

Getting a Break on Costs

1/12/2009

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The biggest headache associated with determining which mode of transportation to use has to do with figuring out what weight break will incur the lowest cost. Coming up with the right weight break, or point at which your shipment would be considered large enough to be eligible for a lower freight rate according to your carrier's tariff, can be a major drain on your company's time and resources.

Some supply chain professionals have been known to go so far as to make educated guesses or use one-size-fits-all formulas and calculations rather than dedicate the time and man-hours it would take to actually figure out the right weight break for each shipment. Until fairly recently, this was considered by many to be a valid standard practice. But technology is changing all that.

Why is it so difficult to come up with the right weight break? The main reason is because shipping costs change according to destinations or ZIP codes. There is no standard weight break that will allow a shipment to incur the same costs no matter where it is sent. The weight break that will ensure that you incur the least amount of costs when a shipment is sent to a particular ZIP code in Ohio, for instance, will not ensure that you don't incur much higher costs when the same shipment is sent to a particular ZIP code in California.

When you consider how much effort it would take to manually look up the individual costs associated with each destination or ZIP code, you can see why opting for a close-to-the-right weight break for use across the board could actually be a responsible and cost-saving act in the end. Still, if you're relying on educated guesses rather than implementing the right cost-saving technology, there is no denying that there is probably much more money out there to be saved.

The easiest way to select the right weight break every time is by utilizing an automated system that will allow you to switch to different modes based on specific weights. If you have a system in place that provides you with the right weight breaks according to destination, selecting the appropriate mode of transportation suddenly becomes a lot less difficult.

How should you go about selecting such a system? Look for one that automates your selection process. Every shipment weight, size, destination and delivery date should be entered into a routing system that holds all of the contracted rates from all of your company's carriers. The optimal system should be able to determine mode, carrier and cost, and book the load instantly.

Not all automated systems are equal, of course. Some systems do not actually consider all possible modes. Before you put any system in place, you should be sure that it is able to take into account all possible modes, including next flight on, air parcel, air freight, ocean freight, LTL, truckload, LCL and rail.

The No. 1 reason that shippers change modes has to do with price. The heavier the shipment, the more expensive it is to transport. As shipments get larger and heavier, it behooves shippers to switch to less costly modes of transportation. Your automated system must be able to consider all of the modes available to you.

If you are concerned about the hassles associated with implementing a new automated system, you should be. Software that you have to integrate, monitor and update with the help of both your software provider and your internal IT department can cause as many problems as it promises to solve. Outsourced Web-based technology is often the smarter solution. This type of solution can be updated to include new carriers, pricing and lanes immediately, eliminating the need for internal IT support.

Some shippers also worry about the reliability of certain modes. How can technology tell whether a mode you've been unhappy with in the past can meet your needs now? Ultimately, if the technology you are using can prove that an alternate mode you are unsure of can meet the transit time your shipment requires, your worries should be put to rest.

Solid, accurate information provided by a trusted, outsourced, Web-based automated system can prevent a number of headaches associated with determining which modes of transportation are right for your shipments. Things like determining the right weight break for each shipment, which many shippers once found impossible or impractical, today can be as easy as clicking your mouse or opening your email. Find and implement the right technology, and you will find that your shipping costs are lowered, too.

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