The Less-Than-Truckload Guide: From the Basics to Best Practices for Complete Mastery
<table>
<thead>
<tr>
<th></th>
<th>TABLE OF CONTENTS</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Introduction</td>
</tr>
<tr>
<td>1</td>
<td>Less-Than-Truckload 101: The Basics</td>
</tr>
<tr>
<td>2</td>
<td>LTL Best Practices Tips, Cost Reduction</td>
</tr>
<tr>
<td>3</td>
<td>Working Better with LTL Carriers</td>
</tr>
<tr>
<td>4</td>
<td>Using Technology for LTL Mastery</td>
</tr>
<tr>
<td>5</td>
<td>DIM Pricing and LTL</td>
</tr>
<tr>
<td></td>
<td>Conclusion</td>
</tr>
</tbody>
</table>
INTRODUCTION
INTRODUCTION

The Less-Than-Truckload Guide: From the Basics to Best Practices for Complete Mastery

Cerasis, in business since 1997, has focused primarily on Less-Than-Truckload (LTL) shipping management for shippers, providing technology and services to reduce costs and resources needed in order to effectively manage transportation departments. In fact, our transportation management system, the Cerasis Rater, handles millions of shipments not only via LTL but in Full Truckload and Small package modes.

Needless to say, it is of special interest for Cerasis to help educate shippers of the possible ways to ship their freight in order for shippers to make the best decisions for their business.

In this e-book we will explore what is LTL shipping and how Less-Than-Truckload shipping came about and then proliferated after the deregulation of the trucking industry in the 1980s. We will then cover the benefits of LTL Shipping to have more control, decrease costs, and offer flexibility as well as giving you tips on how to save on LTL shipping by explaining what factors create an LTL rate and what you can do to in order to manage those factors better. Then we will conclude the e-book highlighting the rise of employing a transportation management system to both manage and report on LTL shipping rates as well as touch on how third party logistics companies who focus on LTL shipping can help drive value for a company to allow the shipper to focus more on their core business.

Our goal is to empower our readers, customers, and shippers of freight with knowledge in order to better manage and decrease resources needed to run transportation departments. But first, in order to make sure we are all speaking the same language, due to the jargon, like any industry, in the freight an transportation industry, we will cover some common terminology.
Chapter One

LESS-THAN-TRUCKLOAD 101: THE BASICS
Common Transportation & Freight Terminology

Many experts believe that the root cause of many industry wide issues stem simply from not all of the players in any given industry not using the same terminology. Think about that for a moment and then let's use a metaphor like Football as an example industry. If someone from say Mexico came to America, and we said the term "football" they would think we are playing soccer. Or, let's say if the quarterback thought an inside route for a receiver was called "the slant" but the receiver thought an inside route was called "a flop". Well, as you can imagine, many teams wouldn't be able to have a good passing game. In any industry, the same terminology can be the difference between success or failure. The same is true in transportation terminology and logistics.

Whether you are new to the transportation industry, are a seasoned veteran, or just want to better understand transportation terminology, this comprehensive reference guide is for you. The following is a list of widely used terms which will help you with deciphering bills, articles, comments, and communications made by transportation professionals and the mainstream media in reference to everything transportation.
**Transportation Terminology Glossary of Terms**

- **Accessorial Charge**: Amount billed for additional, supplemental or special services provided, usually a flat fee. Examples include: Tarps, dunnage, layovers, detention, etc.
- **All-in Line Haul**: FSC + Line Haul.
- **Backhaul (Head haul)**: The return movement of a transportation vehicle from its delivery point back to its point of origin.
- **Bill of Lading (BOL)**: Paper document between a shipper and carrier acknowledging the receipt of goods for transport. Describes the nature of the cargo, amount of cargo by weight, size and/or number of pieces, and the origin and destination of cargo.
- **Broker (freight)**: Individual or company that serves as a liaison between another individual/company that needs shipping services and an authorized motor carrier. Determines the needs of a shipper and connects that shipper with a carrier capable of transporting the items at an acceptable price.
- **Carrier**: Utilizes trucks and/or trailers to move goods from point A to point B.
- **Coil Racks**: Prefabricated cradles made of wood or steel made to hold rolled coils to keep them from rolling on a trailer.
- **Compliance, Safety, and Accountability (CSA)**: An FMCSA program designed to provide motor carriers and drivers with attention from FMCSA and State Partners about their potential safety problems with the ultimate goal of achieving a greater reduction in large truck and bus crashes, injuries, and fatalities.
- **Commodity**: Any article of commerce, including raw material, manufactured or grown products.
- **Consignee**: The person or location to whom the shipment is to be delivered whether by land, sea or air.
- **Container (Shipping Container)**: Standard-sized rectangular box used to transport freight by ship, rail or highway. International shipping containers are 20’ or 40’, conform to International Standards Organization (ISO) standards and are designed to fit in ships’ holds. Domestic containers are up to 53’ long, of lighter construction and are designed for rail and highway use only.
- **Distribution Center (DC)**: A location where goods and materials are stored until they are ready to be moved to their end destination.
- **Dead-Heading**: Operating a truck without cargo.
- **Declared Value**: The value of a shipment imported for resale, as declared by the shipper or owner.
- **Dedicated Team**: A team of drivers who take turns driving a dedicated truck.
- **Dedicated Truck**: Refers to a driver pulling freight for one specific customer only, where only that load is on the truck. No partial loads can be added.
• **Detention/Demurrage**: Charge by the carrier for excess retention of their equipment. Typically caused by untimely loading or unloading.

