

OPTIMIZING YOUR SHIPPING STRATEGY



Developing a successful less-than-truckload (LTL) strategy is like trying to hit a moving target. At the same time your business' shipping needs are evolving with market demand, carriers are adjusting as well. If you aren't periodically re-evaluating your LTL procedures, you could be missing out on possible savings. This process, commonly referred to as a freight audit, can help realign your business' shipping strategy with your overall business strategy, freight portfolio evolution, as well as check that you're paying fair market value. The goal is to ensure you're making the best transportation decisions possible, and to identify opportunities for more efficient freight procedures.

When to execute a freight audit.

Freight experts typically recommend conducting an FSA at least once a year, but there may be other times when an FSA is a smart idea.

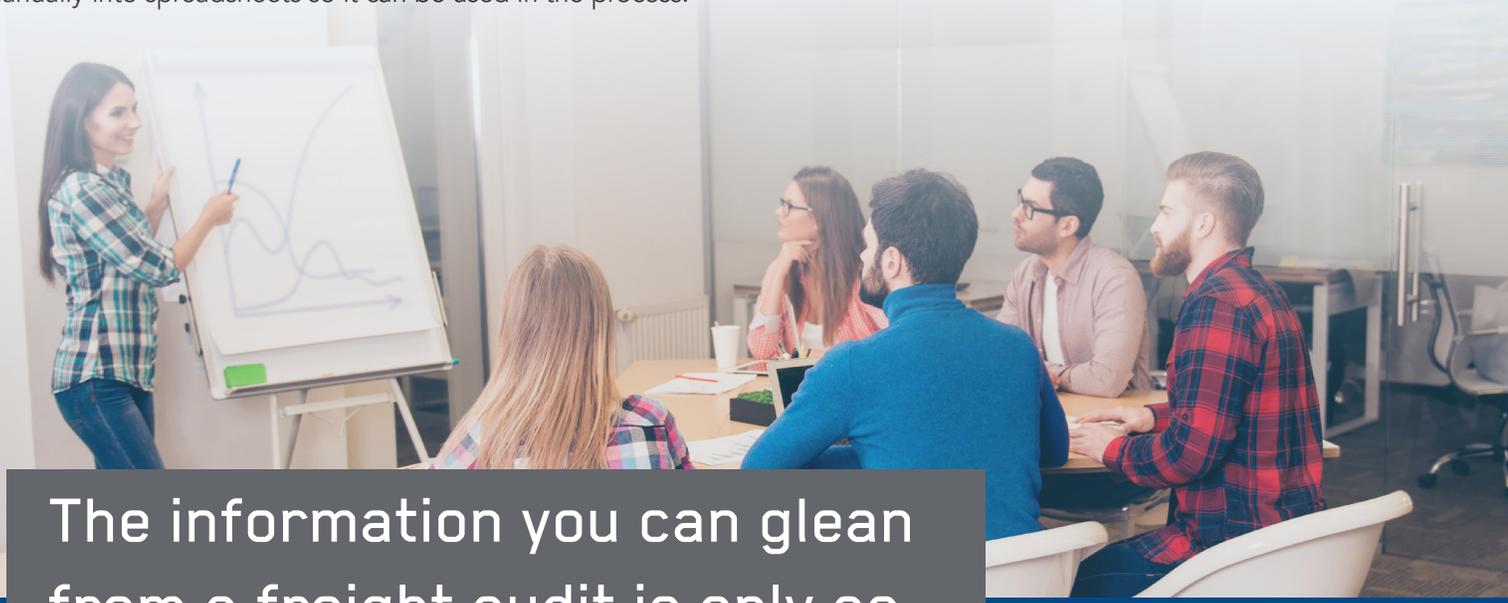
- **Reorganization and restructuring:** When new personnel come into your company, a freight audit can create a baseline from which to measure their impact and performance.
- **Acquisitions and mergers:** When two companies come together, it can mean an increase or decrease in shipping needs for either company. A freight audit can help find the most efficient balance.
- **Changes in orders:** New product launches or other sudden spikes in demand can affect order sizes and the way shipments are packaged. A freight audit can help you rethink your fulfillment and shipping process.
- **Growth:** As your business grows and develops, so do your shipping needs. If you experience a period of intense growth, a freight audit can help ensure you're keeping up with demand in the most efficient way possible.
- **Failing routing guide:** Your routing guide should evolve with your business and with industry changes. An audit can help with keeping your policies up-to-date.

