

NIKO MICHAS GUEST COLUMN

Learning from the Past

The benefits of shipping history analysis

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Naturally, very few of us like to take a hard look at past mistakes, even though we know that doing so would probably help us avoid making those same mistakes in the future. I've found that this is no less true when it comes to logistics and supply chain professionals and their shipping histories. Despite knowing that taking a close look at past performance would probably help them to achieve greater supply chain savings down the road, many shippers avoid delving into their shipping histories for fear that doing so will reveal all of the slip ups, missteps, and plain old errors that might have been avoided.

As someone who works with shippers to uncover supply chain savings solutions on an almost daily basis, I know that there is no way to save money in the future without looking at how it's been lost in the past. Shippers know this, too, but like most of us, they sometimes need to be reminded of the benefits of looking back.

So, what are they?

One thing your shipping history will reveal indisputably is which services you are actually using the most. When you are able to better assess your needs by looking at the services you've been using, you can then determine how well those services are working for you, and decide whether or not it would be in your best interest to do a little shopping to find better, different, or less expensive services. You may also find out that there are some services you could eliminate altogether. For example, if you find that you continually purchase declared value services even though your company's shipments are already self-insured, you may decide to stop the services and then reinforce the decision not to purchase them in the future by adding the policy to your company's routing guide.

Shipping histories also reveal the exact number and types of accessorials that a company accumulates. Knowing this information is important, of course, because it allows you to get a truer picture of your company's

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overall shipping characteristics, and shows you how and when you are being hit with specific charges, perhaps unnecessarily.

If you are being hit with excess charges because of things like the ongoing use of cancelled account numbers, or because your company's account numbers simply aren't being used by certain personnel, your shipping history should also provide you with an accurate record of the who, what, where, and when so that you can hold the right parties accountable.

Shipping records can also provide you with valuable data regarding carrier performance. If a particular carrier's on-time performance is consistently lacking in a certain geographical area at a certain time of day, for example, and your company or company's clients are being negatively affected by it, your shipping history should contain the data you need to effectively request that you receive better service. This type of data can also come in as handy leverage during rate negotiations.

If the main reason shippers don't always want to delve into their shipping histories has to do with concerns that doing so will reveal problems that could have been resolved sooner, the second reason is probably that it is just so time-consuming, resource-draining, and painstaking to actually analyze it.

Fortunately, there are ways to minimize the headaches associated with the analysis of package level detail. There is no need for you to compile the data from your previous invoices using your own in-house resources, for instance. Instead, request a 12-month historical report directly from your carriers. Alternatively, or in conjunction with this, you can partner with a third party supply chain solutions provider that will collect your invoices and create summaries on your behalf. Companies that have a large decentralized global logistics network, in particular, will probably find this to be the most cost-effective option.

Once the initial shipping profile for your company has been developed, higher-level analyses can be performed. You can identify spending trends and seasonal highs and lows, track changes in your business (such as volume ups and downs), and perform benchmarking that reveals things like productivity, best practices, efficiency of operations, and the shipping rates you could or should be getting.

While it may be disappointing to discover that you'd been previously unaware of certain cost-saving opportunities, your disappointment—and that expressed by any higher-ups, for that matter—should be short-lived as

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new savings become a reality. In my experience, there are always more benefits to being the person who tackles “hidden” costs head-on than in being someone who waits to be told to find cost-saving solutions only after problems have already become apparent.

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