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*One key step to finding answers to any logistics, supply chain, or technology challenge is knowing the right questions to ask.*

*Inbound Logistics assembled a team of supply chain and logistics technology leaders, and asked for their perspectives on the important logistics challenges and opportunities impacting your business.*

*More importantly, these logistics thought leaders can give you guidance when considering improvements to your business processes.*

# Thought Leaders

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## THOUGHT LEADERS

# Automated Bidding Tools Benefit Shippers, 3PLs, and Carriers



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At the start of a new year, it's common for shippers striving for an optimized supply chain to review their carrier options to make sure they use the ideal mix of freight transportation providers. In 2019, this bidding business has lasted the entire year, as shippers and 3PLs look to take advantage of a softer freight market to secure better pricing and service.

**Q:** *Why has there been an increase in bidding activity this year?*

**A:** During the first eight months of 2019, SMC<sup>3</sup> has seen a record number of less-than-truckload bid events in our BidSense tool. We think that's because shippers and 3PLs see that the time is now to possibly find lower rates.

While savings are important, these buyers are also seeking to expand their provider base to ensure future capacity in advance of the next capacity crunch. We've found that shippers who remove the manual aspects of finding and sourcing freight transportation also receive responses from a wider net of carriers—30, on average, for a single bid event, which is significantly more carriers than the handful they might query when using manual bidding methods.

Shippers are also wary that the market could quickly swing the other way toward tighter capacity. They're looking to quickly lock in contract rates.

**Q:** *Since so many shippers and 3PLs are in the market, what's the best way for them to get a good result in a bid?*

**A:** Anything shippers can do to make carriers more efficient will help establish a lasting, worthwhile partnership. Shippers should know which carrier prioritizes what freight type in which lanes and also know that the expectations they set during the bidding process have to match the reality after the new routings are implemented.

While automated bidding tools are crucial for shipper sourcing events, the solution brings benefits to all parties involved. Carriers that receive clean, complete shipment history and future volume forecasts from shippers are able to confidently sharpen their pencils to make the most competitive offers, which can lead to shipper savings.

In fact, before the advent of bid technology tools, the biggest complaint we heard from carriers concerned the data customers submit. There was no way for them to accurately respond to a bid when data were missing and incomplete, so they simply planned for the worst. Pricing teams are very analytical and risk-averse, so their price offers reflected that planning.

When carriers receive more data from shippers, giving them a complete picture of a shipper's freight, everybody wins.

# Employee to Entrepreneur: Transitioning to Freight Agency Ownership

Leaving a job to start a company is a high-risk/high-reward decision. For those transportation and logistics professionals who have been toying with the idea of entrepreneurship, there are some points to take into consideration to help make the right choices.

**Q:** *When is the best time to open a freight agency?*

**A:** There's never a wrong time to plan for the future and take steps to advance a career.

Many freight agents make the transition into entrepreneurship when they feel stagnant with their current employers, have limited growth opportunities, or believe they could be subject to a restructuring or reorganization by their employer. More than anything, transportation professionals open up freight agencies when they are ready to take their career into their own hands and become their own boss.

The transition into agency ownership is easier for those seasoned professionals who have built relationships in the industry and have the support of an experienced agent-based transportation provider.

**Q:** *How do successful freight agents run their businesses?*

**A:** Every business owner will run his or her business differently—there is no secret to running a successful operation. Entrepreneurs are diligent, hard-working and driven. As long as those qualities are ingrained, anything is possible.

However, choosing a reliable, reputable logistics and transportation company to operate under can make running a successful freight agency even easier. A well-known brand can help new entrepreneurs get their foot in the door with potential customers and gain the confidence they need to sell their services. Plus, the support from a company's broad transportation network can make all the difference to the growth of a freight agency.

**Q:** *What kind of support should a freight agent expect from the company they align with?*

**A:** The company a freight agent chooses to align with should have a business model built to help the agency flourish and feel completely supported. Look for a company that:

- Is connected to a large capacity network allowing freight agents to offer their customers a full suite of transportation modes and services using a variety of equipment
- Allows freight agents to set their own priorities but never feel alone
- Has unlimited earning potential
- Provides back-office administration
- Has a good reputation
- Is financially stable

The company also should provide advanced technology to its agents to help them run their businesses effectively and deliver the best transportation solutions for customers. Systems that help position resources, manage staff, develop quotes quickly, and operate remotely are tools every freight agent should have access to. Without this level of support, it's time to look elsewhere.



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## THOUGHT LEADERS

# Leveraging System Design and Optimization for Supply Chain 4.0



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Value-Added Warehousing

Supply Chain 4.0 is an integrative approach to operational digitization, where existing and nascent technology applications are leveraged to transform the supply chain ecosystem. This is seen as an essential response to evolving business requirements and the gradational manifestation of industry 4.0 evolution.

**Q:** *How should companies prepare for the potential change to their business?*

**A:** The first question is to understand why such a change should be a strategic imperative.

We advise businesses to conscientiously assess their culture, core competencies, and the critical impacts of supply chain elements to their business operations, including the propensity for continuous improvement and innovations disrupting or sustaining their industry. This organizational self-reflection and discovery will guide a cohesive supply chain management and sourcing strategy that produces clear requirements for operational leaders and potential logistics partners to achieve.

At Ruan, we have the people, process, and platform primed for such value-added partnerships. Our consulting service is designed to evaluate, validate, and create value by identifying transportation network and optimization opportunities within any given supply chain system. We apply the principles of Lean Six Sigma to bolster efficiency (waste reduction) and effectiveness (variation elimination).

**Q:** *Why should companies study their overall system design?*

**A:** Most transformations occur from systematic incremental changes

produced via supply chain network optimization and logistics engineering executions.

On a foundational level, we seek to realistically recognize and appreciate the current state of any business system.

Our Solution Engineering methodology is to first understand the business, so it drives quality data. Synthesize the data, so it drives strategy. Validate the strategy, so it drives the plan. Verify the plan, so it drives execution. Evaluate the execution, so it drives continuous improvement toward the desired future state.

The depth of insights and results is typically dependent on existing data quality, system complexity, and resource capability.

**Q:** *What impact can be expected from supply chain network optimization?*

**A:** Supply chain network optimization typically delivers system efficiency gains of at least 15 percent, with additional cost savings estimates of up to 10 percent.

Our optimized product distribution approach considers variables like strategic facility locations, dedicated fleets for high volume lanes, and ideal modal selections based on service, schedule, and costs constraints. The aggregate business value created is typically dependent on the existing level of technological sophistication and operational maturity of the impacted business.

At Ruan, we apply our engineering expertise every day to model and impact these outcomes. Our deliverables include network demand and capacity analyses, performance measurement and constraints analyses, location and greenfield scenario analyses, business case development, and customized network studies.