

Glossary of Terms Associated with Supply Chain and Logistics in Canada



Advanced shipment notice (ASN) – Shippers send this document (usually via EDI) to the receiver prior to the departure of the shipment. The ASN contains all the information about the upcoming shipment and the contents.

Backhaul – This refers to the return trip of a commercial truck that is carrying cargo back to its originating location. Efficient backhauling helps carriers maximize revenue by ensuring trucks don't return empty, though the rates are typically lower than those of the original delivery.

Bill of Materials (BOM) – A BOM is a comprehensive list of raw materials, components, and quantities needed to manufacture a food or beverage product. It is essential for supply chain planning and inventory management.

Blanket purchase order – This type of order from a company involves a long-term contract. Instead of making repeat orders individually, companies can set routine shipments from a company for regular intervals of time.

Canadian Food Inspection Agency (CFIA) requirements – These are regulatory standards that carriers must meet when transporting food products within Canada, including vehicle requirements, temperature controls, and documentation.

Chargeable weight – This is the measurement used by freight carriers to determine the price when goods are shipped. The chargeable weight is usually connected to the gross weight of a shipment.

Clean bill of lading – This is a receipt for goods issued by a carrier that contain no negative comments or notations about the condition of the goods or packaging.

Cold chain – This term refers to the temperature-controlled supply chain process used to maintain quality and safety of perishable products from the point of origin through the distribution chain to the final consumer. Any breach in the chain can impact food safety and quality.

Commercial Vehicle Operators Registration (CVOR) – This refers to an Ontario-specific monitoring system for truck operators that tracks operator/vehicle performance related to safety.

Consignee – The entity *receiving* the goods, the consignee can also play the role of the middle person who retains the goods to pass along to another party or final buyer.

Consignor – The consignor is the individual or company that is *shipping* the goods..

Cross-docking – This is a logistics procedure where products from a supplier or

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manufacturing plant are distributed directly to a customer or retail chain with marginal to no handling or storage time. Goods typically spend less than 24 hours in the cross-dock facility.

Customs Self Assessment (CSA) – The CSA is a program designed by the Canada Border Services Agency to streamline the importing process for pre-approved importers, carriers and registered drivers.

Deadhead – This term refers to a semi-truck with an empty trailer. Deadhead trips are ideally kept to a minimum for carriers, as empty trailer trips can be dangerous and result in profit loss.

Demurrage – This is an extra charge given to the consignee for various container issues. Some common demurrages are connected to late container returns and overweight or damaged containers.

Detention Time – This term refers to charges applied when a carrier's equipment (e.g., truck and trailer) is held up beyond the agreed-upon free time for loading or unloading at a shipper's or receiver's facility.

Dwell time – The dwell time is the amount of time a shipment spends at a specific location, This is particularly important for perishable goods where extended dwell times can impact product quality.

Electronic data interchange (EDI) – The EDI is the important “paper replacer” in the logistics industry. Rather than sending all information on paper, the EDI allows businesses to process and send documents (e.g., purchase orders and invoices) electronically.

First In, First Out (FIFO) – This inventory management method is particularly crucial in food logistics where the first items received are the first ones shipped out, helping ensure proper product rotation and minimizing spoilage.

Food grade transportation – This term refers to vehicles and containers that meet specific sanitation requirements for transporting food products, including proper cleaning protocols and maintenance records.

Food Safety Modernization Act (FSMA) – While this is US legislation, it impacts Canadian food and beverage companies exporting to the US, particularly regarding sanitary transportation requirements.

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Forward haul – The forward haul is the primary delivery run of a truck from its starting point to its destination, typically carrying a full load. This is usually the more profitable portion of a truck's journey, compared to the backhaul.

Free on board (FOB) origin and destination – FOB is a term indicating who has liability once a product has left the seller's warehouse. *FOB origin* means that if damage occurs to a product during shipment, the buyer will have to cover the costs. *FOB destination* means the liability remains with the seller until the product reaches its destination.

Freight forwarder – The freight forwarder is a company acting as an intermediary between the original company making the shipment and the final destination for goods. Freight forwarders generally buy large quantities of space on ocean carriers at a discount price and then handle all the processing of documents to help make the shipping process run smoothly.

Full truckload (FTL) – This term refers to freight service in which goods from one shipper fill an entire truck. This service typically provides faster delivery times than LTL since the truck moves directly from point A to point B without additional stops.

