

CSCMP hottopics

JUNE 19, 2018

WHAT IT MEANS TO BECOME A “SHIPPER OF CHOICE”

Doug Frank,
*Senior Vice President,
Procurement, GEODIS
Americas*

Putting the squeeze
on idle time
1

Strategies to become a
preferred shipping partner
2

Opportunities to save
time in the yard
2

About GEODIS
3



*Educating and Connecting the World's
Supply Chain Professionals.™*

In the first half of 2018, a convergence of forces is disrupting the complex ecosystem of manufacturers, carriers, and third-party logistics (3PL) partners that comprise the U.S. shipping and logistics industry:

1. Freight volumes are expanding across the board due to the strong U.S. economy.
2. A nationwide driver shortage leaves fewer drivers on the road overall.
3. Electronic logging device (ELD) policies implemented in late 2017 mean drivers are on the roads less hours than they used to be.

As a result, there's more freight to ship and fewer people — operating under more strictly regulated hours — to move it where it needs to go.

Soaring freight rates, which cut into everyone's earnings, are just one consequence of high demand and low supply. A significant capacity crunch has shifted the balance of power away from shippers to carriers, giving rise to the buzzword “shipper of choice.”

Essentially, with resources so constrained, carriers can choose which loads to haul and which shippers to work with. Manufacturers in every vertical are competing to get freight picked up promptly or picked up at all. This is forcing shippers and receivers to get creative in order to make themselves more attractive to carriers. The race to become a shipper of choice is on.

PUTTING THE SQUEEZE ON IDLE TIME

New ELD regulations for drivers are forcing all the partners in the supply chain ecosystem to adapt by working smarter and pushing harder to meet delivery deadlines. Since drivers can no longer exceed hours or go that extra 10 miles to meet customer demands for deliveries when their drive time is up, shippers and receivers must get better at preparing loads for pickup and drop-off.

Shippers and receivers that stall drivers in ways that have become the norm — keeping them waiting for three or more hours to load or unload shipments — are now being bypassed by carriers. If shipments aren't arriving or waiting when and where they're supposed to be, drivers aren't driving, and no one is making money. The shift here is that carriers have options and no longer have to be in this situation. In the same way that shippers use carrier scorecards, expect carriers to develop shipper/receiver scorecards. With access to better data to quantify “good” shippers, carriers can, and will, identify specific shippers and lanes with the best operations.

Companies that prioritize the movement of trucks in and out of their facilities, however, are positioned to become a shipper of choice. For example, switching from a first-come-first-serve policy to flexible appointments can minimize detention and get drivers back on the road faster. Reducing idle time for drivers in this way benefits everyone across the supply chain

“A lot can happen in the hours it takes to load and unload. For carriers, the most efficient shipper (with the least waiting time) is the most desirable.”



*Educating and Connecting the World's
Supply Chain Professionals.™*

STRATEGIES TO BECOME A PREFERRED SHIPPING PARTNER

In an environment where carriers determine which loads get transported, it's critical for shippers to make each pickup and delivery seamless in order to find capacity for their freight. Taking that one step further, the company must earn a reputation as a consistently reliable and conscientious logistics partner to become a shipper of choice.

Working with shippers of all sizes throughout my career, I've witnessed those most likely to succeed in this climate execute in a number of small and large ways. Here are specific steps you can take to earn the trust of the best carriers, so they'll be there when you need them.

1. **Be ready when they're ready.** Flexible pick-up and delivery times, 24/7 operations and drop and hook operations make it easier for carriers to accommodate your schedule while maintaining compliance with Hours of Service regulations.
2. **Set realistic expectations.** Communicate with carriers and notify them when plans change. Like in all good partnerships, communication matters.
3. **Use the best technology available.** Ensure end-to-end visibility into where your freight is and where it's supposed to go next. If you can identify bottlenecks in your network, you can improve overall performance across the supply chain.
4. **Treat drivers like your customers.** Be prepared. Be respectful. Be helpful. Provide drivers access to clean and safe facilities (i.e. parking, restroom, and lounge) before and after appointments.
5. **Don't forget about the yard.** Automating the yard — where shippers, carriers and 3PLs intersect — can have a surprisingly positive impact on overall efficiency.

