In reality, pure cross-docking is rare outside of transportation hubs and hub-and-spoke type distribution networks. Many "cross-docking" operations require large staging areas where inbound materials are sorted, consolidated, and stored until the outbound shipment is complete and ready to ship. This staging may take hours, days, or even weeks in which case the "staging area" is essentially a "warehouse".
<b>CTS</b>	Cost To Serve
<b>Cube</b>	A measure of the volume of rectangular shaped three-dimensional objects or spaces. Cube is calculated by multiplying the length times the width times the height of the object or space.
<b>Customs Broker</b>	A person or corporation licensed by the Australian Customs Service to handle on behalf of importers the process of clearing goods through customs.
<b>Customs Duty</b>	A tax, duty or tariff levied at the time of import upon goods entering a country. Usually based on the value of the goods (ad valorem), on the physical nature of the goods such as quantity or weight, or on a combination of the value and other factors.
<b>CY</b>	Container Yard - place or depot where individual containers are held prior to loading on board a ship and after unloading from the ship. Can be inland or at the dock-side..
<b>Cycle count</b>	Refers to process of regularly scheduled inventory counts (usually daily) that "cycles" through your inventory. User determines how often certain items/locations are counted.
<b>DC</b>	Distribution Centre
<b>Demurrage</b>	Extra charges paid to a carrier when loading and/or unloading has not been completed within the specified time.
<b>Dock leveler</b>	Device that provides a bridge to the trailer as well as a ramp to facilitate the transition in height from dock to trailer. Dock levelers are rated by weight capacity and by the service range.
<b>Documentary Credit</b>	The officially correct term for Letter of Credit.
<b>Double-deep rack</b>	A type of pallet rack designed to be used with double-deep reach trucks that allow storage of palletized loads 2-deep in rack. Double-deep rack may be a unique design (designed specifically for double-deep storage) or may just be a double-deep configuration of standard selective pallet rack.
<b>Drum-handling attachments</b>	Describes the various designs of lift-truck attachment used to handle 44 gallon drums. Some are smaller versions of a paper roll clamp while others may engage the upper rim of the drum, or the lower rings. Some drum attachments are capable of picking up multiple drums at the same time.
<b>Dunnage</b>	Any type of fill material. Types of dunnage include timber supports, loose fill, paper, bubble wrap, foam, and air pillows.
<b>Efficient Consumer Response (ECR).</b>	An initiative whereby elements of the supply chain work together to fulfill consumer wishes better, faster and at less cost.

<b>Eighty-Twenty Rule.</b>	Pareto Principle - The heuristic rule which states that where there is a large number of contributors to a result, the majority of the result is due to a minority of the contributors. Sometimes known as the 80/20 rule which states that, in many cases, approximately 80% of the turnover (stock etc.) can be ascribed to approximately 20% of the customers, articles or orders. The actual ratio in a particular case can be determined by ranking the customers and products etc. in order of magnitude and then calculating what percentage of the turnover (stock etc.) corresponds to 10%, 20% 30% etc. of the customer and products etc. The basis of ABC analysis
<b>Electronic Commerce (E Commerce).</b>	A way to execute transactions and share information with other businesses, consumers or with government by using computer and telecommunication networks, including the Internet.
<b>Electronic Data Interchange (EDI).</b>	The computer to computer exchange of structured data for automatic processing.
<b>Enterprise Requirement Planning (ERP).</b>	A further extension of MRP II whereby a single system embraces and integrates all aspects of business operations into a single database application.
<b>Exchange Rate</b>	The price of one currency in the terms of another.
<b>Export</b>	To send goods from a country to an overseas destination.
<b>Factory Gate Pricing.</b>	An initiative driven by retailers to drive out transportation costs and to improve the efficiency within the primary segment of the supply chain. The retailer generally takes over the management of the primary (inbound) transport and deducts the cost of this transport from the supplier's product price. See also Primary Freight.
<b>FAK</b>	Freight All Kinds, as a general description of the goods on a master B/L covered under the one freight rate regardless of the nature of the individual goods.
