Transportation Management’s Seven Deadly Sins

And the Road to Redemption

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- And The Road to Redemption

Most Canadian transportation managers readily confess they could improve their behavior. They are especially aware of the 7 areas where they are lacking—but, ‘cost’ and ‘complexity’ are often cited as reasons to post-pone improvement. These are often seen as insurmountable obstacles to reducing expenses and improving operations. So much so, that resignation can set in ... “That’s just the way it is”. Shipping sinners, repent!

7 Shipping Sins

1. Tendering Freight Infrequently  
2. Not Maximizing Buying Power  
3. Inefficient Network Design  
4. Static Routing Guides  
5. Limited Use of Systems  
7. Cursory Invoice Audits

Nowhere To Hide

Changes in technology are taking place in all facets of our lives. So it’s no surprise that developments in transportation technology are providing low risk, high ROI solutions to reduce costs and increase service levels. The culmination of software, computing and specialized expertise is power-washing shipping sins away.

Expert Managed Services, when combined with SaaS, Cloud or Hosted Transportation Management Systems (TMS) provide a highly compelling solution with the potential to significantly impact traditional shipping practices.

Old-school, pencil & paper dependent operations are poised to be replaced with tireless, precise and efficient transportation systems. Today, proven solutions exist in the market to realize significant efficiencies. However Canadian shippers have been slower to adopt these than their US counterparts. Redemption is nigh!
**SIN ONE. Infrequent Freight Tenders**

How Often Do You Tender Your Freight? Be honest. Tendering your freight every 2 years is an industry best practice. Most shippers will say that they tender their freight and negotiate rates on a “regular basis”—in reality, their reviews are not conducted frequently or comprehensively enough to control costs and improve service. And until now, the fallback excuse has been that professionally executed tenders are time consuming, complex and require significant analysis. Few shippers have the time, tools, analytical resources and experience to conduct a superior bid process.

The good news is, outsourced experts have the tools and bandwidth to make timely RFPs pay off with dividends.

**SIN TWO. Not Maximizing Your Buying Power**

Most multi-location Transportation Managers attempt to increase their leverage with carriers by channeling more business to them. However as the number of locations rises, overseeing and enforcing this practice can be daunting; corporate culture, organizational responsibilities and personal relationships can also make it hard to accomplish.

Aggregating volumes across multiple shippers is also a tantalizing prospect, yet without a third party positioned to manage this, it can become very difficult for shippers to accomplish unaided.

So while the value of increasing the leverage of one’s buying power is well understood, there are often a number of obstacles hindering it truly happening.

**SIN THREE. Inefficient Network Design**

In an effort to cope with chaos and conflicting demands, the average Transportation Manager trades efficiency for simplicity. And understandably so—evaluating the myriad of trade-offs needed to select the best carrier for every shipment with a pencil and paper is impossible. Consequently, simple easy-to-understand solutions are used in favor of more cost effective, albeit complicated solutions.

For example, carrier A may be more cost effective for LTL loads up to 5,000 lbs, but carrier B is more cost effective for 5,000+. But if the Transportation Manager is concerned that loads will not be dispatched accurately only 1 carrier will be used, and savings will be lost.

It is also interesting to note that one shipping sin begets another. The outcome of a sub-optimal RFP process (Sin One) is that the shipper will not be aware of the potential savings associated with carrier B in this example.
SIN FOUR. Static Routing Guides

Static Routing Guides are not the ‘necessary evil’ they’re made out to be. These bibles of carrier selection are over-simplified by design, and ripe with arbitrary rules. For example, a guide might state that shipments less than 75 lbs should go via a parcel carrier. If 75 lbs is the actual point where a parcel carrier becomes less expensive, it is purely by coincidence. It could just as easily be 50 lbs, as 122 lbs and likely a different value for every shipment.

Given advancements in computer software and hardware, Dynamic Routing Guides—powered by software and computer chips—do the heavy lifting. On the fly, these systems identify the exact cut-off weight for every shipment depending on the origin, destination and service level required.

In turn, 2–6% savings may be generated by SaaS solutions dynamically optimizing carrier selection for each load. For shippers with transportation expenses over $1M these savings are significant.

SIN FIVE. Limited Use of Transportation Management Systems (TMS)

Non-believers will say Transportation Management systems are prohibitively expensive and difficult to implement—with licenses to buy, maintenance contracts and hardware purchases. (Not to mention getting their over-tasked IT group to focus on implementation.) The result is that most Canadian shippers are not realizing the benefits a TMS provides their transportation processes.

