DANGEROUS GOODS SYMPOSIUM

for Instructors and Practitioners

THIRD ANNUAL

GLOBAL DANGEROUS GOODS CONFIDENCE OUTLOOK

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LABELMASTER®
SOFTWARE PRODUCTS SERVICES

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GLOBAL DANGEROUS GOODS CONFIDENCE OUTLOOK

The Goal: To better understand today's DG landscape by surveying DG pros around the globe about how their organizations approach DG shipping and the specific compliance challenges they face.

2018 »

Sponsored by: Labelmaster, IATA, and Hazardous Cargo Bulletin

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//PART 1

OVERALL FINDINGS

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THE METHODOLOGY

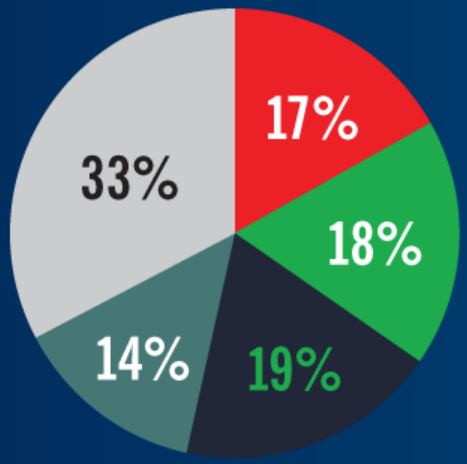
- All questions were developed by **Labelmaster**, **IATA** and **Hazardous Cargo Bulletin**.
- Management of the survey and tabulation of the results were conducted by an **objective third party**. Neither Labelmaster, IATA nor HCB has shared contact lists or information with each other or any other outside parties.
- This **survey was open to DG pros** and was not limited to Labelmaster customers, IATA members or subscribers of HCB media.
- This survey was **promoted within Labelmaster**, **IATA and HCB** marketing properties as well as within press releases.
- The data and results are **copyrighted by Labelmaster, IATA, and HCB**, and will be analyzed to appear in a variety of Labelmaster, IATA and HCB stories, material and events.

//PARTICIPANT PROFILE

500 TOTAL RESPONDENTS

GLOBAL & DOMESTIC OPERATIONS:
80% GLOBAL 20% DOMESTIC

YEARS INVOLVED IN DG HANDLING/SHIPPING/MANAGEMENT:



- 4 years or less
- 5-9 years
- 10-14 years
- 15-19 years
- 20+ years

ON AVERAGE, 5 DISTINCT CLASSES TYPICALLY HANDLED BY EACH COMPANY:

Class 1 Explosives

39%

Class 2 Gasses

63%

Class 3 Flammable Liquids

76%

Class 4 Flammable Solids/ Spontaneous Combustibles

53%

Class 5 Oxidizing Substances and Organic Peroxides

53%

Class 6 Toxic and Infectious Substances

57%

Class 7 Radioactive Material

36%

Class 8 Corrosives

69%

Class 9 Miscellaneous

90%

COMPANY ROLE:

25% Consignor

19% Airline

14% Freight Forwarder

14% Trainer/Dangerous Goods Safety Adviser

8% Ground Handling Agent

6% Warehousing/Bulk Storage

2% Road/Sea/Rail Carrier

13% Other

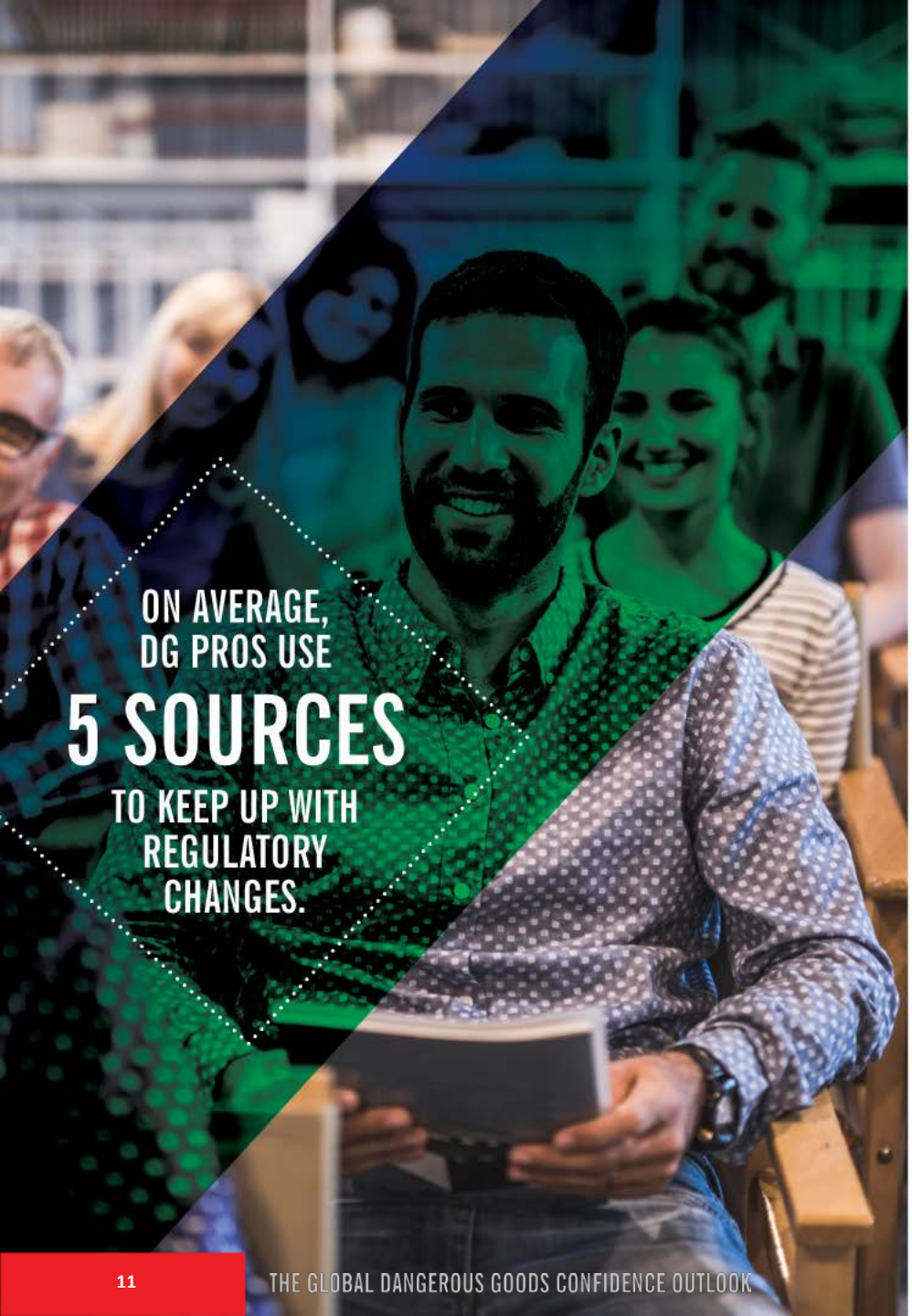
THE COMPLIANCE CHALLENGES ARE REAL

51%
find it challenging to keep up with the latest regulations.

58%
feel that even if they follow the regulations perfectly, there is a chance their shipments will be stopped.

57%
agree that verifying compliance of shipments against the latest regulations is time-consuming.

15%
were NOT confident that they could ensure DG regulatory compliance across their entire organization; 13% were unsure.



KEEPING UP WITH REGULATORY CHANGES

TRAINING COURSES: 71%

REGULATORY TEXTS: 57%

DG PRODUCTS/SERVICE PROVIDERS: 57%

DIRECT CONTACT WITH NATIONAL AUTHORITIES: 45%

TRADE/REPRESENTATIVE ASSOCIATIONS: 37%

PEERS/SOCIAL MEDIA: 22%

TRADE PRESS: 18%

TRADE SHOWS AND EVENTS: 15%

REGULATION REQUIREMENTS ARE APPROPRIATE

Yet even with the challenges associated with meeting constantly changing regulations, DG pros are not against regulations.