<b>FCL</b>	Full Container Load, generally but not always indicating that goods in the container are from one seller who packed the container, going to one buyer who will unpack the container.
<b>First-in, First-out (FIFO)</b>	Stock Rotation - The method whereby the goods which have been longest in stock are delivered (sold) and/or consumed first.
<b>Flat Rack</b>	A device which is designed for cargos which will not fit into containers to be shipped on container ships. Consists of a base and two ends of the same dimensions as an ISO container.
<b>FLT</b>	Fork Lift Truck
<b>FMCG</b>	Fast Moving Consumer Goods
<b>Force Majeure</b>	A clause in a contract which protects both parties in the event that part of the contract cannot be complied with due to causes outside the control of the parties and could not have been avoided by exercising due care. For example, floods, earthquakes, civil unrest and so on.
<b>Forwarding Instruction</b>	An instruction letter given by the Shipper to their Freight Forwarder or Shipping Line to arrange the shipment by sea. Most forwarders provide this form in hard or soft copy to assist their clients, but the Shipper is free to use their own so long as it contains the required information.
<b>Freight Forwarder</b>	A person or corporation who arranges transport of goods on behalf of either the seller or buyer. In many cases the freight forwarder will also consolidate several small shipments into one larger one to take advantage of better freight rates. In most cases the freight forwarder will assume the legal liabilities of acting as a carrier
<b>Hazardous Goods</b>	Certain cargoes, as prescribed by the UN, such as explosive, radioactive, poisonous and flammable goods etc, which must be declared to the carrier before being loaded onto ships or aircraft. The penalties for mis-declaring or failing to declare hazardous or dangerous cargo are extremely high.
<b>Import</b>	To bring goods from overseas into one's country.
<b>Inching pedal</b>	On lift trucks with internal combustion (gasoline, liquid propane, diesel) engines it is necessary to rev the engine in order to get the power needed to lift a load with the hydraulics. An inching pedal acts like a combination of a clutch pedal and brake pedal. When slightly depressed, it puts the transmission in neutral allowing the operator to rev the engine. When completely depressed it engages the brakes. An inching pedal may be a separate pedal from the brake pedal or be part of the main brake pedal.
<b>Insurance</b>	A process whereby someone with a risk of something happening to their financial detriment (the assured) pays someone else (an underwriter) a fee (premium) to bear that risk on their behalf.  <b>Insurance Certificate</b> - A certificate issued by the insurance underwriter giving details of a particular transaction which is held insured under an insurance policy. <b>Insurance Policy</b> - Contract of insurance <b>Marine insurance</b> - Insurance covering the international, and often local, transport of goods. Generally covers "all risks" plus war and strikes risks, and is taken out for 110% of the CIF/CIP value of the goods.

<b>Inventory Control.</b>	Consists of all the activities and procedures used to control and maintain the right amount of each item in stock or to provide the required level of service at minimum cost.
<b>Inventory.</b>	A term used to describe: all the goods and materials held by an organisation for future sale or use a list of items held in stock
<b>Just-in-Time JIT.</b>	A dependent demand inventory control philosophy which views production as a system in which all operations, including the delivery of materials needed for production, occur just at the time they are needed. Thus, stocks of material are virtually eliminated
<b>Landed Cost</b>	The total cost which an importer pays to have goods delivered into their premises. This typically includes the costs of the goods, international transport, insurance premium, port charges, customs duties, delivery charges, bank charges etc.

<b>LCL</b>	Less than Container Load, a small amount of cargo insufficient to on its own be economically shipped as FCL. It will be combined with other LCL cargo from other shippers going to the same destination port, into an FAK FCL.
<b>Letter of Credit</b>	A conditional order in writing, issued by a buyer's bank, guaranteeing to pay the seller upon presentation of stipulated documents, strictly in accordance with the credit.
<b>License Plate</b>	License plates are often used with warehouse management systems. They are basically an ID number placed on a pallet, carton or other container, and are used to track the contents of that container as it moves through the warehouse. The license plate will almost always have a bar code that contains this ID number. So by scanning a single bar code on the pallet you can initiate or complete movement transactions for all items and quantities on that pallet
<b>Logistics.</b>	The time-related positioning of resources to meet user requirements.
