

Use Your Data to Improve Logistics Processes and Profits



TGSA LOGISTICS WHITE PAPER

You generate valuable information every time you ship. Don't let this data sit in the cloud, use it to improve your processes and reduce shipping costs. Identify trends before they become problems.

“The most meaningful way to differentiate your company from your competitors, the best way to put distance between you and the crowd is to do an outstanding job with information. How you gather, manage and use information will determine whether you win or lose.”—Bill Gates

Profit from Shipping Smart

When you ship freight, how do you ensure you are getting the best value? Value entails a combination of price, service, transit time and reputation of the carrier. It also entails the amount of time you and your staff spend obtaining quotes and setting up shipments. All of these things impact the total cost of shipping. Most shippers intuitively believe that it is a good idea to get several quotes, especially if you ship to many locations with no real concentration on specific lanes. Individual carriers may offer significantly different rates on the same lane based on their own load balancing needs. If a carrier has a lot of business going to a specific destination, they will not likely be offering robust discounts on that lane. However, if they have limited loads, you have a good chance of negotiating a lower price than with a carrier that has a lot of business on that lane. The idea of checking with more than one carrier makes sense and may result in savings.

How to go about getting those multiple quotes, comparing them and deciding which carrier to choose? One way is to call or send emails to multiple carriers asking each of them for a quote (Fig. 1). When you get the responses, you choose the lowest price and tell them to come pick up your freight. This spot pricing method takes a bit of time and coordination, especially when you are handling multiple shipments each day. It also means that you will need to have an account and some sort of negotiated pricing with each of the carriers you are asking to quote. Other limitations to this method include multiple invoices and a lack of meaningful relationships with your carriers.

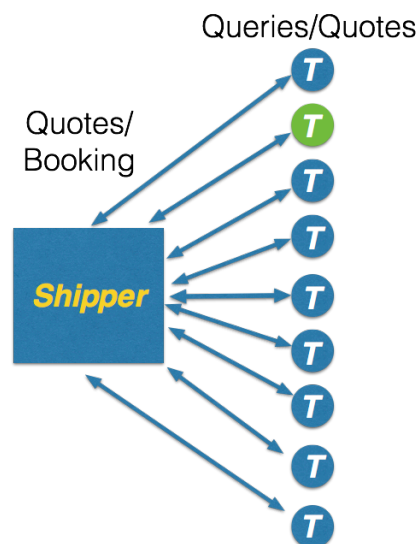


Figure 1. Sending multiple quote requests to carriers, evaluating and then awarding the business takes up valuable time.

A Better Way to Handle Multiple Quotes – use a TMS (Transportation Management System)

Is there a way to get multiple quotes without spending so much time and effort asking for quotes, reviewing them and then awarding the business? In a word, yes. If you use a Transportation Management System (TMS) you can enter the shipment information on your shipment once and get immediate quotes from multiple carriers (Fig. 2). You can select the carrier you want and get your shipment underway in about a minute. In addition to saving time and reducing stress, the TMS will permit you to print the BOL and Labels so your shipment is ready for the driver to pick up. You access the TMS via the web, so there is no special equipment to purchase. You will need accounts with each carrier and you should negotiate your own rates with them. The TMS will typically permit you to track shipments on all carriers, and it can also capture the quote information for reference later. Perhaps the most commonly overlooked, the data from all of your shipments is captured and retained in the TMS, so you can produce reports at the end of the month or on demand.

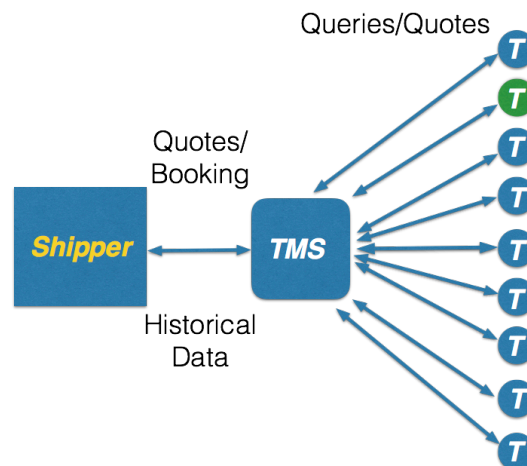


Figure 2. Using a TMS saves time by entering the quote request, receiving multiple quotes assigning the load and printing BOL and Shipping Labels in less than a minute

Beyond the TMS – Using a 3PL

TMS systems are commonly web based and very easy to use. They usually require a monthly fee depending on the number of users and monthly shipments. There may also be a fee for setting up your carriers in the system to get started. What else can you do to improve your logistics system? If you utilize the services of a 3PL, you will often be able to get a TMS system for no charge as long as you book with their carriers. The 3PL is bringing much more business to the negotiating table than you will alone, so their rates are likely to be lower than yours. So, you get lower rates, spend less time quoting and booking as well as all the other benefits of a TMS while saving money. You also get a single invoice each month covering all of your shipments.