• **Door-to-Door**: Synonymous with Thru Trailer Service (TTS) but can also mean simply handling the shipment from the shipper to the consignee.

• **Double Drop**: A flatbed with the lowest deck. Normally used for oversized or over-height loads.

• **Department of Transportation (DOT)**: Oversees U.S. federal highway, air, railroad, maritime and other transportation administration functions.

• **D.O.T. Number**: License administered to for-hire carriers by the Department of Transportation. (Not the same as Motor Carrier #).

• **Dunnage**: Filler material placed in empty spaces to keep cargo from moving or falling. Typically lumber, foam padding or inflatable bags.

• **Duty Status**: Drivers must maintain a daily 24-hour logbook (Record of Duty Status) documenting all work and rest periods. It must be kept current to the last change of duty status. Records of the previous 7 days must be retained by the driver and presented to law enforcement officials on demand.

• **Escorts**: Vehicles assisting in the movement of large, over-dimensional shipments. Escorts make sure the truck has plenty of space to move and alerts drivers of a shipment coming towards them. Help stop traffic with beacon lights and/or flags.

• **Excess Value**: Amount of declared value of a shipment that is above the carrier’s limit of liability.

• **Expedited**: The process of shipping at a faster rate than normal. Usually includes team drivers, overnight and/or air services.

• **Federal Motor Carrier Safety Administration (FMCSA)**: Operates within the D.O.T. with a mission to prevent commercial motor-vehicle related fatalities and injuries by enforcing safety regulations and improving safety information systems.

• **Freight Class**: In LTL shipping, the category of freight as defined by the National Motor Freight Traffic Association. Identifies the size, value, and difficulty of transporting your freight. This determines the carrier’s shipping charges.

• **Freight Forwarder**: Facilitates shipping of goods for a third party. Similar to a ‘Freight Broker’ but typically handles international goods, is defined as a carrier and can be held responsible for claims and loss of cargo.

• **Fuel Surcharge (FSC)**: The price of fuel can substantially change the cost of moving freight. Therefore, the Energy Information Administration of the U.S. Department of Energy publishes a U.S. National Average Fuel Index every week. Transportation companies will often include a FSC to the cost of moving freight either based on cents per mile or percentage of the line haul amount.

• **Hazmat**: Hazardous materials as classified by the US Environmental Protection Agency (EPA). Transport of hazardous material is strictly regulated by the US D.O.T.
• **Hot Shot:** Smaller trailers that are pulled by larger pickup trucks. Typically 24-40’ in length and cannot handle as much weight as a regular tractor trailer. Common for moving smaller loads or LTL shipments.

• **Hours of Service (HOS):** Regulations that put limits for when and how long drivers may drive.

• **Interchange Agreement:** Agreement and/or contract between two companies to switch or take control of a trailer in order to pick up and deliver shipments. Common along border towns between Mexican and U.S. companies in order to cross the border.

• **Intermodal:** A single trailer or container that encounters multiple forms of transportation along its route, such as truck/ship or truck/rail.

• **Just in Time (JIT):** Manufacturing system which depends on frequent, small deliveries of parts and supplies to keep on-site inventory to a minimum.

• **Lane:** A move from point A to point B. Many companies will have a lane that they run on a regular basis called a “dedicated lane”.

• **Layover:** When a driver is detained overnight or for a 24-hour period while waiting to pick up or deliver a shipment. Fees are usually involved.

• **Line Haul:** The rate per mile in dollars and cents for transporting items.

• **Logbooks:** Books carried by truck drivers in which they record their hours of service and duty status for each 24-hour period. These are required in interstate commercial trucking by the U.S. D.O.T.

• **Less-Than-Truckload (LTL):** Quantity of freight less than that required for the application of a full truckload (FTL) rate. Often a carrier will place several LTL shipments on the same truck to reduce the cost to the shipper.

• **Motor Carrier Number (MC#):** License administered to for-hire carriers by the Federal Motor Carrier Administration (FMCSA). Commonly referred to as USDOT numbers.

• **National Motor Freight Classification (NMFC):** A standard comparison of commodities moving in interstate, intrastate and foreign commerce. There are 18 commodity classes based on an evaluation of four transportation characteristics: density, stowability, handling and liability. These characteristics establish a commodity’s transportability.

• **Owner-Operator:** Truck driver who owns and operates their truck(s).