<b>Lot Number.</b>	The allocation of a unique number, to one or more of a product during manufacture or assembly, to provide traceability.
<b>MHE</b>	Materials Handling Equipment
<b>Order Lead Time.</b>	The total internal processing time necessary to transform a replenishment quantity into an order and for the transmission of that order to the recipient.
<b>Pallet</b>	A portable platform designed to allow a forklift or pallet jack to lift, move, and store various loads. Most pallets are made from wood , but pallets are also made from plastic, steel, and even paper-based materials. Spec'ing a wood pallet involves identifying wood type (hardwood or softwood), overall pallet size, number and size and spacing of stringers, whether stringers are to be notched for 4-way use, number and size and spacing of deckboards, number and size and spacing of bottom boards, whether deck boards and bottom boards are attached flush with outside stringers or overhang outside stringers. Other options include using a solid deck (rather than separate deck boards), chamfering the deck boards, using treated wood (for international shipments). 2-way pallets allow entry by a forklift from the front or back of the pallet, 4-way pallets have the stringers notched (or use a blocking system instead of stringers) so a forklift can also enter the pallet from either side. The most common pallet is Chep or Loscam measuring 1.17 x 1.17m.
<b>Paperless</b>	When referring to processing in the warehouse (paperless picking, paperless receiving) or on the shop floor, paperless generally suggests that the direction of tasks and execution of transactions are conducted electronically without the use of paper documents. This is usually accomplished through the use of fixed or portable computers, bar code scanners, RFID readers, light-signaling technology (pick-to-light), or voice technology. Or maybe it just means you ran out of paper.
<b>Phytosanitary Certificate</b>	A document issued by the Department of Agriculture, Fisheries and Forestry, for exports from Australia of plants or plant products.
<b>Pick Face.</b>	The primary location in a warehouse at which order picking, of less than pallet loads, is undertaken.
<b>Picking List.</b>	An output from an inventory control system designating those items, by part number, description and quantity, to be picked from stock to satisfy customer demand.
<b>Primary Freight (Strategy).</b>	An initiative driven by retailers to drive out transportation costs and to improve the efficiency within the primary segment of the supply chain. The retailer generally takes over the management of the primary (inbound) transport and deducts the cost of this transport from the supplier's invoice based on an agreed cost per pallet or case. See also Factory Gate Pricing.
<b>Primary Transport.</b>	The transport 'leg' from the Supplier to the Customer. Normally viewed as being from the supplier's distribution centre (DC) to the customer's DC.
<b>Purchase order</b>	A document used to approve, track, and process purchased items. A purchase order is used to communicate a purchase to a supplier. It is also used as an authorization to purchase. A purchase order will state quantities, costs, and delivery dates. The purchase order is also used to process and track receipts and supplier invoices/payments associated with the purchase..
<b>Quantity</b>	There are various quantity elements in perpetual inventory systems. Below are definitions of the most common. Be aware that these definitions are fairly generic and that specific inventory systems may use completely different definitions or terminology.
<b>Quantity allocated</b>	Also known as committed quantity, commitments, or allocations. Quantity allocated is the quantity that is on current open sales orders or production orders (as components), and may be relative to a specific time period.
<b>Quantity available</b>	Is the result of a calculation that takes quantity on hand and reduces it by allocations (for sales orders, manufacturing orders, etc). Quantity available may or may not be date specific and therefore take into account future receipts. Quantity available calculations are sometimes very complicated and vary from one software product to another.
<b>Quantity in transit</b>	In multi-branch environments, quantity in transit reflects the quantity that has been shipped from one branch/facility to another branch/facility, but has not yet been received by that branch/facility. In operations that use advanced tracking of receipts, it may reflect quantities that have been shipped by outside vendors, but not yet received.

<b>Quantity on hand</b>	Also known as onhand quantity, in stock, store quantity Quantity on hand describes the actual physical inventory in the possession of the business. When inventory is received or produced, it is added to quantity on hand, when inventory is sold or consumed, it is removed from quantity on hand.
