

WHITEPAPER

# How to become a shipper of choice during peak

# Introduction

2023 did not experience the disruption to the supply chain that had become customary over the past few years, and the relationship dynamics between carriers and shippers have adjusted. But there is still plenty of instability in the market as carriers deal with the uncertainty of labor demands, volume decreases, continued inflation, and the major bankruptcies of Convoy and Yellow. These market forces are layered on top of macroeconomic forces in the form of declining consumer spend. This upheaval is an opportunity to optimize your transportation activities.

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

When carriers evaluate the landscape, they will begin to right-size their business and will look for ways to gain operational efficiencies. Rightsizing a business comes with some hard choices. But there are steps that shippers can take to become a favored shipper, if not a preferred partner, and reduce variability in the relationship. That is, to become a shipper of choice for a carrier.

The transportation landscape continues to change. One example is in the return to office which has caused a reversion back to shipping packages to shared office locations, thus reducing the number of last mile delivery routes. Carriers are frequently challenged on how to optimize mid mile and last mile to reduce costs.

The balance of delivery expectations and performance against costs is a big challenge, especially during peak season. As the big carriers release their latest General Rate Increases (GRIs), shippers scramble to understand the financial effects these price increases and future projections. With the right strategy, and the leverage still leaning towards shippers, understanding viable options and how to be an appealing partner can lead to a healthy relationship. Both parties can help mitigate their costs with optimization of their networks.

## Rightsizing your carrier mix

As shippers transition from peak to planning for their upcoming year, many shippers will review their carrier mix and possibly undertake sourcing initiatives. The first important callout is that a strategy needs to be mode-specific and reviewed independently to factor in criteria (e.g., overall spend service) that can be attained by using additional carriers, operational factors, systems, and barriers to change.

Start by identifying the maximum number of carriers (by mode) that you can operationally handle based on dock doors, sorting lanes, system integrations etc. Then decide on the minimum number of carriers in your comfort zone; accepting what lack of diversification can mean for service options and market disruptions. Once you understand a feasible floor and ceiling, it's time to evaluate the specific carrier options and their benefits to your business.



# How to be your carrier partners' "shipper of choice" during peak

Infios'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. Communicate planned changes so the carrier can accommodate.

## 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 and point of contact 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, or even early, to take advantage of available early-pay discounts. 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 capacity predictability with 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.
- Use KPIs to measure what is most important and host regular "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. As important though, is the communication in expected changes to volume.

## 6. Evaluation

- Your data is the key to cost savings and shipment optimization. Capture granular transaction data that can be leveraged to better understand your transportation network so as to recognize where there are opportunities for improvement.
- Review packaging and shipments that incur surcharges with your carriers. Reduce inefficient packaging to improve carrier relationships as the freight becomes more desirable.
- Evaluating accessorial surcharges like reweigh, lift gate, 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.
- Provide carriers insights into their own performance during a business review so they understand the opportunities to provide you optimized levels of service.

# Becoming a “shipper of choice” is more than treating your carriers well

At Infios, we significantly improve global freight visibility, increase operational and financial controls and reduce transportation expenses through our value-added freight audit and payment (FAP) solutions. As experts and consultants, we take a holistic approach to transportation strategy and operations. Our FAP solutions provide outstanding audit results, leading visibility tools and sourcing solutions that together enable comprehensive transportation spend optimization.

Navigating the sea of carriers is made easier with a trusted partner who can provide stability and direction. Infios has been in the market for years, through acquisitions and consolidation, and knows how the churn and thrash of the market impacts all parties. Get in touch with our team today.



## ABOUT INFIOS

Infios is the partner of choice for organizations that require comprehensive and intelligent supply chain execution software solutions that can adapt and scale to their requirements. Infios delivers comprehensive solutions for its customers, offering greater efficiency and transparency from order management through global end-to-end inventory flow within the most complex global supply chain

operations. Infios GmbH is a joint venture of Körber AG, a leading international technology group and KKR, a leading global investment firm that offers alternative asset management, capital markets and insurance solutions.

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