• **Over-Dimensional (Wide Load):** Cargo that is larger than the legally defined limits for width, length, height, and/or weight and cannot be broken down into smaller units.

• **Pallet Jack:** A tool used to lift and move pallets and other heavy packages and products.

• **Partial:** Truck used to compile multiple shipments from several customers in order to utilize the entire truck. Due to this, transit times can be longer than dedicated truckloads due to multiple stops.

• **Permits:** Permission obtained from states allowing carriers to transport freight that exceeds the legal weight and size limits.

• **Placard:** Warning signs placed on all four sides of a trailer denoting that they are carrying hazardous materials.
• **Proof of Delivery (POD)**: Signed documents (usually a Bill of Lading) that show a shipment was received at the delivery location.

• **PRO number**: A number assigned by the carrier to reference the shipment. This is also used for tracking.

• **Pup Trailer**: Short semitrailer, usually between 26’ and 32’ long, with a single axle.

• **Ramps**: Carried by some open deck truckers to help facilitate the loading and offloading of shipments. Mostly found on step decks that are trying to haul cars and other drivable equipment.

• **Rate Confirmation**: A document that confirms the agreed upon amount for the cost of service between the shipper and carrier.

• **Reefer**: A trailer with insulated walls and a self-powered refrigeration unit. Most commonly used for transporting food.

• **Removable Goose Neck (RGN)**: A specialized type of heavy-haul flatbed trailer that can provide drive-on drive-off accessibility. The trailer deck is attached to a “gooseneck” which can be raised and lowered then removed from the trailer for transportation.

• **Standard Carrier Alpha Code (SCAC)**: Unique 2-4 letter code used to identify transportation companies.

• **Shipper**: Consignor, exporter or seller named in the bill of lading, who may or may not be the same as the party responsible for initiating a shipment.

• **Sliding Tandem**: Mechanism that allows a tandem axle suspension to be moved back and forth at the rear of a semitrailer, for the purpose of adjusting the distribution of weight between the axles and fifth wheel.

• **Spread Axle (Spread Tandem)**: Tandem axle assembly that is spaced further apart than the standard spacing of 54”.

• **Straps**: Strong vinyl straps used to secure and tie down freight to a trailer.

• **Tanker**: Cylinder designed to haul liquids like fuel or oil.

• **Tandem Axle**: Pair of axles and associated suspension usually located close together.

• **Team (Driver Team)**: Team of two drivers who alternate driving and resting. This practice is typically used for expedited shipments but will have a greater cost.

• **Third Party Logistics/Freight Broker**: Individual or company that serves as a liaison between another individual or company that needs shipping services and an authorized motor carrier. Provides the necessary transportation but does not function as a shipper or carrier.

• **Thru Trailer Service (TTS)**: When cargo remains on the same trailer during an international shipment. This is the opposite of a trans-load and is generally considered safer by most companies.

• **Trans-Load**: The movement of a product from one trailer to another trailer in order to keep a shipment going. This is standard practice at international U.S. borders where carriers can only operate in one country and must pass off the load to a carrier authorized to transport loads in the country of the load’s destination.
• **Truck-Mounted Crane:** A self-propelled loading and unloading machine mounted on a truck body.

• **Truck Order Not Used (TORD):** When a shipper orders a truck to pick up but cancels after a truck has been dispatched. There is typically a fee associated with this.

• **Transportation Worker Identification Credential (TWIC):** Needed to gain unescorted access to secure areas of Maritime Transportation Security Act (MTSA) regulated facilities and vessels.

• **Van:** An enclosed boxlike motor vehicle having rear or side doors and side panels used for transporting goods.

**Common Truck Freight & Trailer Types Expanded**

**Dry Van Freight:** Dry van trailers are covered trailers with a flat deck. Van trailers are the most common type of trailer utilized for freight transportation in the US. The box covers the load from the elements and helps to secure the load.

**Refrigerated (Reefer) Freight:** Refrigerated freight includes shipments that require a temperature regulated trailer. Refrigerated trailers have a large capacity climate control unit mounted on the front of the trailer and run off of a secondary fuel supply. The trailers can be partitioned for zoned temperature control. Refrigerated shipments generally consist of perishable food stuffs, medical supplies, or chemicals.

**Oversized Freight:** Oversized freight is any load that exceeds the standard legal size and/or weight limits for a particular route. In most US states this includes loads that are wider than 8’ 6” or taller than 13’ 6”. Loads that are excessively long (combination length) or heavy (total or per axle) also fall into the oversized category. The regulations can vary state by state. Plus, bridges and roadways also have limitations that must be addressed. As a result, careful consideration is given to planning specific routes. As an additional safety measure the truck is accompanied by one or multiple pilot cars that act to warn motorists, control the transportation, and ensure route safety.