I've found this last point, in particular, can make the difference between a shipper of choice and everyone else. Let's examine the hidden opportunities for driving efficiencies in the yard in more detail.

OPPORTUNITIES TO SAVE TIME IN THE YARD

A lot can happen in the hours it takes to load and unload. For carriers, the most efficient shipper (with the least waiting time) is the most desirable. So a finely tuned yard operation can be the decisive factor in getting your loads picked up on your schedule.

Yard management systems (YMS) provide a consolidated view of equipment, drivers, and the progression of loads through the yard in real time. At the highest level, yard management software enables yard operators to:¹

- Schedule inbound and outbound shipments and accurately plan for all the daily tasks required in the yard.
- Update manual gate procedures (e.g., spreadsheets and written logins) to a digital system that uses GPS tracking for transparency into arrival times.
- Reduce operating costs associated with inefficiencies and inaccuracies in maintaining shipping container inventory.

About CSCMP Hot Topics

Issues of *CSCMP Hot Topics* may include early results from ongoing research being conducted for CSCMP or other organizations; new supply chain practices, thought-provoking ideas, or emerging trends; discussions of changes in the broader business and regulatory environment that may impact the supply chain and logistics field.



*Educating and Connecting the World's
Supply Chain Professionals.™*

- Improve communication between yard crews to provide task updates and check-ins on progress and bandwidth.
- Ensure yard security is present and accounted for while also setting protocols on who can access container seal codes.

Small to mid-sized shippers may not want to carry the fixed costs of building or buying YMS software. For them, a third-party logistics partner can provide technology-enabled yard management without the upfront investment, so they can still gain the advantages of a 24-hour live load operation. Many good yard management software options are available as a SaaS product or as part of a complete 3PL service agreement.

Drivers have voiced for years that they spend too much time waiting to load or unload, and rightfully so. While the yard manager cannot control circumstances that prevent drivers from arriving on-schedule, new technology can ensure that a space is available for the driver when they arrive. Visibility in the yard from container to inbound dock to the warehouse shelf can help take delays out of the equation.

Cost reduction is the most important benefit of yard management software. Rates go up; capacity continues to tighten; and cost of goods continues to go up unless everyone gets more carrier-friendly. You can't do that unless you're running the yard as efficiently as possible.

It's easy to overlook the consequences of an inefficient yard — until you realize that yard jockeys can spend hours each week trying to pinpoint trailer locations. A YMS can tell you exactly when and where to put a container to unload into the correct location in the warehouse. Alternatively, if your goods aren't ready for pickup or end up stuck in a line of carriers waiting outside the gate, you're unlikely to make the shipper of choice list any time soon.

ABOUT GEODIS

GEODIS is a top-rated, global supply chain operator recognized for our passion and commitment to helping clients overcome their logistical constraints. Our growth-focused offerings coupled with our historical success have led to wide-spread recognition including being ranked #7 worldwide, #4 in Europe, and as a Leader in Gartner's 2018 Magic Quadrant of Worldwide 3PLs. While we have the muscles of a global provider, we maintain the service-level of a local provider.

Our presence and recognition in the U.S. continues to strengthen, largely due to the acquisition of Ozburn-Hessey Logistics (OHL) in 2015. Within our 19 campuses (or cluster of warehouses) we have over 137 facilities, spanning over 43 million square feet of warehousing space, and over 13,000 employees.

AUTHOR

Doug Frank, Senior Vice President, Procurement, [GEODIS Americas](#)
Doug.Frank@GEODIS.com

Doug Frank is a former Captain in the US Army with 30 years of supply chain industry experience. Since joining GEODIS in 2011, Doug has led the carrier management, transportation solution design, financial settlement and procurement teams.

1. <https://www.softwareadvice.com/fleet-management/yard-management-systems-comparison/>