3PL's Help You Select the Best Mode at the Best Price

With a 3PL, you also have access to a knowledgeable staff who can help you when your loads might be better served with a partial truckload or full truckload quote. Some 3PL's provide for putting your carriers in the TMS alongside their carriers and all the carriers bid against each other. If your carrier is selected, you will receive a bill from them and deal directly with them for any service issues. If you use the 3PL's carriers, you get a combined invoice from the 3PL.

Data Stuck In the Cloud Is No Earthly Good

Your logistics system is constantly generating data including pricing by lane, cost per pound, "geographic center of gravity," and much more. To ignore this information is to lose a great opportunity to understand your system at a deeper level and make informed decisions to improve your performance. Whether it is a big deal like establishing a new distribution center that will result in shorter delivery times at less cost or relatively simple things like combining loads to take advantage of weight breaks, you will benefit greatly from mining the information your system contains.

Data Must be Processed and Evaluated Properly to Be Useful

TGSA can help organize, analyze and utilize your data. TGSA arranges for our clients to work with major 3PL's providing access not only to their robust TMS systems, but also their volume based pricing. You get all the benefits of a TMS, plus better rates. You also get custom analysis of your data prepared by TGSA from the information captured and stored in the TMS.

When your information is exported from the TMS, it comes out in a spreadsheet with no formatting, filtering or meaningful summaries (Fig 3).

Client	Housebill	Shipment Date	Svlv	Consignee Name	Consignee Zi	Shipper Zip	Status	Chargeable V	Invoice Total
Acme Widgets	9947924	2/10/15 13:00 LT	AAA	85043	93550	CAN		875	
Acme Widgets	9956135	3/31/15 13:00 LT	BBB	85043	90280	CAN		730	
Acme Widgets	9963085	5/18/15 13:00 LT	CCC	7724	85043	CAN		357	
Acme Widgets	9969573	6/22/15 13:00 LT	DDD	90023	85043	CAN		250	
Acme Widgets	1234544	7/18/16 13:00 LT	EEE	76106	85043	CAN		353	157.19
Acme Widgets	1235322	7/22/16 13:00 LT	FFF	69160-0001	85043	CAN		284	
Acme Widgets	1243465	9/15/16 13:00 LT	AAA	45459	85043	CAN		403	
Acme Widgets	1237401	8/5/16 13:00 LT	BBB	33126	85043	DEL		200	173.04
Acme Widgets	1239719	8/22/16 13:00 LT	CCC	55075	85043	DEL		590	191.57
Acme Widgets	1239999	8/23/16 13:00 LT	DDD	27526	85043	DEL		648	229.94
Acme Widgets	1240422	8/25/16 13:00 LT	EEE	97922	85043	DEL		216	125.11
Acme Widgets	1240642	8/26/16 13:00 LT	FFF	7724	85043	DEL		805	408.44
Acme Widgets	1240647	8/26/16 13:00 LT	AAA	40601	85043	DEL		150	141.83
Acme Widgets	1240778	8/29/16 13:00 LT	BBB	50112	85043	DEL		320	165.74
Acme Widgets	1241119	8/31/16 13:00 LT	CCC	37421	85043	DEL		2022	548.07
Acme Widgets	1241140	8/31/16 13:00 LT	DDD	53821	85043	DEL		150	142.46
Acme Widgets	1241152	8/31/16 13:00 LT	EEE	76106	85043	DEL		1234	325.84
Acme Widgets	1241163	8/31/16 13:00 LT	FFF	71115	85043	DEL		620	
Acme Widgets	1241180	8/31/16 13:00 LT	AAA	43311	85043	DEL		465	247.2
Acme Widgets	1241222	8/31/16 13:00 LT	BBB	65203	85043	DEL		405	148.79
Acme Widgets	1241332	9/1/16 13:00 LT	CCC	60502	85043	DEL		97	131.37
Acme Widgets	1241348	9/1/16 13:00 LT	DDD	91761	85043	DEL		314	125.67
Acme Widgets	1241359	9/1/16 13:00 LT	EEE	89502	85043	DEL		450	158.77
Acme Widgets	1241383	9/1/16 13:00 LT	FFF	62286	85043	DEL		109	131.37
Acme Widgets	1241385	9/1/16 13:00 LT	AAA	84651	85043	DEL		244	125.67
Acme Widgets	1241640	9/2/16 13:00 LT	BBB	43311	85043	DEL		142	174.01
Acme Widgets	1241789	9/6/16 13:00 LT	CCC	76155	85043	DEL		218	142.46
Acme Widgets	1241792	9/6/16 13:00 LT	DDD	76106	85043	DEL		1302	340.47
Acme Widgets	1241799	9/6/16 13:00 LT	EEE	55075	85043	DEL		167	142.46
Acme Widgets	1241819	9/6/16 13:00 LT	FFF	95361	85043	DEL		213	155.06
Acme Widgets	1241825	9/6/16 13:00 LT	AAA	7724	85043	DEL		1145	564.73
Acme Widgets	1242000	9/7/16 13:00 LT	BBB	53821	85043	DEL		480	228.84
Acme Widgets	1242005	9/7/16 13:00 LT	CCC	69160	85043	DEL		307	154.07
Acme Widgets	1242007	9/7/16 13:00 LT	DDD	37421	85043	DEL		269	182.84
Acme Widgets	1242015	9/7/16 13:00 LT	EEE	65203	85043	DEL		742	294.7
Acme Widgets	1242303	9/8/16 13:00 LT	FFF	63382	85043	DEL		2708	777.43
Acme Widgets	1242473	9/9/16 13:00 LT	AAA	60502	85043	DEL		152	142.46

