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Accessorials Trends & How to Combat Them

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The biggest difference between accessorials and the surcharges, special service codes, and other fees that the major carriers charge is that, for the most part, they are assessed and applied post-shipment.

Companies can plan and budget for anticipated surcharges and special service codes to certain degrees, but accessorials, which are typically neither applied at the point of manifest nor included in regular invoices, can be extremely difficult to factor into companies' logistics and supply chain budgets. For this reason and others, they can be major thorns in the sides of supply chain managers and those at the executive level who have to answer for losses that are nearly impossible to pre-determine, difficult to uncover, and at the same time, very hard to ignore.

The Dilemma of Limited Data

Today, the three accessorials that are charged most often are residential adjustments, weight adjustments, and additional handling accessorials. Like other accessorials, they are usually included in supplemental carrier invoices that contain limited data. Often, carriers will leave entire accessorial data fields completely blank. Without supporting information, shippers are unable to make knowledgeable inquiries as to why their accessorials were assessed in the first place.

Unfortunately, shippers cannot expect to get any relief from accessorial charges in the foreseeable future—at least, not without negotiating a new carrier contract or taking strategic steps to reduce them internally.

Currently, accessorials account for about half of carriers' total annual revenue, if not more. Carriers have almost no incentive to reduce accessorials or provide detailed billing when it comes to accessorials. Carriers are only required to publish accessorial charges in their public tariffs; they do not have to provide shippers with enough detailed information to determine why they were assessed and verify that they were assessed appropriately.

More Audits & Less Credits = Greater Losses

Carriers are aware that most shippers do not plan for accessorial-related expenses. It is reasonable for shippers to assume that carriers don't want them to plan for it. When shippers don't consider accessorial expenses upfront, it gives carriers more opportunities to make up for any "losses" they might accept during contract negotiations.

You might be surprised to know that accessorials are often accumulated during internal carrier audits. In some cases, carriers even hire outside consultants to work on site and look for instances to which accessorials can be applied. These consultants may even be compensated based on the amounts of accessorials accumulated.

Adding to shippers' problems is another trend: fewer credits for accessorials. Carriers have become adamant about not crediting shippers for accessorials, even when shippers make the claim that accessorials were charged needlessly or erroneously. Carriers are also increasing amounts charged and expanding the range of zip codes in which accessorials can be applied. From all angles, when it comes to accessorials, it appears that carriers are making a concerted effort to charge more and compensate less.



Don't Get Mad; Get Proactive.

That carriers are using accessorials to make money isn't a reason to get angry; it's a reason to take action. By performing thorough analyses of your company's shipping history and characteristics internally or with the assistance of a qualified third party, it is possible to see that your accessorials are discounted or waived entirely.

Other things you can do to begin reducing your accessorial spend right away include:

- being more efficient at the time of manifest by measuring boxes accurately, weighing all shipments, and making traceable adjustments that will give carriers less opportunities to tack on accessorials and give you the leverage you need to better dispute erroneous accessorials,
- using scanning equipment to automate data entry as it applies to specific shipment credentials such as weight, dimension, res indicator, etc., and
- using a third-party pre and post-auditor to monitor your weekly invoices and help you secure refunds when you are charged incorrectly.

Don't let carrier tactics get you down. By doing the things you do every day as a supply chain and logistics professional, which likely include optimizing processes, implementing cost-saving ideas, and creating solutions, you can combat the accessorials that may be causing you to go over budget or forcing you to cut corners that you don't need or want to cut.

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