



By Dan Goodwill

# Time to Become a “Shipper of Choice”

Tight freight capacity is being experienced across North America and it is likely to continue for another year or two. There are several reasons for this, including the ongoing driver shortage and the looming ELD mandate.

Year after year, older drivers are retiring with fewer younger drivers taking their places. The work is difficult—it involves working long hours, driving long distances, being away from family for long periods of time and less-than-ideal pay. Fewer drivers mean fewer trucks on the road to haul this increase in freight, which, in turn, drives up the rates because of the premium placed on securing a truck. It was a good year for the U.S. economy, and this additional freight volume combined with two major hurricanes diverting resources also greatly impacted the ability to secure trucks.

Another factor that is impacting capacity is increased government regulations such as the electronic logging devices mandate which began on December 18. The ELD mandate essentially requires all motor carriers to install electronic devices in their trucks that will automatically track drivers' hours of service. By law, drivers are only allowed to drive for 11 hours with a mandatory, continuous rest period of 10 hours, daily. Prior to the mandate, most (but definitely not all) drivers kept manual log books to track their hours of service, while some of the larger carriers already had ELDs. Most smaller carriers have become

compliant, but some are having issues with the cost of installing the devices and even more dislike the automatic tracking of their movements.

For shippers that are experiencing shortages of trucking or rail equipment, there is a series of steps that need to be taken to prevent service failures and loss of market share.

The following are some steps to take to become a preferred shipper.

## 1. Integrate a freight transportation strategy into the company's business plan

For companies that have relied on rate quotes and spot market pricing, transition from a transactional to a strategic approach to freight transportation. Select a core group of carriers, negotiate and sign multi-year agreements that include SLAs for price, service, and capacity. Keep an open mind on modal options. Meet with the leaders of these transportation organizations to ensure they can meet the stated requirements in all three areas. Before awarding freight to these companies, test them over time to verify that they can meet their commitments.

## 2. Provide carriers with shipping forecasts

Share information with carriers on shipping characteris-

tics, freight flows, and seasonal fluctuations. Notify carriers of peaks and valleys and variances in equipment requirements.

## 3. Work with core carriers to remove inefficiencies and costs

Meet with these core carriers and openly discuss all elements of the company's freight operations. Can the company be flexible with pickup and delivery times? Can drivers work with the dock schedule? Is there anything that can be done to have the freight and paperwork available more quickly? Are there lines of trucks in front of the company's facilities on a regular basis causing delays and lost driver time? Does it take more than 45 minutes to load a truck from gate in to gate out? Is a drop trailer program required? Are drivers penalized by requiring them to pay a fine on the spot for a service failure they did not cause?

## 4. Speak with partners to remove roadblocks at the receiving dock

Speak with the transportation companies serving the business and obtain frank and complete information on the process of delivering freight to customers. Speak with and if necessary, visit with customers, stores, mer-


chants, replenishment teams and other partners to remove roadblocks. Follow up with the core carriers to verify that that the requested changes have been made.

## 5. Document SOPs for these cost saving processes and maintain a dialogue with core carriers

Don't view this exercise as a “one shot” project. View this as an ongoing effort at establishing best practices. Remember that there is a shortage of drivers and equipment. Carriers have choices and are selecting “Shippers of Choice” that operate at the lowest cost and pay the highest price. Rate increases can be mitigated through cost efficiencies and by ensuring the fluid movement of drivers and equipment.

## 6. Create and sustain a “Shipper of Choice” culture

Treat dispatchers, sales reps, drivers, and customer service personnel with respect. Be fair and reasonable in the demands placed on these partners. Ask for feedback from transport companies and take corrective action to address unprofessional behavior.

These are unique times. Shippers that make the necessary strategic, tactical, and cultural changes are likely to secure the capacity they need. 



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