Figure 3. Lots of data, not much help

TGSA takes your data and processes it through software that produces reports which yield important insights to your logistics program. These reports are reduced to Key Performance Indicators (KPI's) which are published monthly and reviewed with management to spot trends early and make necessary adjustments to your processes (Fig. 4). These reports are provided at no cost as long as you are shipping with one of TGSA's partners. If you would like to have other data included which has not been captured by the TMS, this can be done for a fee.

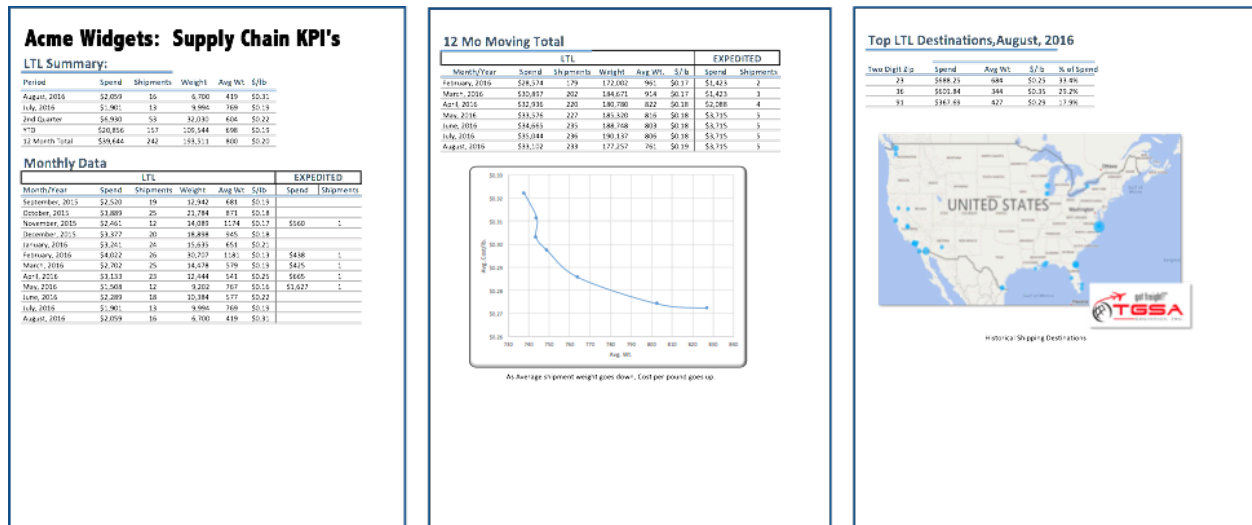


Figure 4. Easy to read Dashboard reports provide previously unseen insights to your logistics system

In addition to the Dashboard reports, other reports let you dig deeper to discover additional opportunities for improvement and cost savings (Fig 5). TGSA prepares and helps you interpret these reports so that you get maximum benefit from your data.