**Flatbed Freight:** Flatbed freight is any load that is put onto a flatbed trailer. Flatbed loads need to be secured by the driver and are open to the elements. Flatbeds, due to their open nature, allow certain loads, such as large generators, to be loaded with greater speed and safety since a crane can be used rather than a forklift. They can also be loaded from both sides and can accommodate full width loads. Flatbeds are very common in the US trucking industry and widely used for construction and industrial loads.

**Lowboy Freight:** Lowboy loads are very similar to flatbed loads. Lowboy trailers have a much lower deck height which effectively lowers the total height of the load to avoid falling into oversized load restrictions. This allows taller loads to be transported without the extra costs and safety issues of an oversized load.
What is Freight?

Freight is defined as commercial goods transported via air, sea, or land. Usage of the word freight in English literature extends as far back as the 1400s. It became significantly more popular in the 1700s when European nations greatly expanded their global empires, most notably England, Spain, and the Netherlands. Today freight refers to larger quantities of goods that exceed the normal parcel size, or weight, handled by common carriers. Goods are ordered into boxes, loaded on pallets, and moved using various modes of transportation.

What is LTL Freight

LTL is initialization, using the first letter in the three word phrase Less Than Truckload. This means a shipment that does not require a full 48- or 53-foot trailer. There are many carriers that specialize or offer this service and, like full truckload carriers, the LTL carriers themselves specialize in different services such as lift gate and residential pickups and deliveries, guaranteed services, freeze protection, transit, and bottom line costs to name a few.

Products are moved from point to point by a number of different modes of transport; air, rail, water and truck. In the US, the movement of goods by truck offers shippers infinite flexibility due at a relatively low cost. Truck transportation can move large items faster than rail as the shipment is not dependent on the railroads timetable. The general freight carriers in the US offer two types of service, Full Truckload (FTL) service or Less-Than-Truckload (LTL). While the FTL carrier moves full containers or trucks of one product from one customer, the LTL carrier moves goods from many different customers on one truck. The LTL carrier offers customers a more cost-effective method of shipping goods than the FTL operator.
The 10 less-than-truckload carriers with more than $1 billion in annual revenue increased combined sales 4.3 percent in 2012 to $23.2 billion, accounting for 72.3 percent of total LTL industry revenue of nearly $32 billion, a study finds. For the first time since the recession, the billion-dollar carriers grew more slowly than the 25 largest LTL carriers. The 25 largest LTL carriers as a group increased revenue 4.5 percent last year, according to SJ Consulting Group. In 2011, trucking’s “billionaires” outpaced their largest competitors by 5 percentage points when it came to sales growth. The group outpaced the 25 largest carriers by 6.6 percentage points in 2010 as the recovery began. That indicates that after two years of steady revenue growth, the biggest LTL carriers found it harder to match prior-year growth rates and price hikes as the general economy weakened, especially in midyear and into the fall.

How did LTL Shipping Come About in North America?

The US government started regulating the trucking industry in 1935 under the guidance of the Interstate Commerce Commission (ICC). The Motor Carrier Act of 1935 required new truckers to seek a "certificate of public convenience and necessity" from the ICC. The act required motor carriers to file their tariffs with the ICC 30 days before they became effective. The tariffs were then available to be viewed by any interested party. The tariff could then be subject to a challenge by another carrier or railroad which could lead to a suspension of the tariff until an investigation could be carried out.

In 1948, despite a veto from President Truman, the Congress allowed carriers to fix prices and allow them to be exempt from any antitrust legislation. For the next 30 years competition was virtually extinguished as the ICC denied applications from new carriers. The industry began to change in the early 1970’s when first the Nixon, then the Ford and Carter administrations implemented a number of acts to reduce price fixing and collective vendor pricing. The final part of the deregulation was the Motor Carrier Act of 1980. The effect of the new law resulted in intense price competition and lower profit margins, with thousands of new low-cost, non-union carriers entering the market. Between 1977 and 1982, the average LTL rate fell by up to 20%. The trucking industry changed after deregulation. The number of carriers doubled between 1980 and 1990, with over 40,000 carriers in the US. Union membership fell sharply between 1980 and 1985, dropping from 60% to 28%.
The $26.5 billion less-than-truckload (LTL) is a tiny share of the nation’s $700 billion total freight transportation pie, but it increasingly is seen as a vital component in shippers’ supply chains.

That’s because LTL carriers, with their networks of thousands of terminals and hub-and-spoke system of pickups and deliveries, enjoy significant barriers to entry in the otherwise deregulated trucking industry. In fact, there has not been a significant, sizeable new entrant into the LTL sector since UPS and FedEx made forays into the niche through acquisitions in the early 1990s.

Because of that, capacity in the LTL sector is rather finite, especially with the current driver shortage that is only expected to worsen with tighter regulations on drivers, such as the new hours of service rules and Map-21 regulations. Although the LTL sector did ratchet down capacity by as much as 20 percent during the economic downturn of 2007-09, freight demand has returned to LTL and is “fairly steady at the moment”.