It is true that for TMS applications work well, they must be implemented and maintained correctly. This requires experienced and dedicated users capable of operating the system, a further and significant cost. Even new “Cloud” or Software-as-a-Service (SaaS) solutions require expert users to utilize and maintain the application.

For shippers without a significant critical mass of volume, these investments can be daunting. However, there are now hybrid solutions available—that blend systems and outsourced power-users—to bring these capabilities within reach of any shipper with a transportation spend over $1 million.

SIN SIX. Stuck-in-the-Past Manual Processes

The biggest sinners are stuck in the past. Many of their business processes are still highly manual—from creating bills of lading, to carrier load tenders and receiving hard copy invoices. The path to redemption is paved with electronic integration between shippers and carriers. Many of these processes can be streamlined and eliminated with the use of systems. Web-portals have proven to be an effective work-around solution for even the most primitive carriers. However as seen above, implementing systems or EDI solutions requires focus and expertise.
**SIN SEVEN. Cursory Invoice Audits**

Few shippers would confess that they don’t audit their invoices. As receiving, entering and analyzing predominantly manual invoices can be a time consuming and tedious job for anyone, the reality is that often audits are done on a sample or cursory basis. And if they are auditing, the issues become: how comprehensive are the audits? and; how robust is the information garnered?

In a comprehensive audit not only are the rates compared against the contract, but all accessorial and fuel surcharges are checked; duplicate invoices are caught; missed consolidations are identified; cube rating is checked; and a host of other more complicated items are reviewed.

Recent studies show that less than 1.5% of invoices contain errors, but that these errors represent 2% of freight spend. Without a highly automated and efficient audit process it can be difficult to catch the few with errors. As freight spends grow, this 2% savings can be a material number.

**The Path to Salvation: MTS-X**

Shipping sinners, big and small, you can change your ways. Help is here.

Transportation experts such as Nulogx are now offering a solution that packages both Managed Services and a TMS which overcomes the 7 sins and more. This low-risk, high ROI approach has been developed and proven in the US over the last decade and is now available from Nulogx for the first time in Canada.

What makes this unique and compelling is that these services: i) provide a clear, low-risk and significant ROI; ii) are offered without up-front costs and/or license fees: and iii) let shippers maintain complete visibility and control over the carriers they use.

Your savings will be benchmarked and validated prior to implementation so you know what the benefits will be and where they will come from before you make a commitment. You will start saving as soon as your solution is implemented, and the only cost to you will be the lowest possible transaction fee; one that can be offset several times over by your resulting savings.

The Nulogx MTS-X service will enable your organization to aggregate demand, develop highly cost effective networks, optimize shipments and manage compliance. More than that, carrier invoices will be audited comprehensively and accurately — and extremely robust transportation business intelligence reports will provide operating insights like you have never had before.

Even better, Nulogx also eliminates the risks and challenges associated with implementing and maintaining the systems required to operate your more efficient network. They are the experts who have installed and run this application many times over—so why not let them do the work for you.

While all of this is being achieved, you maintain complete visibility and control of your transportation network, the carriers that are used, and how much those carriers are compensated. **Hallelujah!**
Helping You Be Your Best: nulogx

Nulogx is a Canadian-based leader in North American transportation management solutions. It has distinguished itself by providing unparalleled insight, and best-in-class transportation solutions, to over 100 North American shipping clients. The end result: improving clients’ transportation processes and reducing costs.

Nulogx delivers unprecedented levels of service to North American shippers through the combined value of a best-in-class TMS Application, expert Managed Services, and the largest Freight Audit and Payment service in Canada. Its business model is “Save As You Go”. To enjoy these benefits requires minimal up-front investment in systems, staff or other resources—so you generate savings almost immediately. Nulogx’s transaction-based pricing is quickly off-set by freight savings, creating an instantaneous and low-risk ROI for your company.

Contact Us:
To learn more about how your company can implement Transportation Best Practices and directly benefit from working with Nulogx, contact Doug Payne, CEO at doug.payne@nulogx.com or call 905.486.1162

http://www.nulogx.com
http://www.cgfi.ca

TRANSPORTATION ASSESSMENT:
Nulogx is offering qualified companies a free benchmark of their shipping costs against the CGFI index. By doing this you will learn how your costs compare to the market in general, as well as the source of this variance (e.g. carriers, regions, origins).

With one simple and easy assessment you will have the ability to gain insight into potentially large cost savings opportunities.