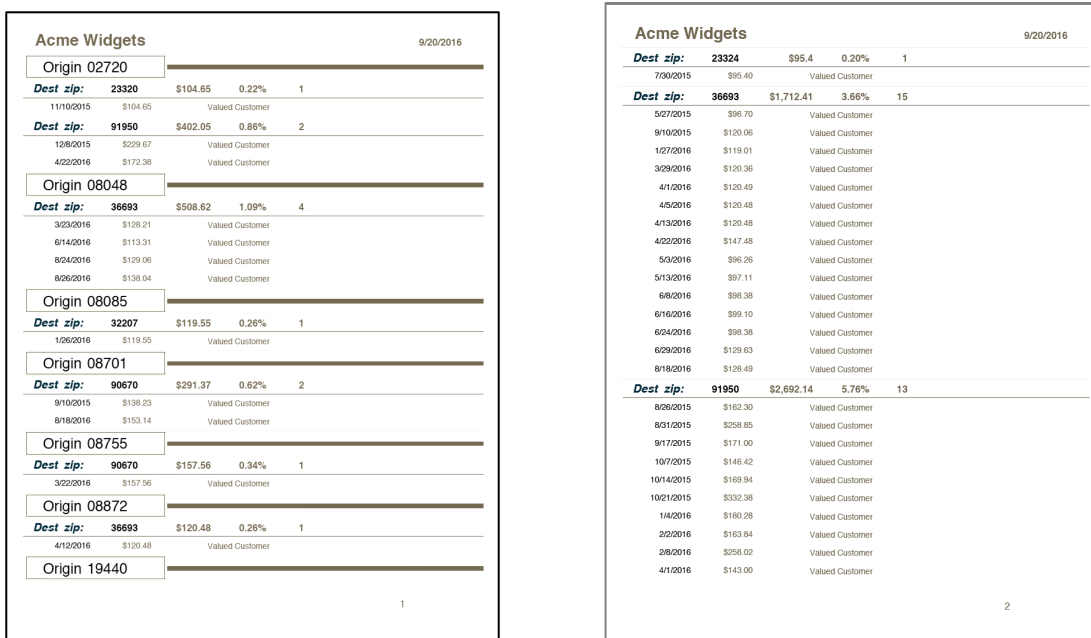


Figure 6. Additional reports let you dig deeper for more sophisticated analysis

TGSA's process is shown in Figure 5 below. The shipper uses the TMS to obtain quotes and book and track their freight. The data captured in the TMS is downloaded and processed by TGSA. Easy to read "dashboard" reports are provided to management with more comprehensive reports available as required. The results are reviewed monthly with management and recommendations for improvements in the logistics system are presented.

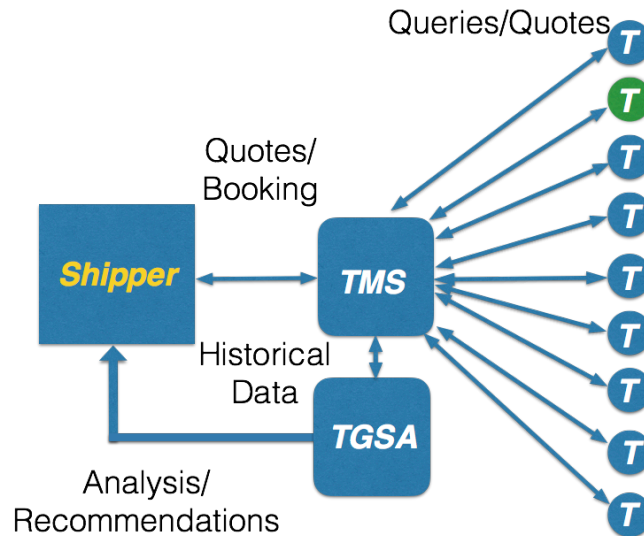


Figure 5. Using a TMS to quote, book and capture data then having TGSA filter and analyze the data pays dividends in process improvement and lower costs.

Bottom line, simplify your freight booking processes and reduce pricing by using a TMS provided by a 3PL. Capture the knowledge that your historical data contains, analyze it and take actions that will improve your processes and your profit.

TGSA is There When You Need Help or Advice

At the beginning of this paper, "value" was mentioned as being beyond just the price to include reliability, ease of use, availability of help when needed and so forth. In addition to bringing added value by helping you benefit from the data you are generating with each shipment, TGSA is able to work with you when you need to switch modes or evaluate a new distribution plan. If you typically ship LTL but suddenly have a need for an expedited air shipment for an important order, TGSA can help you move that without having to start from scratch. TGSA's 3PL partners will provide the same reliable service and significant buying power whether you ship by air, ocean, truck or intermodal. International and domestic services are also easily handled.

If you'd like to know more, contact the author, Ted Shown, at ted@tgsalogistics.com and start harnessing your data to improve profits.