**What are the Characteristics of a LTL Shipping Carrier?**

LTL carriers generally utilize van trailers which are covered or enclosed trailers. There are a few refrigerated LTL carriers who utilize temperature controlled trailers. Roll up doors on the rear for access to the inside of the trailer has become a trend for carriers these days as well. What that means is that the entrance to the trailer is a bit smaller than trailers with swing doors. Most carriers will use pup trailers that they can haul two trailers in tandem and LTL carriers will not accept shipments that cannot fit onto one pup trailer. The drivers around town making pick-ups and deliveries are generally driving 53 foot trailers and you will notice the majority of LTL carriers on the interstate running their line haul freight are traveling with two tandem trailers. They do this as the freight has already been sorted for destination and can be easily dropped at the coordination terminals as the freight travels across the country. City drivers are using local day cab trucks that are not equipment with sleeper births that allow the local drivers overall lower weight around town along with increased maneuverability as the trucks are shorter in length. The city drivers will generally have a pallet jack in their trailers so they can adjust the freight on their trailers throughout their days. The carriers will have strategically placed terminals where they are able to consolidate all their freight to be picked up and delivered. As a shipment moves from pick up to destination it will be placed with other freight that is bound for the same area to be delivered.
How do LTL Shipping Rates Work?

Rates for LTL freight are determined by class, weight, pick up and destination zip codes (in the transportation industry this is commonly referred to as the “lane”), and any additional services required to meet the shipper’s and consignee’s (this is another term for the delivery location) needs. Carriers will offer shippers and brokers discounts for freight that they are wanting to secure for business. The amount of discount is negotiated with the carrier and FAK’s (freight of all kinds) may be offered to lessen the perceived cost of shipments in addition to the discounted rates. What FAK really means is say a shipper wants to move his products, which are class 85 (microwaves) and is negotiating his rates with a carrier, the LTL carrier may offer to move this freight at a lower class of 50 thus lowering the perceived cost. However, it's vital shippers or their third party logistics outsourced provider intimately works with a carrier in order to analyze historical freight shipping data and conduct a freight analysis in order to best approach the LTL carrier to get the best contracted rates by specific shipper need. This process will yield a more productive negotiation and create more of a win/win environment, and ultimately allow the shipper to save the most amount of money on their LTL shipping costs.

Another factor in the costs of LTL shipping are fuel surcharges. Fuel surcharges are the fuel costs associated with the lane of a shipment and added on top of line haul costs. Fuel is updated on a weekly basis and is based on the national average of diesel. With rising fuel costs LTL shipping has seen an increase, because when consumers are buying less the need to ship is lower. So where a company used to fill up a whole trailer with their product now they may only need half as much trailer space and can ship their product cheaper by going LTL instead of using a full truck load carrier.

The main factors that play into LTL shipping rates are:

- Distance
- Weight
- Classification of Freight
- Accessorials

But, we will cover these in more detail later in the e-book.
Freight Density

Freight density is the ratio of weight to volume expressed in per cubic foot (pcf) measurements. Shipments that take up a lot of space for their weight will be in a higher freight class and generally cost more to ship. Shipments that are heavy and compact will be in a lower freight class and generally less expensive to ship. The Commodity Classification Standards Board, or CCSB, samples numerous shipments for both the pcf density and the frequency of that particular density being shipped. For example, night lights packaged in boxes range in density between 2.17 to 22.50 pcf, with an average density of 7.09 pcf according to CCSB research. As you can see from the graph below the vast majority of densities were between 4 and 10 pcf.
Freight Class: What is and How to Determine LTL Freight Class

What is a Freight Class?

Freight classes are designed to help you get common standardized freight pricing for your shipment when working with different carriers, warehouses and brokers. Freight classes are defined by the National Motor Freight Traffic Association (NMFTA) and made available through the NMFC or National Motor Freight Classification. In the United States, each commodity or type of product is assigned a National Motor Freight Classification (NMFC) and corresponding class for less than truckload (LTL) freight shipments. The (NMFC) system is a standardized method designed to give consumers a uniform pricing structure when transporting freight. There are 18 classes that a shipped package may fall under with class 50 being the least expensive, to class 500 as the most expensive. The number assigned to an item is important to freight carriers in determining the tariffs, which in turn determine the price charged to the customer.
What Factors Go into Determining Freight Class?

Before you determine your freight class for your shipment, you must identify certain factors about your specific freight. Freight class is based on weight, length and height, density, ease of handling, value and liability from things like theft, damage, break-ability and spoilage. The definitions for each are as follows:

1. **(Weight, Length, Height) Density and Value**: Density guidelines assign classification 50 to freight that weighs 50 pounds per cubic foot. The Commodity Classification Standards Board (CCSB) assigns classifications 70, 92.5, 175 and 400 to freight with densities of 15, 10.5, 5, and 1 pound per cubic foot, respectively. Freight less dense than 1 pound per cubic foot is classified as 500. The density is the space the item occupies in relation to its weight. The density is calculated by dividing the weight of the item in pounds by its volume in cubic feet. Your item's volume in cubic feet is Length x Width x Height/1,728, where all dimensions are measured in inches. The density of your item = Weight/Volume, where Weight is measured in pounds and Volume is measured in cubic feet.