In fact, most believe the requirements imposed on DG are appropriate.

67% Requirements are appropriate – should stay the same

24% Requirements imposed should be tighter – more restrictive

10% Requirements should be looser – less restrictive

ENFORCEMENT IS NEEDED

51%
DG REQUIREMENTS ENFORCEMENT IS APPROPRIATE – SHOULD STAY THE SAME

44%
DG ENFORCEMENT SHOULD BE MORE SEVERE

5%
DG ENFORCEMENT SHOULD BE LESS RESTRICTIVE

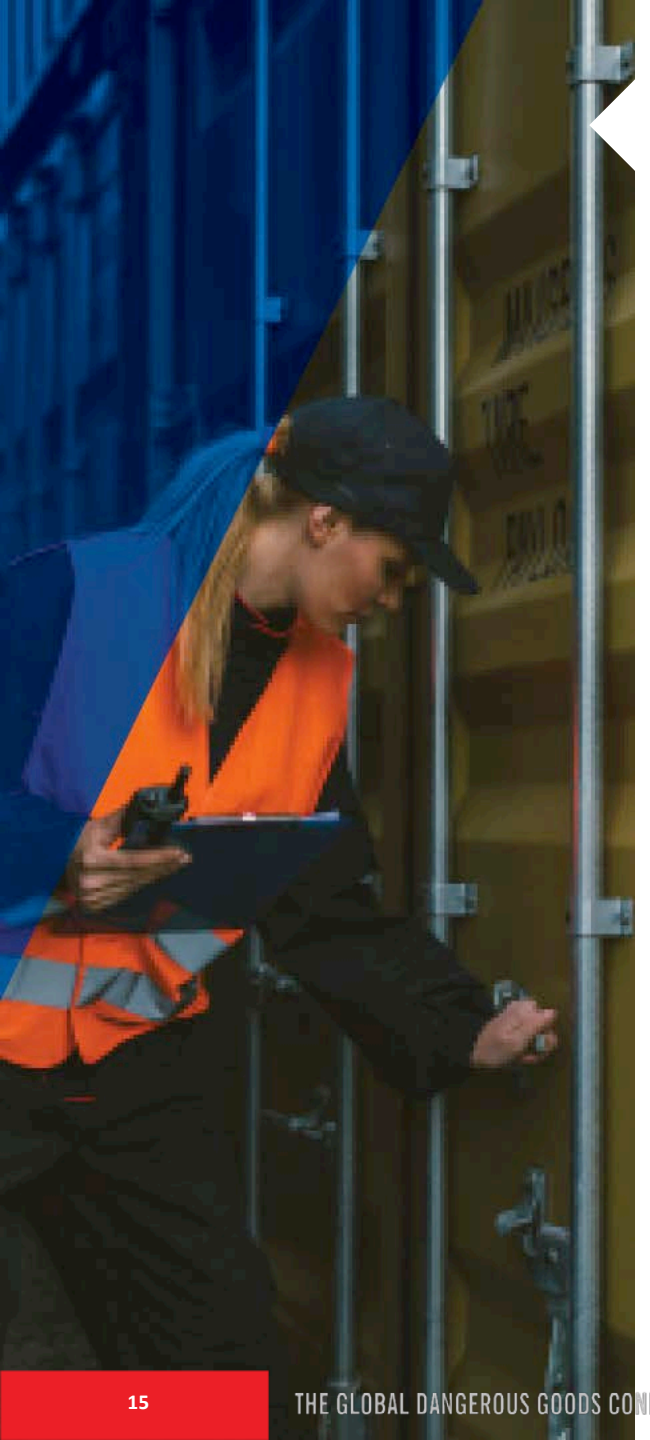
THE SUPPLY CHAIN IMPACT

DG compliance impacts stakeholders throughout the supply chain, and DG pros wish others (both internally and externally) were as knowledgeable and compliant as they are.

believe that keeping DG secure across the entire supply chain is more important than ever.

wish their supply chain partners were as compliant as their company.

think that DG training should be extended to other departments across their company.



