Electronic Invoicing Supports Green, Lean Shipping Practices

By Mikael Trapper, Managing Partner, BridgeNet Solutions, Inc.
April 7, 2011

Did you know that you can request to have invoices sent to you from UPS and FedEx electronically? There is no need to receive envelope after envelope and stack after stack of paper showing the line item detail for every single package that you've shipped. By contacting your parcel or freight carrier and asking to receive this data via e-mail or electronic data interchange, you can limit the amount of paper being sent to your offices.

Another reason to request electronic invoices, which, by the way, your carrier should do at no cost to you, is because when you receive your shipping data electronically, it becomes infinitely easier for you to review. You can look for discrepancies, irregularities, and easily import your data into a database in order to generate reports and perform trend-related analyses. Your invoice data can also uncover any ongoing problems that may be occurring with particular lanes (the routes by which your shipments are being shipped) or with shipments going to particular locations. For example, if you notice that shipments being sent to the Midwestern U.S., or even to Asia, are routinely experiencing delays, you may choose to have those shipments sent from a different warehouse or distribution center to cut down on the time they spend in transit, or determine that by consolidating shipments going to the same location, you could successfully limit the number of runs being made to the destination location and ensure the timely arrival of packages.

For mid-size to large companies, receiving electronic invoice data is imperative. This is especially true today, as accessorial charges, the supplemental charges added to your invoice as a result of things like residential deliveries and pickups, long haul deliveries and storage fees, are being used more strategically by carriers to create additional profit to recoup some of the losses they've experienced from tightening their base rates. If you're not receiving electronic invoice data and using it to monitor your company's accessorial charges, you are probably leaving thousands of dollars on the table. I know of one manufacturer with annual small parcel spending of $6 million that was able to achieve an annual savings of $120,000 just by auditing the company's electronic invoice data. This amount would have been nearly impossible to recover if the company had been attempting to analyze paper invoices.

Most mid-size to large companies will find it cost-effective to partner with a third party for assistance when seeking to audit their regular carrier invoices. Smaller companies may be able to generate their own reports based on electronic shipping data and use their own office manager or accounting department to make ongoing refund requests. Keep in mind that even a company that spends less than $20,000 annually on parcel shipping can receive enough paper from their carriers each year to fill a small supply closet. No matter what the size of your company, by receiving your data electronically and then analyzing it for discrepancies, you can generate less paper and save money at the same time.

In addition to paper invoices, carriers flood companies with paper "past due" reports, reports which simply indicate what a carrier believes is past due, every day. You can try to eliminate these paper reports by requesting your carrier send you a monthly electronic "aging" report (to ensure no invoices go beyond 30 days), but it is unlikely that you will be successful. Even when a company requests and receives electronic aging reports, which are easier for both companies and carriers to manage, typically, the paper past due reports will not cease to be delivered. To be completely honest, I'm not sure why this is the case, but I am confident that as more companies push to receive electronic aging reports in lieu of paper reports, carriers will eventually be motivated to comply.

Whether you choose to receive your invoice data directly from your carrier electronically and analyze it on your own or through a third party, you will be doing much more than just saving paper. As good as it is to go paperless, it is even better to take control of your shipping data and use it to make high-level decisions that will help ensure your company's future and the future of the planet.

Mikael Trapper is Managing Partner at BridgeNet, a Chicago-based supply chain data analytics firm. She currently oversees operations for Xonar, BridgeNet's proprietary visibility dashboard. She can be reached at mtrapper@bridgenetsolutions.com.