2. **Stow-ability**: Most freight stows well in trucks, trains and boats, but some articles are regulated by the government or carrier policies. Some items cannot be loaded together. Hazardous materials are transported in specific manners. Excessive weight, length or protrusions can make freight impossible to load with other freight. The absence of load-bearing surfaces makes freight impossible to stack. A quantifiable stow-ability classification represents the difficulty in loading and carrying these items.

3. **Handling**: Most freight is loaded with mechanical equipment and poses no handling difficulties, but some freight, due to weight, shape, fragility or hazardous properties, requires special attention. A classification that represents ease or difficulty of loading and carrying the freight is assigned to the items.

4. **Liability**: Liability is probability of freight theft or damage, or damage to adjacent freight. Perishable cargo or cargo prone to spontaneous combustion or explosion is classified based on liability and assigned a value per pound, which is a fraction of the carrier's liability. When classification is based on liability, density must also be considered.
# What are the 18 Different Types of Freight Class?

<table>
<thead>
<tr>
<th>Class Name</th>
<th>Cost</th>
<th>Notes, Examples</th>
<th>Weight Range Per Cubic Foot</th>
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<tbody>
<tr>
<td>Lowest Cost</td>
<td></td>
<td>Fits on standard shrink-wraped 4X4 pallet, very durable</td>
<td>over 50 lbs</td>
</tr>
<tr>
<td>Class 55</td>
<td></td>
<td>Bricks, cement, mortar, hardwood flooring</td>
<td>35-50 pounds</td>
</tr>
<tr>
<td>Class 60</td>
<td></td>
<td>Car accessories &amp; car parts</td>
<td>30-35 pounds</td>
</tr>
<tr>
<td>Class 65</td>
<td></td>
<td>Car accessories &amp; car parts, bottled beverages, books in boxes</td>
<td>22.5-30 pounds</td>
</tr>
<tr>
<td>Class 70</td>
<td></td>
<td>Car accessories &amp; car parts, food items, automobile engines</td>
<td>15 to 22.5 pounds</td>
</tr>
<tr>
<td>Class 77.5</td>
<td></td>
<td>Tires, bathroom fixtures</td>
<td>13.5 to 15 pounds</td>
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<tr>
<td>Class 85</td>
<td></td>
<td>Crated machinery, cast iron stoves</td>
<td>12-13.5 pounds</td>
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<td>Class 92.5</td>
<td></td>
<td>Computers, monitors, refrigerators</td>
<td>10.5-12 pounds</td>
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<td>Class 100</td>
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<td>boat covers, car covers, canvas, wine cases, caskets</td>
<td>9-10.5 pounds</td>
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<td>Class 110</td>
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<td>cabinets, framed artwork, table saw</td>
<td>8-9 pounds</td>
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<td>Class 125</td>
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<td>Small Household appliances</td>
<td>7-8 pounds</td>
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<tr>
<td>Class 150</td>
<td></td>
<td>Auto sheetmetal parts, bookcases</td>
<td>6-7 pounds</td>
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<tr>
<td>Class 175</td>
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<td>Clothing, couches stuffed furniture</td>
<td>5-6 pounds</td>
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<td>Class 200</td>
<td></td>
<td>Auto sheetmetal parts, aircraft parts, aluminum table, packaged mattresses,</td>
<td>4.5 pounds</td>
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<tr>
<td>Class 250</td>
<td></td>
<td>Bamboo furniture, mattress and boxspring, plasma tv</td>
<td>3-4 pounds</td>
</tr>
<tr>
<td>Class 300</td>
<td></td>
<td>wood cabinets, tables, chairs setup, model boats</td>
<td>2-3 pounds</td>
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<tr>
<td>Class 400</td>
<td></td>
<td>Deer antlers</td>
<td>1-2 pounds</td>
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<tr>
<td>Class 500 – Low Density</td>
<td>Highest Cost</td>
<td>Bags of gold dust, ping pong balls</td>
<td>Less than 1 lbs</td>
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<tr>
<td>or High Value</td>
<td></td>
<td></td>
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A Practical Example to Determine LTL Freight Class

Shippers can determine the appropriate NMFC for a commodity in different ways:

- Using the NMFC book available at [http://www.nmfta.org/Pages/welcome.aspx](http://www.nmfta.org/Pages/welcome.aspx)
- Using a program such as ClassIT or Fast Class

As seen below, the NMFC for plastic hose or tubing is 51140.

To properly freight class a shipment of 1 pallet of BO528112035PSL hose, we need to know the pallet dimension and weight. This product ships on a standard pallet that can be double stacked for shipment. The dimensions are 48”Lx40”Wx45.5”H and the weight including pallet is 243.2 lbs. Using the formula shown above (and repeated below with the numbers from our example) we derive a PCF of 4.8 PCF. Therefore using the table above our freight would be NMFC class 51140-4 rated at class 150.

