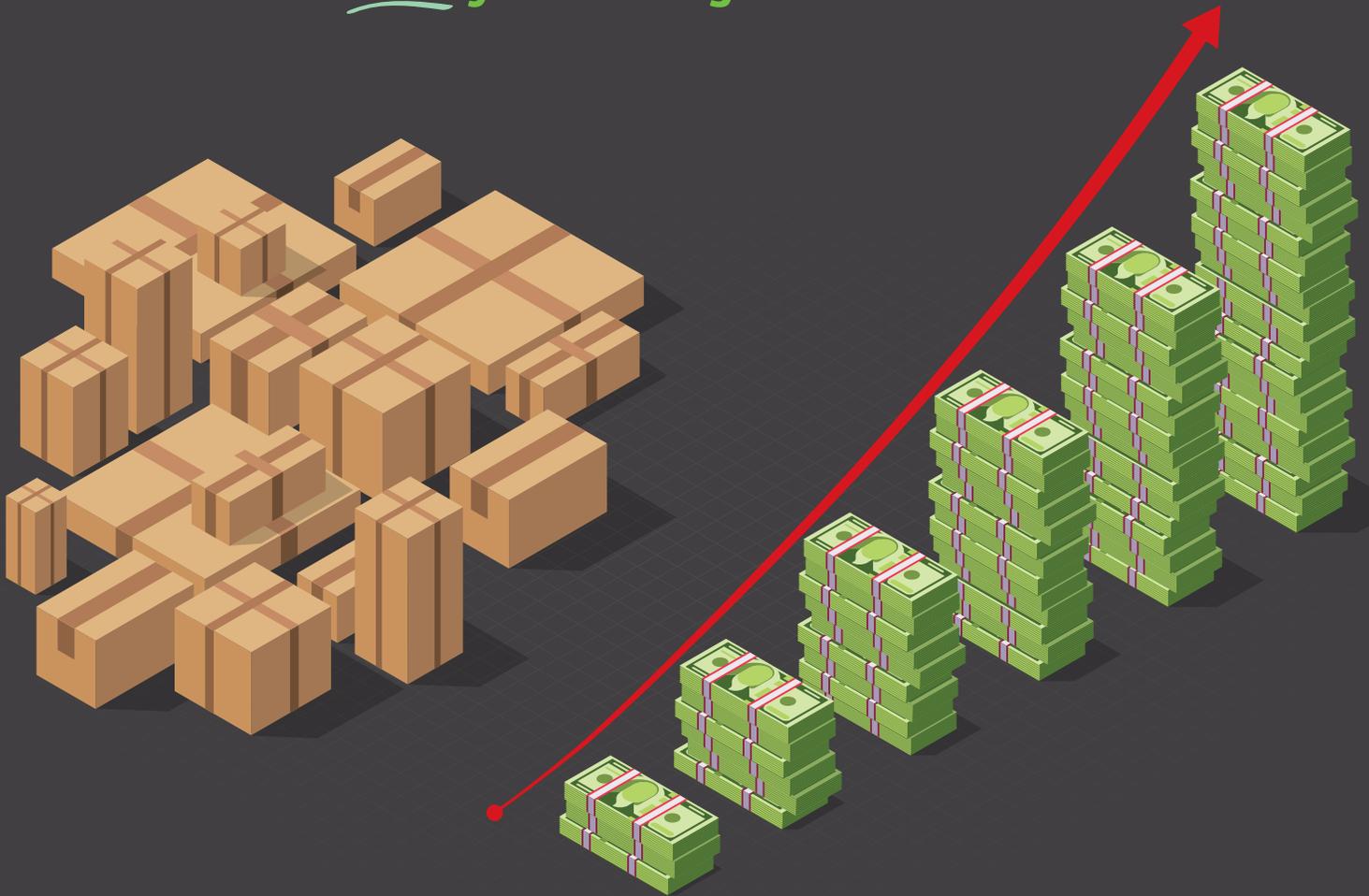




How to Save Money on Small Parcel Shipping

even after you have signed a contract



It's understandable that logistics managers stop thinking about freight rates once their negotiations are over.

This holds especially true with small parcel contracts, since there are so few carrier options. Yet while your rates may be “what they are” when you are under contract, that’s no reason to stop taking steps to minimize your overall small parcel spend.

There are plenty of tactics every shipper can employ to maximize the savings on small parcel shipping that don’t require a new contract.

Here are **5 ways to save money** on your small parcel shipping even after you've signed a new deal.

1

Audit Your Invoices

All contracts come with pricing and service guarantees. This means you are only obligated to pay for the service your carrier provides that meets the obligations they've committed to in the contract. Unfortunately, most shippers do not have a way to audit every shipment and make sure those service and rate guarantees are being met. When you consider that most shippers are overpaying by 10–30% for unclaimed refunds they are entitled to, it's obvious what a big lost opportunity this is — so audit your invoices.

2

Make Sure to Optimize Mode Selection

A lot of companies don't have a reliable process for knowing whether the modes selected for their shipments are optimal from a cost or service perspective. For example, it's common for companies to ship packages at a premium cost for 2 Day Air, when Ground would get it there in the same time but at less cost. Many routing decisions are made out of habit or without consideration of cost, so a regular review of your company's routing guides is important. It is vital to make sure the proper rate and service information is always considered at the time of routing to minimize shipping costs while still meeting service expectations.

3

Optimize Between Carriers

Taking this idea a step further, it's wrong to assume any one carrier will have the best rates for every lane or type of shipment. It's possible that a particular provider — UPS, USPS, or FedEx — can offer cost and service advantages depending on the specifics of a given shipment. Again, it's important to ensure that complete cost and service information is available when routing decisions are made.

4

Find Ways to Consolidate

While shipping rate contracts are complex, they operate on a simple principle — as weight goes up, per unit shipping costs go down. The way to leverage this from a shipper's perspective is to look for opportunities to consolidate shipments going to the same location. In simple terms, two 10 lb. boxes shipped as two separate orders will cost more than if those same two boxes are shipped together. Shippers who can step back and consider all their volume as a whole can often find opportunities to consolidate orders in this way and save money.

5

Renegotiate as Your Business Changes

Rate contracts are usually negotiated based on the here and now of your business. But things, like your shipping volumes, can change. The opening of a new distribution center or a shift in customer demographics are two good examples. Anything that changes your shipping patterns is a good opportunity to reopen rate negotiations, regardless of how recently you may have signed your last contract. Actively managing your contracts based on what your company needs now is important to make sure your rates stay up to date and are optimized for your business's needs. A lot of shippers think it's time to relax for a year or two once their small parcel contracts are signed. If anything, the work is just beginning. Driving the most value out of your small parcel shipping budget takes active management and constant attention to ensure the best routing decisions get made every time.

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