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Assembling leading contributors and industry insiders, Logistics KnowledgeBase tackles the challenges confronting shippers today—from e-commerce fulfillment to tight capacity and supply chain disruption—and applies their considerable expertise and experience to provide insight and clarity.

Knowledge is power and this section packs a punch. Logistics KnowledgeBase gives supply chain professionals impactful to-dos and actionable takeaways. Get the information you need to drive transformative change at your enterprise today.

L O G I S T I C S

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## Five Ways a 3PL Helps Mitigate Supply Chain Risk



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*Partnering with a 3PL offers a buffer between the shipper and the ever-shifting challenges of the logistics realm.*

**S**hippers face a variety of risks across the supply chain that can be mitigated by outsourcing one or more logistics functions to a third-party logistics (3PL) provider. Partnering with a 3PL does much more than free up time to focus on core competencies—it offers a buffer between the shipper and the ever-shifting challenges of the logistics realm.

3PLs help shippers mitigate risks in a variety of areas, including:

### **Cost**

While 3PLs get paid by shippers for the services they provide, the return on investment often exceeds the cost. Logistics providers give shippers access to a broad range of cost-saving benefits, such as preferential rates from carriers, premium distribution and fulfillment space, state-of-the-art logistics software, and much more.

### **Stability**

If natural disasters, trade wars, and other unpredictable supply disruptions have you worried, a 3PL can help bring balance back into your supply chain. Your logistics partner can leverage their existing relationships with suppliers to ensure that you continue to get the parts, raw materials, and other goods that you need even when access to your primary suppliers becomes too expensive—or worse, unavailable.

### **Capacity**

Trucking capacity has maxed out several times in recent years, causing carriers to turn down new customers because they simply don't have the space. Your 3PL can help you find available capacity for your cargo across one or more modes because they already have existing relationships with a broad network of carriers. This ensures that your cargo gets where it needs to go—even when capacity gets tight.

### **Real Estate**

Your organization may not have the resources to purchase real estate for storage or distribution, but 3PLs maintain a network of facilities that are ready to go. Even if your 3PL doesn't have existing assets in your target area, they can expand their portfolio by acquiring it for use by you and other potential customers in that market. If you want your own facility but aren't sure how to fit it into the budget, many 3PLs will help you find affordable space, such as lower-priced older properties in secondary markets.

### **Visibility**

We live in the age of Industry 4.0, making it more critical than ever that you have end-to-end visibility of your inbound and outbound shipments. Maintaining a high level of visibility is perhaps the most critical method of avoiding supply chain risk—you can't mitigate risk if you can't identify and correct problems when they are happening. When you outsource transportation management, warehousing, fulfillment, and other services to a 3PL, you benefit from their technological capabilities that track shipments to your customers and deliveries from your suppliers, and identify problem areas before they become severe.

### **You're Not Alone**

Many businesses rely on 3PLs so they can focus on their own core competencies. For a logistics provider, the supply chain is their core competency. Successful risk management is proactive, not reactive—and it can rarely be done alone. A logistics partner brings a level of expertise to the table that won't exist in businesses that don't have a full supply chain management department in-house.

You need a team that you can trust to identify and avoid potential problems and risks that can impact your operation. Hands down, a 3PL is the most cost-effective way to gain the talent and resources you need for successful supply chain risk management.



## Consolidation Is an Easy Way To Make a Big Difference



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*Shipment consolidation is becoming an increasingly more accessible and viable option, offering benefits for both manufacturers and distributors.*

**C**onsolidation isn't just for larger companies anymore; it's becoming an increasingly more accessible and viable option for any supply chain. While consolidation has seen rapid advancement in an effort to remedy service-sensitive relationships or tough network segments, the advantages are universal and can be applied to inbound, vendor, and pool distribution networks—each sharing five big advantages:

### 1. Improved Supply Chain Performance

The likelihood of shipment failure increases with the length of haul and handling at each terminal in LTL shipping. Unpredictable variables at each facility put shipments at risk, culminating in a higher failure rate than truckload moves. With consolidation, a shipper can fill an entire trailer with multiple LTL orders and send it to a facility to mix with other cargo. At some consolidation facilities the operator will have a sailing schedule to designated consignees, reducing costs, enabling more effective planning, and improving service.

### 2. Significant Cost Savings

With the advantage of truckload pricing at an LTL size, consolidation provides significant opportunities for cost savings. With the objective of maximizing the trailer utilization, freight from multiple vendors or different parts of a supply chain can be staged at a central location to be sorted, combined, and loaded into full truckloads. The gained advantage of the faster transits from the consolidation point means some shippers can convert their leg-one move to a more affordable shipping method, such as intermodal, providing even greater savings.

