

Awareness of Seasonal Risk in the Supply Chain*

As the North American supply chain prepares to enter its busiest season, organized cargo criminals prepare to maximize opportunities to seize high-value shipments that will saturate the target-rich environment encompassing the remaining months of the year. In 2014, theft activity concentrated during the seasonal peak period of September through December with a cumulative 245 incidents; the greatest number of incidents, almost one third of the report period's total, occurred in October as the surge of products flooded the demand to support Black Friday. Two coveted commodities targeted every year at this time, Electronics and Clothing & Apparel, comprised 23% of the reported thefts yielding average loss values of \$1,376,750 and \$328,051 respectively. Additionally, Theft of Full Truckload constituted 89% of cargo theft in the United States with a majority of reported cases occurring at *Unsecured Parking* areas. Many events also included driver theft incidents involving either direct theft by the driver, the driver's voluntary collusion or complicity in the crime, or a deceptive criminal posing as a legitimate carrier resource. This Modus Operandi has evolved to often include drivers orchestrating mechanical failures, documentation of repair services, and the subsequent use of a viable alibi upon the arrival of Law Enforcement. This growing trend – surreptitious driver – warrants acute awareness as the shipping industry enters its peak season.

According to the American Transportation Association (ATA), driver turnover rate for large truckload companies reached 96% percent at the end of 2014. As the population of drivers in the United States continues to age – experiencing more drivers retiring than entering the force – this trend will continue to serve as a huge disadvantage and security risk to an organization's supply chain.

Fictitious Pickups continue to be a growing threat in our industry. The frequency of *Fictitious Pickups* increased sharply from 2011 to 2012, and have remained on a relatively constant increase ever since. During the 2014 pre-holiday peak, 13 cases of *Fictitious Pickups* were reported in the United States totaling over \$2.2M in lost cargo. *Electronics* and *Clothing & Shoes* were targeted in 38% of these crimes. These low-risk, high-reward incidents continue to be relatively easy (for the criminal) to organize, while becoming increasingly problematic for enterprises to endure.

The peak season of September to December recurrently infuses risk, chiefly brought about by the supply and demand imparted on transportation operations. Limitations on available carriers often necessitates brokering (as well as re-brokering to the second, third, and sometimes fourth order). Logisticians, Transporters, and Security Professionals can combat this threat by taking a proactive approach to cargo security. Awareness of the threat is integral. Exercising proper due diligence when sourcing carriers is essential. In addition, ensuring that all participants in the supply chain comply with industry best practices is paramount. The organized criminal dedicates an inordinate amount of time to surveillance, preparation, and rehearsals; we must dedicate ample resources to proactively combat this growing threat.

*Unless otherwise noted, all information has been sourced through the FreightWatch International Supply Chain Intelligence Center (FWI SCIC).