

A Fresh Look At Web-Based Benchmarking And Market Intelligence

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At some point, just about every corporation has used benchmarking to try and reduce their transportation expenses and/or create and implement best practice solutions for their supply chain. What many of these companies may or may not be surprised to know is that their usual benchmarking methods might no longer be providing them with results that are comprehensive enough to give them the leverage they need to get the best possible rates during contract negotiations with their carriers.

One obvious reason for the heightened need for more complete data is our current economic climate. As competition for clients increases and shipping rates lower as a result of the economy, carriers are looking for new ways to increase profits. Not surprisingly, they dedicate a lot of time and resources to this.

If your company isn't matching your carriers' efforts to increase profits with its own efforts to lower transportation costs, it may only be a matter of time before hidden or unforeseen costs catch up with it.

Web-Based Benchmarking

Today, benchmarking has the potential to help companies create more solutions and save more on transportation expenses than it ever has in the past for two main reasons: first, through the use of web-based benchmarking technology, and second, through the coupling of web-based benchmarking with high-level market intelligence.

The advantages of web-based benchmarking are similar to some of the advantages that other web-based applications provide. For instance, like other web-based applications, web-based benchmarking applications require no special configuration or changes to user PCs. Data is easy to secure and back up, and updates can be made with the click of a mouse or press of a button.

Furthermore, up-to-date information can be accessed from anywhere in the world at any time by all designated personnel with access to a browser.

Some of the advantages of web-based benchmarking that are specific to you as a shipper and supply chain and logistics professional, are:

- The ability to compare your shipping data to a greater number of shippers, including those that have similar characteristics and those that have differing characteristics, than ever before
- An expedited method of receiving, cleaning, and comparing your line item detail accurately and effectively
- The intelligence required to view and compare operations in specific lanes and determine best practices by lane
- Improved prediction capabilities that can help determine what your operating ratio and profitability ratio will be in the eyes of your carrier and arm you with the data needed to back up any claims you may have that challenge those perceptions
- Increased ease when it comes to mapping results and seeing how they were determined; a clearer way to share results.

Market Intelligence

The coupling of web-based benchmarking with market high-level market intelligence takes benchmarking to the next level.

Benchmarking is necessary because it gives you the information you need to determine where your company stands in the marketplace, and because it allows you to determine best practices and uncover possibilities for operational enhancements and savings opportunities within your supply chain that you can present to your carrier and use as leverage during rate negotiations.

Market intelligence is what you gain when you take this information and use it to accurately pinpoint market trends that will open the door to further market penetration and development strategies for the future. It also expands the possibility for even greater savings when it comes to your overall logistics expense.

For shippers, market intelligence can make an enormous difference during rate negotiations when discussions turn to hot-button topics like shipment consolidation, premium service reduction, and mode conversion, in particular.

Market intelligence -- meaning the intelligence gained through analyses obtained by a web-enabled relational database -- is particularly useful when it comes to pin-pointing savings in the following areas:

- Mode conversion
- Shipment consolidation
- Zone skipping
- Rate benchmarking
- Premium service reduction

Market intelligence can also provide you with the information you need to determine chronic carrier issues that may be resulting in unnecessary expenditures.

Despite these plusses, some shippers are hesitant when it comes to implementing a benchmarking and market intelligence program because they're concerned that they won't really be able to obtain valid information, doubt that it will make a significant difference, are skeptical of the process because it hasn't worked for them in the past, or are worried that the results will reveal that their department has been missing out on opportunities they might have been able to uncover much sooner.

If you share some of these concerns, you're not alone. The thing you have to keep in mind when you have these types of concerns is that if you take the time to seek out the right third party -- that is, the third party with the right expertise and proven track record of successfully locating savings through benchmarking and market intelligence -- you can put most of these concerns to rest without having to deal with the pressures that would inevitably result from attempts to launch such an initiative in-house.

Furthermore, it should make sense to higher-ups that web-based benchmarking and market intelligence technology has, relatively speaking, only recently begun to emerge at the forefront of logistics solutions specifically due to the current economic climate and the ripening of the technology and methods themselves.

In short, you couldn't have implemented a benchmarking and market intelligence initiative even four or five years ago that could be considered as proven and solid a process as it is now.

Fortunately, as it has become more necessary to obtain quantifiable benchmarking results and market intelligence, resources have emerged and improved technology and methods developed. Shippers can get the information they need to obtain better rates and cut costs in areas that might never before have been completely visible to them with cutting-edge, proven benchmarking and market intelligence methods and technology, and they don't have to use their own valuable resources to do it.

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