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Money is in the Detail—Package Level Detail, That Is

By Niko Michas, President & CEO, BridgeNet Solutions, Inc.

To meet their cost-cutting goals, more and more companies are looking to their carrier invoices for answers to questions about why charges are accruing and how to recover or uncover funds. Invoices are no longer just pesky things for accounting departments to reconcile and third parties to audit; they are tools that supply chain and logistics professionals are using to make high-level assessments of their own everyday operations, as well as the services provided by their carriers and vendors.

Decisions made based on invoice-derived assessments can be extremely powerful. When a supply chain manager knows they are receiving a 45 percent discount on a particular service, but is able to see that their company is actually only saving 20 percent once surcharges have been taken into account, the savings that may be derived through negotiations with their carrier based on their shipping data could create enough ongoing savings to have a positive impact on their company for years to come.

In an age in which job security can be a difficult thing to come by, it has become increasingly important for people who are in the position to do so to perform actions like those described above in order to ensure not just their own continued success, but that of their department and company as a whole. This may be why carrier invoices are being given more attention of late—logistics managers know that the time to act is now if they want to keep their staff numbers from dwindling, budgets intact, and operations running smoothly (or in some of the more dire cases, keep operations running, period).

Not all logistics managers are jumping up and down at the idea of delving into their shipping history, of course. With reams and reams of line item detail streaming in electronically to a multitude of locations on an ongoing basis, supply chain decision-makers for global companies that have large, decentralized logistics networks tend to face the daunting tasks of gathering their data and creating useful summaries based on it, with considerable anxiety. The prospect of finding savings through shipping data analysis is exciting; the difficulties associated with it are not.

The good news is that the increased need for cost-cutting solutions based on large amounts of data has given rise to improved technology that is making it easier than ever for decision-makers in the logistics industry to be presented with the information they need in a manner that makes sense. While you may be growing tired of hearing about how third party supply chain solutions and technology providers can save you big money through their better-than-ever visibility technology, there is a lot of truth in what some of them are claiming. If you partner with a third party that is able to house your shipping records and then provide you with a dashboard that allows you to make queries and run reports based on those records, you eliminate the need for the considerable amount of staff and other resources that would be needed to manage your shipping data in-house. Furthermore, if the dashboard with which you are provided is web-based, you should be able to view your company's shipments from anywhere in the world in real or near real-time, considerably ramping up your ability to increase the overall efficiency of your supply chain.

Any third party worth their salt will begin analyzing your data in order to first help you create an accurate shipping profile for your company. To do this, it will be necessary for them to gather all of your shipping data from last year, as well as your shipping data from this year. On a positive note, neither you nor your third party partner should be forced to gather your old invoices separately, barring some unusual circumstance. You should be able to get the information you



need by requesting historical reports directly from your carriers.

Package-level detail (PLD), as you no doubt are aware, is the set of data that shows specific characteristics about each package being shipped. For the purposes of creating reports and completing analyses, the PLD contained in the historical reports received from your carrier should include the following:

- Sender/receiver
- Account number used
- Weight
- Cost
- Accessorial charges and descriptions
- Service
- Incentive
- Bill option
- Zone
- Pick up date
- Delivery date

In addition to the above, your PLD should also include all miscellaneous information, such as the reference number, manifested weight, package dimension and volume, etc., for each package, as applicable.

Once you and your third party partner have created a solid shipping profile for your company based on the information detailed above, you may be surprised to find that there is a more significant amount of savings to potentially be recovered than you'd previously presumed. By reviewing all of the surcharges that may be getting added to your invoices unnecessarily, you should be able to determine things such as whether a different, better, or cheaper service ought to be used, where package consolidation should come into play, whether you could or should zone skip, and so on. In addition, your third party partner should be able to mine and cleanse your data in order to help you find higher-level solutions to your supply chain woes. Custom reports can answer specific questions and illuminate possible solutions to ongoing problems, and technology that allows you to view every shipment in your supply chain, track changes, and hold the right parties accountable for noncompliance can help you to monitor and manage your progress.

If you haven't yet joined the ranks of those who are delving more deeply into their shipping history for a better view of their operations, carriers, and vendors, now may be a good time to do so. In a still troubled economy, any cost-saving endeavor, however minutia-laden or problematic by nature, that has the potential for greatly increasing your ability to keep budgets, jobs, and operations intact, has got to be worth a second look.

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