<b>Quantity on order</b>	Includes quantity on open purchase orders or manufacturing orders. May or may not include quantities on transfer orders from other branches.
<b>Quarantine Stock.</b>	On-hand stock which has been segregated and is not available to meet customer requirements.

<b>Radio Frequency Identification (RFID).</b>	The attachment of transponders (which may be read only or read/write) to products, as an alternative to linear bar codes, to enable product identification some distance from the scanner or when out of line of sight.
<b>Reefer</b>	Colloquial for a refrigerated container
<b>Reverse Logistics.</b>	The requirement to plan the flow of surplus or unwanted material or equipment back through the supply chain after meeting customer demand.
<b>RO-RO</b>	A "roll-on/roll-off" ship, where loaded transport vehicles are driven onto it, such as a car ferry, or where containerised and other cargo is loaded into it by forklifts or similar. Shipping Marks Specific markings on packages to identify them apart from other packages and to identify them on the relevant documents.
<b>SCM</b>	Supply Chain Management
<b>Shipper's Letter of Instruction (SLI)</b>	An instruction letter given by the Shipper to their Freight Forwarder to arrange the shipment whether by air or sea. Most forwarders provide this form in hard or soft copy to assist their clients, but the Shipper is free to use their own so long as it contains the required information.
<b>SKU</b>	Stock keeping unit — referring to a specific item in a specific unit of measure. For example, if you distributed motor oil in both 500ml and 1lt bottles you would maintain the inventory as two SKUs even though they are both the same motor oil. Also refers to the identification# assigned to each SKU.
<b>STC</b>	Said to contain, often placed before the description of goods on a bill of lading because the carrier does not know the nature or quantity of goods actually placed in the packages or the containers.
<b>Stock Turn.</b>	The number of times that an inventory turns over during the year and normally obtained by dividing the average inventory value into the annual cost of sales.
<b>Stocktaking.</b>	A physical count of products actually held in stock as a basis for verification of the stock records and accounts.
<b>Supply-Chain Management (SCM).</b>	Organisation of the overall business processes to enable the profitable transformation of raw materials or products into finished goods and their timely distribution to meet customer demand.
<b>Supply-Chain.</b>	The total sequence of business processes, within a single or multiple enterprise environments, that enable customer demand for a product or service to be satisfied.
<b>Tenor</b>	The period of time before a bill of exchange falls due for payment
<b>TEU</b>	Twenty-foot equivalent unit, the means of describing the carrying capacity of a train or ship. For example, a 40 foot container takes up the space of two TEUs.
<b>THC</b>	Terminal handling charge, levied by CY and CFS operators for goods passing through their operations.
<b>TMS</b>	Transportation management system
<b>Transshipment</b>	Goods are transferred from one ship to another at an intermediate port. Can also refer to goods being transferred from one method of transport to another.
<b>Unit Cost.</b>	The cost to an organisation of acquiring one unit, including any freight costs, if obtained from an external source or the total unit production cost, including direct labour, direct material and factory overheads, if manufactured in-house.
<b>Unit of Measure.</b>	The standard unit of an item used in the stock account and to construct order quantities.
<b>Unit.</b>	The standard size or quantity of a stock item.
<b>Value for Duty</b>	The value of an import declared to the customs upon which customs duty will be calculated. In Australia, the value of the goods at the time of export from the exporting country, thus generally the FOB value and using the exchange rate at the date of export. Many other countries use the CIF value at the time or declaration in the importing country.
<b>Warehouse management system</b>	Computer software designed specifically for managing the movement and storage of materials throughout the warehouse. WMS functionality is generally broken down into the following three operations: Putaway, Replenishment, and Picking. The key to these systems is the logic to direct these operations to specific locations based on user defined criteria. WMSs are often set up to integrate with data-collection systems.
<b>Weight - Gross</b>	The total weight of a shipment of goods, including their packaging such as crates, pallets etc.
<b>Weight - Nett</b>	The weight, or mass, of the goods themselves without any packaging.
<b>Weight - Tare</b>	The weight of packaging or a container without the goods.
<b>WH</b>	Warehouse