MORE ORGANIZATIONAL SUPPORT

Staying up to date and adhering to the latest regulations requires the proper training, infrastructure and processes.

While most DG pros believe their companies do this, a large group recognizes the need for improvement.

20% feel their company does NOT always stay up to date on the latest regulations.

25% feel their company's DG training does NOT adequately prepare people within the organization to comply with DG shipping regulations.

16% indicated that DG compliance is NOT a major priority for their company.

54% wish their companies would understand that supply chain and DG shipping management could be a differentiator.

WHY IS DG COMPLIANCE SO DIFFICULT?

DG pros across the globe acknowledge that compliance is challenging, and there are several factors that contribute to this:

	GREATEST CHALLENGE	TOP 2 GREATEST CHALLENGES	TOP 3 GREATEST CHALLENGES
BUDGET CONSTRAINTS	28%	48%	65%
COMPANY LEADERSHIP NOT AWARE OF RISK	21%	35%	53%
INSUFFICIENT OR INEFFECTIVE TRAINING	19%	41%	57%
LACK OF TECHNOLOGY	17%	37%	61%
DIFFICULTY IN KEEPING UP WITH CHANGING REGULATIONS	15%	40%	65%

IS THE MINIMUM ENOUGH?

Companies invest in areas where they believe they get the biggest financial return – and nearly 28% of DG pros believe their company views DG management solely as a regulatory mandate.

28%
COMPANY COMPLIES ONLY BECAUSE REGULATIONS MANDATE IT – ADHERE TO MINIMUM

48%
COMPANY CARES ABOUT SAFETY AND GOES BEYOND REQUIREMENTS

23%
COMPANY VIEWS COMPLIANCE AS COMPETITIVE ADVANTAGE

ATTITUDE TOWARD COMPLIANCE = COMPANY INVESTMENT

The organization's attitude toward compliance has a real impact on how much a company invests in compliance resources.

So how do they feel about their company's investment to support DG compliance?

27%
Not adequate to meet current needs

59%
Adequate to meet current needs

14%
More than adequate to meet current and future needs

NEEDED: FORWARD-THINKING TECHNOLOGY

Furthermore, 80% of DG pros believe their company's infrastructure is "lagging" or needs updating to quickly adapt to regulatory and supply chain changes.

65% are "current, but need updating"

15% are "lagging behind the industry"

21% are "advanced – ahead of the industry"

MANY PATHS BEING TAKEN; SOME USE NO TECHNOLOGY AT ALL

28% NO TECHNOLOGY – MANUAL PROCESSING ONLY

19% MANUAL PROCESSING AND GENERAL SHIPPING SOFTWARE

20% MANUAL PROCESSING AND CARRIER-SUPPLIED SOFTWARE

16% MANUAL PROCESSING AND DG-SPECIFIC SOFTWARE

8% MANUAL PROCESSING, CARRIER-SUPPLIED SOFTWARE, GENERAL SHIPPING SOFTWARE AND DG-SPECIFIC SOFTWARE

9% ALL OTHER COMBINATIONS

IS YOUR COMPANY INVESTING IN COMPLIANCE?

The type of technology used is likely **connected to the company's level of investment.**

More than half of respondents said their company's investment **stayed the same year over year**; some saw it increase or even decrease.

HELP! DG PROS NEED MORE SUPPORT

Whether their budgets have increased, decreased or stayed the same, DG pros desire additional support. But getting additional resources when compliance may not be a priority for executive leadership (or not on their radar at all) is difficult.

It's up to DG pros to communicate the impact of compliance (and noncompliance) on the organization. What would help communicate value to customers, supervisors and senior leaders?

