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## Cost-Savings Corner: Do the Benefits of SurePost and SmartPost Outweigh the Risks?

By My Mikael Trapper, Managing Partner, BridgeNet Solutions, Inc.

SurePost, a UPS solution, and SmartPost, a FedEx solution, both rely on the U.S. Postal Service (USPS) to get small packages to their final destinations. Through SurePost and SmartPost, UPS and FedEx are essentially able to provide shippers with PO Box deliveries and lower-cost Monday-Saturday deliveries via the USPS. By outsourcing the last leg of small parcel shipments to the USPS, the parcel carriers are able to lower their operating costs and generate savings that can be passed on to shippers and shippers' customers.

In addition to the benefits to shippers mentioned above, the absence of most surcharges and accessorials charges and discounted surcharges and accessorials charges are big benefits for shippers that use SurePost and SmartPost. When shippers don't have to worry about accessorials fees, they can save money and forecast budgets with greater ease.

If you're a business-to-consumer shipper shipping lightweight packages that aren't time-sensitive, you're probably either using or considering using SurePost or SmartPost. Though the popularity of USPS-partnered services has been increasing, there are things that every modern small parcel shipper should take into consideration before jumping on the SurePost or SmartPost bandwagon.

### 3 Key Considerations

1. Will the savings passed on from the carrier through its USPS partnership and fewer accessories really make a difference in my bottom line?

While there is no doubt that you can benefit from passed-on savings, the absence of accessories, and discounted accessories, it is important to note that fuel and discounted delivery area surcharges may still be applied and can impact your bottom line.

If you're considering using SurePost or SmartPost, find out which fees could be applied and why they might be applied, and use your volume and any additional value you can bring to the table to negotiate caps on certain charges or to eliminate some charges completely. You should negotiate with your carrier regarding USPS-partnered rates and services just as you would negotiate with them regarding non-USPS-partnered rates. To achieve greater savings, have your SurePost or SmartPost audited for discrepancies so that you can obtain refunds or credits post-shipment.

2. What are my customers' expectations, and will services like SurePost and SmartPost meet those expectations?

While your customers may appreciate Saturday and PO box deliveries and lower shipping fees, things like longer transit times, an increase in missing and damaged packages, and packages being routed back to the post office certainly have the potential to negatively impact customer satisfaction levels.

You should also take into consideration that the USPS is in the midst of a financial crisis. In an NBCNews.com article posted in September 2013, Andrew Miga of The Associated Press reported that the USPS has already lost \$6 billion this year, after losing \$16 billion last year. According to the article, Postmaster General Patrick Donahoe has been repeatedly telling Congress and other officials that the USPS is "unsustainable," and is trying to push through a rate increase. While a rate increase could serve to keep the USPS up and running and improve service levels and transit times, it could also impact the cost-effectiveness of services like



SurePost and SmartPost.

It's no secret that the USPS and government officials have been exploring ending Saturday deliveries as a cost-cutting option. Should Saturday deliveries end, it might not be a stretch to presume that SurePost and SmartPost would end with them.

3. Are there options similar to SurePost and SmartPost that I should explore?

UPS and FedEx aren't the only carriers to provide USPS-partnered services. DHL Global Mail may be a viable option for some small parcel shippers. Depending on the unique characteristics of your logistics network, regional carriers that are USPS partners may also be able to offer you comparable services.

It may be in your best interest to develop your own contacts and relationships within the USPS so that you can get USPS partner/carrier recommendations from a relatively objective source, or, at the very least, a solid list of USPS partners that offer services similar to SurePost and SmartPost.

Despite the disadvantages that SurePost and SmartPost and similar services may present, SurePost and SmartPost are viable, cost-effective services for millions of modern shippers. Though savings and Saturday deliveries may eventually be challenged or thwarted by looming USPS rate increases and cost-cutting efforts, nothing is certain. For the time being, turning to SurePost or SmartPost may be in your organization's best interest, provided you can live with and manage the disadvantages and risks.

*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](http://www.bridgenetsolutions.com).*