- PCF calculation for a full pallet of 32 cartons of BO528112035PSL
  - Length x width x height = cubic inches (48”x40”x45.5”=87,360 cubic inches)
  - Cubic inches/1728 = cubic feet (87,360/1728 = 50.6 cubic feet)
  - Divide weight of the packing unit by the volume. (243.2 lbs / 50.6 cubic feet = 4.8 pounds per cubic foot)

Again, it is VERY important as a shipper of freight you understand freight class. Getting it wrong will cost you. If you incorrectly classify your item to be shipped it can be reclassified by the freight carrier. Disputing this is difficult, time consuming and you will be charged the difference (usually without a discount).
10 Factors Which Make Up The Price of LTL Freight Rates

LTL shipments typically weigh between 151 and 20,000 lbs. LTL carriers will usually apply a discount on shipments as the freight moves up in weight, meaning there are various "weight break" discounts an LTL carrier may give. Shipments larger than 5 pallets can still ship with an LTL carrier but these moves are normally considered volume moves and are spot quoted by the carrier’s rate department.

LTL freight rates can be very confusing. Unlike truckload which has rates usually based on a per-mile rate or a price per-hundred weight plus a fuel charge, many factors regulate LTL rates which will most definitely impact the cost of a shipment.

Less-than-truckload (LTL) mode of shipping is used for smaller shipments that are too large to be sent as parcel but too small to fill an entire truckload. LTL carriers collect freight from various shippers and consolidate that freight onto trailers for line-haul to the delivering terminal or to a hub terminal where the freight will be further sorted and consolidated for additional line-hauls.

In most cases, drivers start the day by loading up and heading out to make deliveries first, then begin making pickups once the trailer has been emptied for return to the terminal for sorting and delivery next day; thus, most pickups are made in the afternoon and most deliveries are performed in the morning.
Here are the 10 factors that determine LTL Freight Rates

1. **Weight**: LTL freight rates are structured so that the more a shipment weights, the less you pay per hundred pounds. As the weight of the LTL shipment increases and approaches the lowest weight in the next heaviest weight group, it will be rated at the lowest weight category and rate in that weight group.

2. **Density**: A shipment's density is one factor that determines LTL freight rates. Shippers need to know how to calculate a shipment's density so they can properly describe their goods on the bill of lading. The total weight of the shipment is divided by the total cubic feet to determine the density. If the shipment is palletized, use the dimensions of the pallet, the combined height of the carton and the pallet, and the total weight of the shipment. When you determine the dimensions of your shipment, be sure to measure the longest sides including any packaging, overhangs or protrusions. Once density is calculated, you can then figure out the class.

3. **Classification of Freight**: Every piece of freight has a classification within the LTL world and classification is a big driving force to make up LTL freight rates. Classes are published in the National Motor Freight Classification (NMFC) book by National Motor Traffic Association. NMFTA has established 18 different classes ranging from 50 to 500. The class is determined by product density, value, stow-ability, handling and liability. Lower classes represent very dense freight that is difficult to damage and is easy to handle. Lower classes have lower rates. Conversely, higher classes represent lighter / less dense freight that typically takes up more space. The higher the class, the higher the rate will be. For additional information on freight classification make sure you check out our next blog post in this series on what determines LTL freight class.

4. **Distance**: Typically, the longer the haul, the higher the price per-hundred weight will be. Many LTL carriers only serve a specific geographic region so you must consider how many zip codes a carrier services directly. If a shipment is sent to a location outside a carrier's normal service area, the trucking company will transfer the shipment to another LTL carrier for final delivery. This is called interlining, a practice that may result in higher costs due to lower discounts and higher minimum charges.

5. **Base Rates**: All LTL carriers establish their own base rates. These rates are quoted per 100 pounds (aka - CWT), and will vary from carrier to carrier and from lane to lane. The CWT calculation is based on the freight classification. A good fact to point out is carriers will modify their base rate depending on their need for additional volume and increase gross costs for lanes where they have a good balance between trucks and freight.
6. **Freight All Kinds (FAK):** Freight all kinds is an arrangement between the client and the carrier that enables multiple products with different classes to be shipped and billed at the same freight class. For example, a client that ships multiple commodities ranging from 50 to 100 could negotiate an FAK with the carrier to rate all items at class 70. This can be a source of significant savings for clients by reducing the amount paid on higher class shipments.

7. **Minimums:** The pricing within LTL freight rates that is increasing the fastest with LTL carriers is the absolute minimum charge (AMC). This minimum charge is the charge below which a carrier simply will not go. Carriers are constantly requesting a 2-3% increase on contract rates, but $5 increases in the minimum charge. If the minimum charge is $70.00, a $5 increase equates to a 7.1% increase. Carriers are doing this because the costs a carrier experiences for a minimum charge shipment far exceeds the costs they experience for heavier shipments.