Respondents thought these items would be most helpful in communicating DG value to customers, supervisors or senior leaders:

60% Industry data reports dealing with non-compliance trends

55% Understanding the total cost of compliance for your company

54% Case studies from best-in-class companies

43% Shipment data by mode/ proper shipping name

AND IF LEADERSHIP OFFERED MORE FINANCIAL SUPPORT, DG PROS WOULD INVEST IN:

42% More effective training

18% Wider access to the latest regulatory resources and manuals

29% Technology for better supply chain efficiency and compliance

12% Additional headcount

//PART 2

WHAT'S CHANGED VERSUS LAST YEAR

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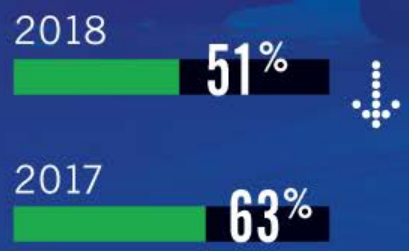
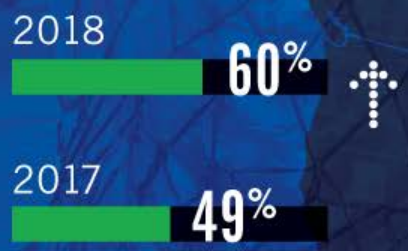
ATTITUDE SHIFT: COMPARING NORTH AMERICA'S 2018 AND 2017 SURVEY RESULTS

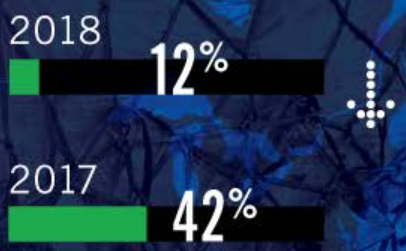
While responses from DG pros in Europe were consistent with last year's survey, there were some notable shifts from those in North America.



Find it challenging to keep up with latest regulations.



Believe that enforcement of DG requirements should "stay the same."

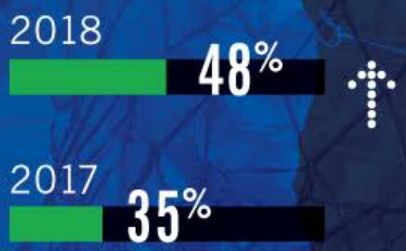


State that DG compliance was a planned career path.

ATTITUDE SHIFT: COMPARING NORTH AMERICA'S 2018 AND 2017 SURVEY RESULTS

While responses from DG pros in Europe were consistent with last year's survey, there were some notable shifts from those in North America.

Use manual processing.



Use carrier-supplied technology.

Use general shipping technology.

ATTITUDE SHIFT: COMPARING NORTH AMERICA'S 2018 AND 2017 SURVEY RESULTS

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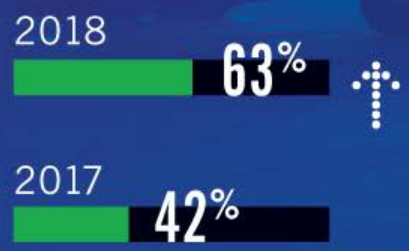
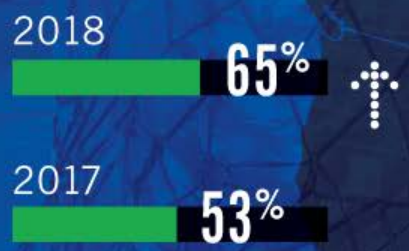
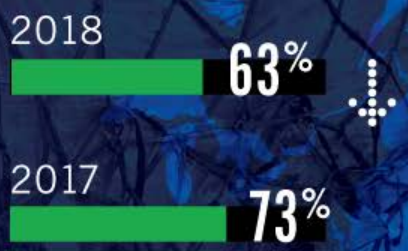


Believe their company's current infrastructure is "current with the industry, but needs updating."



Have maintained the same investment for compliance technology and training for DG compliance over the past year.



Wish supply partners were as compliant as their company.

//PART 3

HOW DG IS VIEWED WITHIN THE COMPANY

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A CLOSER LOOK: THE IMPACT OF HOW DG COMPLIANCE IS VIEWED WITHIN AN ORGANIZATION

HOW WOULD YOU BEST DESCRIBE HOW DG COMPLIANCE IS VIEWED WITHIN YOUR COMPANY?

28% My company complies only because the regulations mandate it, we adhere to the minimum requirements.

49% My company complies because it cares about the safety of the industry, we go beyond the requirements.

23% My company views compliance as a competitive advantage, an initiative that adds real business value.

