

Körber Supply Chain

How to become a shipper of choice during peak 2023



Introduction

2022 was a challenging year filled with supply chain disruptions, labor shortages, high inflation, fuel prices and a declining volume of freight and packages for carriers. UPS and FedEx are both projecting declines in their shipping volume for 2023. As these issues persist, the leverage pendulum is swinging towards shippers, but this does not mean shippers and carriers no longer have a codependent relationship.

Being a shipper of choice should be a long-term strategy

Although carriers face the issue of declining demand, with consumers tightening their belts as cost-of-living rises, it won't deter carriers from wanting their business to run on a tight schedule to meet delivery demands. The transportation landscape continues to change. As businesses return to the office and millions of workers revert to having packages shipped to shared office locations, the number of last mile delivery routes decline, while the quantity of packages may increase. Carriers are frequently challenged on how to optimize mid mile and last mile to reduce costs. A possible solution would be to have more shipments delivered to fewer locations.

Balancing delivery expectations and performance against costs is going to be a big challenge, especially during peak season. As the big carriers release their latest GRIs (general rate increases), shippers are scrambling to understand the financial effects these price increases have on their peak season projections and activities. But, with the right strategy and the leverage now in their court, understanding options that make shippers more appealing to a wider carrier partner assortment can help mitigate costs and optimize networks.

Tips for a smoother peak 2023

As consumers prepare for the holidays, it is crucial for carriers to be prepared for increases in carrier volume. Time is money – when a trailer or freight is not ready for a carrier's driver, wait times rise. Prepare paperwork, bills of lading and invoices ahead of the on-the-road deadline. Make sure things are labeled correctly regarding the shipping manifest and hazardous goods – carriers appreciate this.

Pay carriers on time and take advantage of discounts for early payments. Carrier invoice auditing and payments are laborious and time-consuming tasks that can be outsourced to a freight audit and payment provider, saving your business time and money while allowing you to focus on running your transportation business.



How to be your carrier partners' "shipper of choice" in peak 2023

Körber's transportation consulting experts offer six detailed ways shippers can improve their relationship with all their carriers.

1. Partnership Mindset

- Think long-term – this often includes a mindset shift.
- Develop mutually beneficial pricing strategies. Carriers can be more selective about who they work with – shippers with the lowest cost to serve are more likely to procure capacity when the market tightens.
- Provide favorable payment terms to the carrier. Any reduction in a carriers' days sales outstanding (DSO) will be a favorable condition for carriers.
- Focus on reliability and limit the amount of variance in serviceability.

2. Digitization

- Ensure connectivity with carriers via electronic methods, including Electronic Data Interchange (EDI), application programming interface (API) and online portals. Electronic connectivity brings down a carriers' cost to serve and results in operational efficiencies.
- Leverage electronic invoicing and accelerate the invoice audit process. This provides a means for carriers to invoice quickly, reducing the friction of a paper-based invoicing and reconciliation process.
- Provide remittance information electronically to carriers with payments to ease the carrier's burden to reconcile accounts receivables.

3. Processes

- Provide visibility to the carrier as to where invoices and payments are at in the payment lifecycle.
- Have a support organization that is actively engaged with your carriers to ensure there are no gaps in processing and that carriers can speak with someone when there are issues.
- Pay carriers on time. Carriers are imposing more stringent penalties including late payment fees, service caps and even service interruptions when shippers are behind on payments.
- Payment delays result in increased communications on both sides, e.g., "when are we going to get paid?"

4. Visibility

- Carriers look for predictable, consistent loads including a good understanding of what is shipping, when and on what lanes. Providing an accurate freight forecast will help carriers plan their capacity around your business requirements.
- Enable consistent communication and constructive feedback around opportunities for operational improvements such as billing issues, payment processing, loading and unloading times, etc.
- Measure what is most important and host 'carrier reviews' that provide objective feedback about performance gaps, successes and key business changes that may impact the carrier relationship.

5. Demand Smoothing

- Volatile shippers who have large swings in volume needs are more difficult for a carrier to service. Any opportunity to flatten demand will help carriers provide a higher level of consistent service.

6. Evaluation

- Capturing granular transaction data that can be leveraged to better understand your transportation network is important to help recognize where there are opportunities for improvement.
- Reviewing packaging and shipments incurring surcharges as a result of inefficient packaging can help improve carrier relationships because the freight will be more desirable.
- Evaluating accessorial surcharges like reweigh, liftgate, detention and other ancillary fees that result in inefficiencies for the carrier are equally important. The ability to identify charges that can be avoided will help the carrier more efficiently manage your business.
- Mitigating surcharges for residential delivery corrections when not correctly selected and incorrect zone allocations reduces friction and billing disputes.
- Providing carriers insight into their own performance will help them understand where there may be opportunities for them to provide higher levels of service.

These are a few ways that you can move towards being a “shipper of choice”

As experts and consultants, we significantly improve global freight visibility, increase operational and financial controls and reduce transportation expenses with leading freight audit and payment services. We take a holistic approach to supply chain strategy. Körber provides outstanding audit results, leading visibility tools and comprehensive transportation spend optimization and sourcing solutions.

Conclusion

Supply chains are growing more complex by the day. Körber uniquely provides a broad range of proven, end-to-end supply chain solutions fitting any business size, strategy or appetite for growth. Our customers conquer the complexity of the supply chain thanks to our portfolio that includes software, automation, mail and parcel solutions, voice solutions, robotics and material handling – plus the expertise to tie it all together.

Körber helps to manage the supply chain as a competitive advantage. Conquer supply chain complexity – with Körber. The Business Area Supply Chain is part of the global technology group Körber, an international technology group with about 12,000 employees and more than 100 locations worldwide.

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