Preparing for a freight audit.

The key to a successful freight audit is starting with accurate historical shipping data. If you haven't already, you should immediately start creating, maintaining and gathering accurate shipping data. The information you can glean from a freight audit is only as good as the data you start with. While your business may be able to undergo the process with as little as three months of records, a year or more is advisable. Shipping records should include:

- Origin, name, city, state and zip code
- Destination name, city, state and zip code
- Ship dates
- Weights
- Freight class
- Historical costs (line haul, accessorials, fuel, etc.)
- Mileage
- Frequency
- Size/weight
- Daily/weekly/monthly volumes
- State and regional volumes

If your business is fortunate enough to have a transportation management system, or ships exclusively through a freight service provider, this data may be readily available. If not, you may have to gather carrier invoices and input data manually into spreadsheets so it can be used in the process.



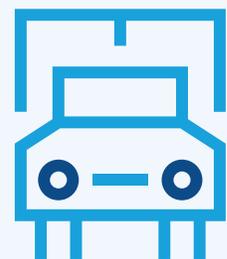
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Completing a freight audit.

Not only do you need accurate data for a freight audit, but you also need the expertise to interpret it. While you may have staff that can develop helpful charts, graphs and other ways to visualize data, a logistics provider can offer a more thorough assessment.

In a best-case scenario, the assessment may confirm that your business is running efficiently and cost effectively. In other instances, you may be able to spot inconsistencies or a transportation system under stress.

A deep dive into the data will provide a clear understanding of the supply chain and trends.



IDENTIFYING OPPORTUNITIES.

Freight audits typically identify LTL savings in four particular areas. Starting with mode optimization, these are in order of where to look for efficiencies first.

Mode optimization.

This can often be the area where you can see the most significant savings. Freight audits can help you determine the most cost-effective mode for every shipment. If your company has a lot of variety in shipment weights or sizes, you may not be efficiently rating and managing your LTL shipments. For example, if a shipment is particularly low weight, you may see significant savings by shipping it parcel instead of by truck. Or particularly heavy loads may be cheaper to send via consolidation or truckload (TL) instead of LTL.

Types of packaging.

Freight tends to change hands numerous times and is moved primarily by forklifts. To avoid breakage and failed packaging, freight need to be well-packaged to utilize LTL shipping. The type of packaging depends on the value of the freight. The more valuable, the better the packaging. Your freight audit can help identify ways in which to better package your freight to keep it compact while still avoiding damage.

Freight tends to change hands numerous times.

Multi-stop truckload.

Companies shipping a large volume of LTL may see efficiencies by switching some of those shipments to multi-stop truckload. This is especially true if you're able to aggregate shipments first. By employing multi-stop truckload, you end up with a smaller number of large shipments replacing a large number of smaller shipments.

Consolidation/pool distribution.

If you have consistent volume from the same region, a freight audit can help you decide if pool distribution can provide efficiencies. By consolidating shipments at a centralized warehouse, you may be able to bypass a long-haul LTL network and replace it with a combination of full truckload shipments and cheaper regional LTL carriers.



Freight service providers have thousands of connections and can do the shopping around for you.



Implementing efficiencies.

Freight audits can identify opportunities for savings, but they won't be realized until you develop processes and guidelines within your organization for choosing the best LTL shipping solutions. Your audit can also be a conversational tool to help educate all employees within the organization about how operational activities impact transportation rates so they may be able to identify efficiencies in the future.

Using a freight service provider instead of working directly with carriers is another way to implement efficiencies. They have thousands of connections and can do the shopping around for you.

About us:

Based in Kansas City, MO, Freightquote is a freight service provider that offers powerful yet easy-to-use online shipping tools, as well as a full-service team of highly responsive freight experts that deliver convenient, one-stop shopping for LTL, truckload and intermodal freight. Freightquote provides customers with streamlined and efficient capabilities to compare competitive rates from multiple contract carriers, book and track shipments and receive dedicated customer service. As a company of C.H. Robinson, Freightquote's stability and resources are strengthened by being part of one of the world's leading 3PLs.

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