KEY OBSERVATIONS

Companies that “go beyond the minimum” and “view compliance as a competitive advantage” have high confidence in overall operations. Less than 50% of those who “adhere to the minimum” are confident.

Despite having a higher level of confidence in being able to ensure compliance, those that view DG as a “competitive advantage” feel most strongly that there is a chance their shipments may still be stopped.

Those “adhering to minimal requirements” are seeking company support – from greater awareness among senior leadership, to extending DG training to other departments, to access to additional resources.

FOR THE FOLLOWING STATEMENTS, PLEASE INDICATE YOUR LEVEL OF AGREEMENT OR DISAGREEMENT:

	Total	% of Companies Adhere to Minimum Requirements	% of Companies Go Beyond Requirements	% of Companies View Compliance as Competitive Advantage
My company always keeps current on the latest DG regulations no matter the mode of transport	80%	57%	87%	91%
My company's DG training adequately prepares people within the organization to comply with DG shipping regulations	75%	56%	81%	87%
Given my company's current infrastructure and training, I'm confident that I can ensure DG regulatory compliance across my entire organization	72%	47%	81%	86%
I wish my supply chain partners were as compliant as my company is	72%	63%	72%	81%
I think that DG training should be extended to other departments across my company	67%	75%	61%	68%
Even if I follow the regulations perfectly, there is a chance my shipments will be stopped	58%	58%	55%	65%
Verifying compliance of shipments against the latest regulations is time-consuming	57%	61%	57%	52%
I wish that my company would understand that supply chain and DG shipping management could be a differentiator	54%	62%	54%	46%
I find it challenging to keep up with the latest regulations	51%	61%	46%	50%
Unfortunately, DG compliance isn't a major priority for my company	16%	36%	10%	3%

While all companies use a mix of technological platforms, DG-specific technology is most likely to be used in companies that view compliance as a “competitive advantage.”

PLEASE INDICATE THE TYPES OF TECHNOLOGY YOUR COMPANY USES TO SHIP DG:

	Total	% of Companies Adhere to Minimum Requirements	% of Companies Go Beyond Requirements	% of Companies View Compliance as Competitive Advantage
Manual processing – no technology	59%	**66%**	57%	54%
Carrier-supplied technology	37%	38%	36%	35%
General shipping management or warehouse management software	42%	36%	**45%**	**43%**
DG-specific technology	36%	24%	36%	**48%**

Companies that “adhere to minimum requirements” admit their technology is “lagging.”

Companies that “go beyond the requirements” believe their technology “needs updating.”

Companies that “view compliance as a competitive advantage” generally have technological support that quickly adapts to regulatory and supply chain changes.

MY COMPANY’S ABILITY TO QUICKLY ADAPT INFRASTRUCTURE TO REGULATORY OR SUPPLY CHAIN CHANGES IS:

	Total	% of Companies Adhere to Minimum Requirements	% of Companies Go Beyond Requirements	% of Companies View Compliance as Competitive Advantage
Advanced/ahead of the industry (3)	21%	4%	20%	**42%**
Current with the industry, but needs updating (2)	65%	61%	**71%**	56%
Lagging behind the industry (1)	15%	**35%**	9%	2%

WHAT IS THE GREATEST CHALLENGE YOU HAVE WITH COMPLIANCE?

	Total	% of Companies Adhere to Minimum Requirements	% of Companies Go Beyond Requirements	% of Companies View Compliance as Competitive Advantage
Budget constraints	**28%**	25%	**27%**	**34%**
Company leadership not aware of the risk if something goes wrong	**21%**	**31%**	19%	13%
Insufficient or ineffective training	**19%**	23%	19%	15%
Lack of technology	**17%**	11%	17%	**23%**
Lack of access to resources/ information/guidance required to keep up with changing regulations	**15%**	10%	18%	15%

Companies that "adhere to minimum requirements" are much more likely to be challenged by ineffective training and a lack of awareness on the part of company leadership.

A lack of technology is more of an issue among the "competitive advantage" companies.

Investment priorities also differ based on how DG is viewed.

