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Cost-Savings Corner: The Case for Using Multiple Carriers

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Today, if you're a global enterprise shipping a vast number of shipments, or even a mid-sized company shipping a relatively high number of shipments, using multiple carriers isn't just a good idea; it's the only way to go. Why? To put it as plainly as possible, using a primary national or global carrier, a mix of regional carriers, and the postal service can help you move goods at lower costs and provide better, faster service.

Once upon a time, it may have been a good thing to stick with just one parcel carrier. Times have changed! Carriers that used to base their decisions to grant certain rates predominantly on shipping volumes are now more discerning. They no longer want just your volume, but to know that you are taking a proactive approach to your supply chain and are able to generate cost-savings for yourself—keeping their profit margins status quo. Volume is still important, of course, but over the past few years, the focus has been shifting more towards additional services, technologies, and the high number of tasks, items, and details that go into making a supply chain run smoothly and cost-effectively.

There are challenges that come along with working with multiple carriers. Once your carriers have been selected and agreements have been signed, systems may have to be integrated and a multi-carrier system implemented. In addition, in order to hold every party accountable and maintain compliance, you will likely need to revise or develop a detailed routing guide and then use supply chain visibility software to track and monitor both your inbound and outbound shipments. There are countless steps to making a multi-carrier network run smoothly.

Even prior to signing an agreement, working with multiple carriers during negotiations and throughout the RFP process can be challenging on a number of levels. Carriers aren't going to simply fight each other for your business. If you're planning on spreading your volume out across multiple carriers, you are going to lose some of your negotiating power, and the carriers are going to negotiate with you, too.

To meet the challenges that come along with working with multiple carriers head on, you will probably need the assistance of a third-party supply chain solutions provider that can support systems integrations and provide you with the other technology you need. In truth, you will probably need this partner long before you get to this point, as you will most certainly need such a partner to help you obtain and present the high-level shipping data analyses that are so critical throughout the RFP process, as well as assistance with managing the RFP process itself.

Have you been pigeonholed into using just one carrier? There is no time like the present to launch a new RFP, drive down your shipping rates, and increase your ability to achieve better incentives. Keep in mind that leveraging the fact that you have two or three major carriers vying for your business throughout negotiations is always a great way to stir the pot and get more of what you want.

Mikael Trapper, Managing Partner, BridgeNet Solutions, has worked in the logistics industry since she graduated from Fordham University with a degree in Economics and English. Mikael joined the BridgeNet team in 2008, and now manages Xonar, BridgeNet's propriety visibility dashboard. She currently serves on the board of the Midwest Chapter of Women in Logistics and Delivery Services Council. For more information, visit www.bridgenetsolutions.com.