



**Global Vendor Management**

*By BridgeNet Solutions*

As shippers add multiple suppliers and consignees worldwide, it becomes more challenging to coordinate deliveries to meet stringent timelines. Global vendor management-which can combine global consolidation, global visibility, and purchase order management-can help shippers maintain more effective and efficient control of freight that must arrive on time.



Global vendor management programs can drive a company's supply chain to the next level of efficiency and savings. They combine global consolidation with worldwide shipment visibility between and across continents. There are several types of programs to choose from. Each has its strengths in managing information and communication from the moment a purchase order is generated to final delivery.

Today, more organizations have grown interested in obtaining global vendor management programs as ocean rates have grown more unpredictable. During any economic cycle, an oversupply of vessels can cause rates to plummet. Steamship lines park their capacity, and not all equipment returns to service when demand rises again. Shippers struggle to obtain space when they need it, or find sailings unexpectedly cancelled as the steamship lines manage vessel supply to maintain profits.

The most serious situations of this type can be averted if the shipper has sufficient freight volume to command dedicated space allocations at competitive rates. With global technology, they can manage orders further up the supply chain and employ efficient processes to move products to market. They can administer every P.O., offering a level of technology and EDI connections with trading partners for full, global visibility to freight. If a shipper does not have sufficient volume or global technology, they may work with a solutions provider, both to manage their P.O.s and material going to and from suppliers and customers.

**Benefits of Global Vendor Management**

Global technology can greatly assist in connecting all parties in the supply chain in a global vendor management program. To obtain these capabilities, "vendor management, inbound and outbound transportation, contingency planning, network design and optimization, and the technology systems to manage it all...are being outsourced more regularly."1 Even medium and small companies that are not yet consolidating can realize the benefits:

**Flexibility, Visibility, and Control.** The solutions provider acts as the single point of contact between a company and its vendors. As P.O.s are placed, the provider calculates the dates for cargo to be picked up and continues to verify as the delivery dates approach. Meanwhile, the company can monitor their shipments through a global technology platform, which provides visibility to current order status, shipment status, and exceptions down to the item level, and allows for rerouting of freight in transit to account for increased demand or last minute outages within the supply chain.

**Cost Savings.** The cost benefits of consolidation are well known, particularly if LCL freight and 20-foot ocean containers can be consolidated into larger container load (FCL) for better capacity utilization. But global shippers also save on customs entries and terminal charges, deliveries, and handling fees as multiple shipments are consolidated into a single shipment.

**Security.** There is significant theft in LCL and LTL freight. Thieves watch for black shrink wrap-a sign that high value freight is inside. Products with a release date (e.g., software) need security. In a global vendor management program, the provider can:

- \* Accept a shipper's containers for unloading, consolidation, and reloading
- \* Pick up containers at the air or ocean port and bring them to their facilities for faster, more secure customs clearance
- \* Nationalize product for importers at their bonded facilities
- \* Run CCTV and seal containers to control theft risk

**Consistency.** Global supply chains have more opportunities for service failures. A single point of contact and control gives the shipper answers before service failures happen and offers alternatives. Customs entries are processed consistently. Fixed weekly schedules and known transit expectations make it easier to track orders. Fixed order to delivery means the company spends less time communicating with vendors, yet has complete information to help them run their business.

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**3 Tips for Shipping Around the World**

1. Understand the regulatory environment is extremely complex. Countries require compliance with their own specific set of customs rules, governmental regulations, VAT, duty rate calculations and payment schemes. Even simple mistakes, such as an incorrect spelling on a declaration, can be enough to result in fines, penalties, or even cargo seizure. Make sure the logistics provider you select has the necessary regulatory expertise and experience in the markets where you conduct business.

2. Know your risk exposure. Limitations of liability, terms and conditions, and cargo insurance options vary by mode of transport, service type, and country. A single solutions provider can help standardize these where possible so shippers understand their risk exposure and are prepared to manage costs associated with cargo damage or loss. Work with a logistics provider that has in-house risk management professionals to help you uncover potential liabilities in your supply chain.

3. Transit times may be longer or shorter than they appear. Ever look at a map or search a route on the internet to try and estimate how long it will take to ship something? Distances may look short on a map, but the transit times can be significantly longer or shorter than expected. Shipment modes, service levels, cargo volumes, and carrier availability varies by shipping lane and greatly impacts the speed at which your cargo can move from point A to point B.

*Companies can employ the right combination of services to help manage supply chain spend, increase efficiency, manage change, and manage risk. Services that can be combined in a successful global vendor management program include:*

- \* Transportation
- \* Consolidation
- \* Warehousing
- \* Customs Services
- \* P.O. Management

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