For example:

- Those that "adhere to minimum requirements" are most likely to think training needs to be more impactful.
- Technology most likely "needs more support" for those that "go beyond the requirements" and "view compliance as a competitive advantage."
- Complete access to the latest regulations is more likely to be desired by those companies that "view compliance as a competitive advantage."

IF THE SENIOR LEADERSHIP AT YOUR COMPANY OFFERED TO INVEST MORE IN DG COMPLIANCE, WHERE WOULD YOU PRIORITIZE THE EXTRA SUPPORT?

	Total	% of Companies Adhere to Minimum Requirements	% of Companies Go Beyond Requirements	% of Companies View Compliance as Competitive Advantage
More effective training	42%	**50%**	**44%**	25%
Technology/software for better supply chain efficiency and compliance	29%	21%	**30%**	**37%**
Complete/team-wide access to the latest regulatory sources and manuals	18%	17%	15%	**25%**
Additional headcount	12%	12%	11%	13%

//PART 4

IMPLICATIONS

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IMPLICATIONS: SOLUTIONS TO ESTABLISH SUPPORT FOR DG COMPLIANCE

The risk associated with shipping and handling DG is greater than ever and DG pros need the proper technology, training and regulatory access to ensure they are moving goods in a secure, safe and compliant manner – and to do so efficiently.

As this year's Dangerous Goods Confidence Outlook suggests, obtaining the budget and resources to fuel these areas is not easy. In fact, it most likely requires buy-in from executive leadership.

But how do you get their buy-in?

It starts with changing the conversation around DG management.

CHANGING THE CONVERSATION

Changing the conversation means reframing the overall view of DG management within an organization. This begins with DG pros quantitatively demonstrating how their compliance program can reduce costs and increase revenue to make a positive contribution to the company's bottom line. Simply put, it is defining your company's total value of compliance.

The total value of compliance takes into account three factors relevant to any business engaged in DG transport:

- The costs of maintaining compliance throughout your supply chain, such as expenses for people, processes, compliance products, supportive software and technology, reporting, training and management
- The costs of non-compliance due to errors and lapses such as civil penalties, carrier refusal and delays, fines, remediation and higher insurance costs
- The opportunities of higher-level compliance-enabling differentiation, revenue growth and faster cash flows, such as implementing new products that are aligned with regulatory standards from day one, faster product delivery to customers, increased brand equity, and the ability to offer emerging or popular products that other companies who are less familiar with DG may have to avoid

LEVERAGING TECHNOLOGY TO INCREASE COMPLIANCE, SAVE TIME AND SHIP FASTER

As the report suggests, DG-based technology can enable confidence and cost savings. But there is more to this story:

Using the right technology for your specific situation creates transparency and visibility across every supply chain hand-off – driving incremental revenue and earnings.

With the dozens of tasks required to put a DG item into transport (e.g., item classification, training, regulatory rule access, permits, preparing, validating, document generation, carrier selection and more), significant inefficiencies, errors and delays can likely be found across each supply chain partner. There are technology solutions to help streamline these efforts.

INSIST ON DG TRAINING THAT ADDS REAL BUSINESS VALUE

The DG Confidence Outlook spotlights an alarming fact in the DG industry: For many companies, hazmat training is the single (and only available) resource for building and maintaining compliance. Unfortunately, DG pros do not typically give their training programs high marks. Here are a few ideas to make your training efforts pay off:

Use a training resource that has DG expertise

- The risk is high if your content is incorrect or outdated
- Make sure it is based on adult-based learning principles

Ensure your training content is relevant to your company

- Integrate your company's unique policies, procedures, industry, products, suppliers into the training
- Use functionality, tasks and examples unique to your situation

Get quantitative

- Measure your training cost per employee and set tangible goals to reduce
- Establish objective, quantitative metrics that show cost savings or revenue generation
- Enhance tracking, reporting, and certificate retention using a technology platform

NEXT STEPS

- eReport detailing 2018 DG Outlook available on our Symposium website for downloading
- Look for more insights later this year and into 2019
- We want your input on themes and issues you would like included in next year's Outlook