Grade crossing – This is a railway crossing where a road and railway tracks intersect at the same level, common in Canadian rail transport and subject to specific safety regulations.

Gross weight – The gross weight is the total weight of the package or shipment, including the container.

HACCP (Hazard Analysis Critical Control Points) – This is a systematic, preventive approach to food safety that identifies physical, chemical, and biological hazards in production processes that can cause finished products to be unsafe. It also designs controls to reduce these risks to a safe level.

Hours of Service (HOS) – These are Canadian regulations that specify the maximum driving time and minimum working time for commercial vehicle operators, with specific rules for carriers transporting perishable goods.

Interchange – The interchange refers to the transfer of equipment (e.g., trailers, containers) between carriers, particularly relevant at points where shipments transfer between truck and rail transport.

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Intermodal transport – This refers to moving freight by using multiple forms of transportation (e.g., ships, railways, planes).

International Registration Plan (IRP) – The IRP is an agreement between Canada and the US for registering commercial vehicles operating between both countries, allowing carriers to operate across borders with a single registration.

Last mile food delivery – The final step in the food supply chain, this term refers to delivering products to restaurants, retailers, or end consumers, often with specific temperature and timing requirements.

Lead time – This refers to the total time between when an order is placed and when it is delivered. In logistics, this includes processing time, picking time, and transit time.

Less than truckload (LTL) – This term applies to freight service for relatively small loads or quantities of freight, typically between 150 and 15,000 lbs. Multiple shippers share space on the same truck, making it more economical for smaller shipments.

Load tender – A load tender refers to the process of offering cargo to multiple carriers in order to find the best price. This process is key because it allows shipping companies to explore offers while still retaining the ability to accept or reject the service.

Logistics – **Logistics** is a subsection of the supply chain that focuses on the physical distribution of a product to and from destinations.

Pro bill – Short for Progressive Bill of Lading, this is a freight bill and contract of carriage issued by regulated carriers that serves as a receipt for goods and contract for transportation. It includes details about the shipment, routing, and charges.

Proof of delivery (POD) – This is the process that creates the documentation validating the receipt of goods between the supplier, distributor and customer. This documentation helps ensure that all the goods being transported are accurately accounted for.

Quality Management System (QMS) – This is a formalized system that documents processes, procedures, and responsibilities for achieving quality policies and objectives, particularly important in food grade logistics.

Reefer monitoring – This term refers to systems used to track and document temperature conditions during transport of refrigerated goods. These systems typically provide real-time data and alerts if temperatures deviate from specified ranges.

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Request for Proposal (RFP) – Documents companies create RFPs to attract the best 3PL company for their specific needs. RFPs detail what the company is looking for, an overview of the project specifics/history and timelines.

Reverse logistics – This term refers to the process of moving goods from consumers back to the sellers. Depending on the specific reason for the return, the process can end with the distributor or the manufacturer. Goods that go through the reverse logistics process are typically used for resale or recycling.

Scalability – This refers to a company's ability to meet its needs during times of both high demands and low demands. In logistics, this means having plans for warehousing/shipping that align with busy seasons and slow seasons.

Shipping lanes – These are established routes between ports or locations that are frequently used for moving freight. In land transportation, these are typically major highways and rail corridors that connect key distribution centres and metropolitan areas.

Supply chain management – This process contains logistics, but also involves procurement, production and related financial transactions.

Supply chain mapping – This refers to the process of documenting information about the organizations and activities involved in bringing a product from supplier to end customer, including the flow of materials, information and money. This helps identify bottlenecks, risks and opportunities for improvement.

Tare weight – The tare weight is the measured weight of an empty vehicle or container.

Temperature mapping – This process involves documenting and analyzing temperature variations within a storage area or transport vehicle to ensure proper temperature maintenance for food products.

Temperature-controlled freight – This term refers to shipments that require specific temperature ranges during transport, common in food and beverage logistics. This includes refrigerated ("reefer") and frozen transportation services.

Third-party logistics (3PL) – This is a broad term used to describe a company that manages all aspects of logistics, from warehousing to shipping, for another business. Companies hire 3PLs to take care of any facet of logistics.

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Track and trace – This is the ability to verify the past or present location of food items to determine what path they've taken through the supply chain, crucial for food safety and recall management.

Waybill – A waybill is a document issued by a carrier providing details and instructions relating to the shipment of a consignment of goods. It includes the names of consignor and consignee, origin, destination, route, and charges. Unlike a bill of lading, a waybill is not a document of title.

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