### 3. New Levels of Efficiency

Consolidated truckload shipping brings many advantages to both shippers and receivers, counter to the traditional LTL model—specifically when it comes to facility management. Inbound LTL trucks typically carry 10% fewer pallets than full truckloads,

meaning to fulfill the same amount of orders, there could be 10% more trucks waiting at distribution centers. When it comes to unloading, LTL shipments take longer to inventory, check, and document OS&D. For a truckload shipment, unloading is fast with a consolidated order and can increase capacity fluidity at facilities.

### 4. Enhanced Ease of Operation

What might seem like a complicated process is actually handled by a sophisticated management company on the shipper and/or consignee's behalf. These solutions give the consignee a consolidated buying group for all vendors in the program, including one bill per shipment door-to-door. For a shipper, the ability to load an entire trailer with freight at origin removes the burden of managing the LTL process. These reductions in administrative work for both consignees and shippers alike allow for more time to focus on supply chain strategy and continuous improvement—advancing your enterprise goals.

### 5. A Greener Network

The biggest benefit that commonly goes unnoticed with consolidation is the enormous chunk of carbon dioxide emissions cut out of supply chains. With fewer idle trucks waiting at distribution centers, a reduction of trucks on the road, and the potential decrease in mileage versus multi-stops, a large amount of carbon dioxide emissions is avoided.

Supply chains across the globe are riding a wave of innovation, fueled by technology and driven by a change in consumer behavior. Companies can implement a consolidation strategy by aligning with a provider that can help untangle the current process and develop an end-to-end solution for each shipment. Regardless of the method a shipper or consignee chooses to take, consolidation is an easy way to get quick wins for your supply chain.



# Creating Culture in the Freight Brokerage Arena



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In most major cities across America, working at a freight brokerage has become an increasingly desirable profession. It has also become one of the fastest-growing jobs in the country. One of the biggest challenges these logistics companies face is how to attract and retain top talent when there are simply so many different freight brokerages to choose from in a given market.

## The Market

The city of Chattanooga, Tennessee, is home to a little shy of 200,000 people, but there are at least 20–25 asset and non-asset-based freight brokerages in the city. That's a lot of competition! Avenger Logistics has been able to separate itself from other brokerages and become an industry leader when it comes to creating a culture of positivity that balances competition and celebration of both individual and team wins.

## Priorities as a Company

From a culture standpoint, inclusion and empowerment must be a constant focus for leadership. Dedicate a fair amount of time to strategizing on how to creatively maintain different monthly contests, reward-based excursions, company lunches, and regular meetings to make certain that everyone in the company has an equal opportunity for success.

For example, Avenger has put in a full-service gym and chapel in the office to provide employees with positive enrichment. To attract quality talent, a business has to try and make its facility the best place any person has ever worked in their lives.

## Contests and Competition

Keeping your employees motivated and engaged in the workplace has to rank high on a company's list of priorities. Retention rates hold strong when individuals are driven by positive culture.

The worst thing a company can do is continue to have the exact same contests month in and month out, as the novelty can wear off fast. How do you keep pumping out fresh contests? Ask your people for input! Nothing creates a better culture than empowering your people and letting them see their ideas come to life.

*In an environment where unemployment rates are low and freight brokerages saturate the market, establishing culture is key to bringing in quality talent.*

## Capture the Flag: How It Worked

One great example Avenger adopted for one month was Capture the Flag.

Each time someone gets a new customer they are able to bring the flag to their desk. Each time someone gets a certain profit margin amount (ours was \$500 or better) they bring the flag to their desk.

At random points throughout the month, week, or day, Avenger established preassigned times that awarded whichever group had the flag at that time with various prizes. Some of those prizes included things like group lunch being brought to the entire team, escape room adventures, axe throwing sessions, etc.

On an individual level, each time someone grabbed the flag they received a lottery scratch-off ticket to reward both themselves as well as their teams.

Adopt ideas like this and your company will reap the benefits of creating culture that keeps employees loyal to your brand.

## Data Management—Vital Today!



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*Managing information gathered from a strong TMS provides a solid pre-audit program to double-check the accuracy of bills and also delivers these value points.*

**Y**ears ago, I named my business “Freight Management,” but today it should be called “Data Management,” since that seems to be the business in which we find ourselves.

Driven by competitors, by our clients, and by our own imagination, the effective collection of information can be invaluable if properly used and directed.

There are value points in managing information gathered from a strong TMS system that can also provide a solid pre-audit program to double-check accuracy of bills before payment. These points include:

**1. Tracking the duty paid on imported items with an eye to how much then reships to Canada, or falls into other categories, which will allow you to regain much of the duty paid.**

**2. Having visibility of all shipments moving inbound or outbound until delivered.** This information can be pushed or retrieved. This assumes that the freight is tendered by the shipper, or by the vendor, via the TMS that picks the approved carrier for the speed and distance of the shipment. The TMS usually notifies the carrier electronically and a bill of lading is prepared for printing for the consignee.

**3. Out-of-region freight moving from a warehouse outside the service zone is costly and a good TMS reporting system will identify these types of occurrences.** Additionally, it should identify what SKUs are involved and how frequently it happened in the past week or month. All of this adds extra costs to the bottom line.

**4. Double/triple orders moving the same day to the same customer can be identified and allow steps to be taken in the future to consolidate such orders onto one bill of lading, not two or three.**

This typically happens when you have many items for sale and a customer such as Walmart will create an order for each one, which then triggers a bill of lading for each. In some cases, they insist on a bill of lading for each PO. A master bill of lading can overcome this need, which includes all the individual bills of lading onto one transaction. Additionally, carriers will even consolidate the orders and then send one bill.

**5. How often is the shipping staff or the vendor using the wrong carrier for the size, speed, and distance of the order?** This, too, can be expensive, and it is good to know when this occurs and where the failure is occurring.

**6. Sometimes freight costs rise, and you may not be sure why.** A good TMS should provide a report on all shipments for any period of time with average mileage, average weight, and cost per pound. Maybe freight order size is down, which will tend to raise the cost per pound, or orders are simply farther away than normal.

**7. Identifying when accessorials (which are logged and summarized) of a given type are spiking.** This could mean more home deliveries, more inside deliveries, etc. Counter-action can then be taken to mitigate the costs.

**8. Defend against charge back from the major retailers.** This is now a major profit center. Allegations of late arrival, etc. are charged against you. A good TMS provides status and location of all shipments during the move, which will help that defense.

**9. Develop a report card on all carriers for on-time delivery, claims ratio, or other factors**

**10. You can also chart the cost of fuel month to month, so you can better see the trends and prepare yourself or your customers.**

**11. By receiving a delivery receipt from the carrier, the process for filing claims for loss and damage is made easier and more accurate.**

**12. Finally, a good TMS will provide accurate accrual reports at the end of the month.**

However, all open orders across all modes must reside in it. The TMS can then calculate the charges you can expect from the carrier even if not billed or received yet.

Freight Management has such a TMS, and additionally the staff to manage it. Data management has become our main business.



# Three Ways Data Is Enabling Smarter Transportation Management



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**T**he rise of e-commerce continues to drive greater expectations around speed, agility, and visibility. Transportation and warehousing providers have been forced to evolve rapidly to keep pace with increasingly high service-level demands—from manufacturers, retailers, and consumers. Supply chain technology—powered by data and analytics—is enabling that evolution.

## Ensuring Consistency and Quality

Within the last few years alone, technology has propelled the industry beyond simple track-and-trace data into a whole new world of supply chain visibility. Now, customers not only track their packages through transport, they can receive text or email alerts along the way. The same data can indicate that the delivery is within a mile of its destination, allowing receiving facility managers to plan ahead and eliminate surprises.

This greater visibility has implications beyond on-time deliveries. This data will ultimately lead to companies being able to carry less inventory, because they will know with greater certainty where their products are located and exactly when they are needed. This could lead to significant cost savings over time.

## Enabling Efficiency and Productivity

Fleet management systems are also playing a large role in driving greater transportation efficiency. Systems communicate with vehicles on a constant basis, gathering data about how long a vehicle has been on the road, where it is headed, and which route is the most efficient. These systems reduce idle driver time, optimize fuel efficiency, enhance

safety, and reduce paperwork while also providing the warehouse with greater flexibility and real-time responses to unplanned events.

Digital freight marketplaces are also enabling companies to think beyond today's shipment by providing greater transparency in the trucking industry. All these insights can help drive lower operating costs without sacrificing service.

## Saving the Roads

Finally, data will coordinate with other technologies to play a role in one of the most exciting developments in transportation: platooning.

Platooning links three or four trucks for trips on long stretches of interstate highways. A driver is required for the lead vehicle, and the remaining trucks follow on a digital tether, a short distance apart. The lead vehicle controls the speed, direction, and braking of all vehicles, which respond with near-zero reaction time.

Platooning is likely to be a game changer for transportation, saving driver labor costs, increasing road safety, and providing environmental benefits.

*Transportation is evolving rapidly, thanks to supply chain technology powered by data and analytics. Digitization is driving big changes that can help meet the pace of change.*

## Sharing the Cost of Technology

Carriers and 3PLs are working together today to leverage these and other technologies to drive greater efficiency and cost savings across the supply chain without compromising service levels. 3PLs have proven experience leveraging emerging technologies and can often help organizations quickly take advantage of what's available (and on the near horizon) at a scalable cost.

To learn more about how digitization is driving changes in transportation, visit [bit.ly/DHLTransportSolutions](http://bit.ly/DHLTransportSolutions)