8. **Negotiated rate tariffs with LTL carriers:** You can negotiate with several LTL carriers per your various lanes of shipping. You are not simply relegated to a base rate. If you have analyzed and better understand your freight data and activity per lane, you can come to the LTL carrier and work with them to get different tariffs for different lanes. This will allow you to make sure you are not leaving money on the table by balancing your more unattractive lanes with your attractive lanes giving you overall better LTL freight rates.

9. **Negotiated discounts:** For companies looking for relief from high shipping costs and market volatility, a professional, third party logistics (3PL) provider or even a large shipper can save an extra 18 to 25% off already heavily discounted LTL freight rates if they routinely make multiple shipments to multiple locations and work with numerous freight carriers. For every $100,000 in freight costs, that’s an extra $18,000 to $25,000 in savings. How can a 3PL lower freight costs beyond a company’s existing discounts? By negotiating additional discounts based on the 3PL’s or shipper’s relationship, reputation, and volume business with established carriers.

10. **Accessorials/Surcharges:** Accessorial charges stem from extra services performed by the carrier that goes beyond the typical dock to dock / business to business pick up and deliveries. Common examples of these charges are lift gate service, residential pickup or delivery, limited access locations (i.e. jails, prisons, churches, schools, storage units) and inside delivery. Accessorial charges can be negotiated to a flat rate or even waived altogether. A fuel surcharge is the most common accessorial as it’s typically factored in on every shipment.
What are Accessorials?

One of the biggest unforeseen freight costs are accessorials — extra charges for transportation services including packing, unpacking, long haul fees and extra pick-ups. Freight carriers may also charge extra fees for trailer detention, re-delivery, fuel increases, and other expenses or extra services.

The biggest difference between accessorials and surcharges, special service codes, and other fees that the major carriers charge is that, for the most part, they are assessed and applied post-shipment.

Companies can plan and budget for anticipated surcharges and special service codes to certain degrees, but accessorials, which are typically neither applied at the point of manifest nor included in regular invoices, can be extremely difficult to factor into your company’s logistics and supply chain budgets.

For this reason and others, they can be a major thorns in the sides for your supply chain managers and executive level management who have to answer to you for losses that are nearly impossible to pre-determine, difficult to uncover, and at the same time, very hard to ignore.
From a pricing perspective, a standard LTL shipment is considered dock-to-dock, business-to-business. This means when the driver arrives for pickup, he expects to be able to back his truck up to a loading dock. From there, the shipper will load the freight on to the back of the truck using a forklift or pallet jack. The freight will then be in transit until it arrives for delivery to another business dock.

Of course, not everyone has a shipping dock or a forklift, and sometimes you need things delivered to a residence or some place other than a business. This is where LTL freight accessorials come in.

There are many types of these additional services that you can buy, and different carriers offer different services for different prices. We’ll start with the most common.

**Common Accessorials**

**Origin Liftgate / Destination Liftgate:** A liftgate is a gate attached to the back of carrier trucks that assists in lifting pallets or freight from the ground. It is used when there is no forklift or dock to assist in loading the freight. Only certain trucks have this option available, and usually the cost ranges from $25 to $50 for the service. It can be used at both pickup and delivery if necessary, and is often used for residential deliveries (as homes rarely have docks). Because different trucks are being used to deliver and pick up the freight, the charge can be applied to both pickup and destination if a liftgate is used at both ends.

**Residential Pickup / Residential Delivery:** As we mentioned before, most standard LTL pickup and deliveries are considered business-to-business shipments. There is an additional charge when the pickup or delivery is at a residential location. Oftentimes the carrier must take smaller trucks into the residential areas due to street size. The carrier will also call to set up a delivery appointment before taking the freight out for delivery, to ensure that the consignee is home. Sometimes, a residential pickup or delivery will need a liftgate to assist the driver in getting the freight from the ground to the truck. The charge for this pickup or delivery service varies from carrier to carrier (as all accessorials charges do), but anywhere from $75 to $150 can be a normal rate.
**Notify Consignee:** On standard LTL shipments, deliveries are handled on a first come, first serve basis. This means that once an item arrives at the destination terminal, it will automatically be loaded on to a truck for delivery. Delivery to the consignee will occur sometime that next day, depending on the driver’s route. But what if a shipment needs an appointment for delivery? Or even just a “heads up” to confirm plans to receive freight? This service is pretty self-explanatory as you’re paying for the carrier to call (notify) the receiver (consignee) to let them know their freight is ready to be delivered at the consignee’s convenience. It’s important for the consignee phone number and contact to be visible on the BOL used at the time of pickup, otherwise the carrier will not know who to call to set up the delivery appointment.

**Inside Pickup / Inside Delivery:** The name of these services can be a bit misleading to the shipping beginner, so we’ll provide a bit of context and clarification. We’ve already discussed that a standard LTL shipment is dock-to-dock, business-to-business. But what if you don’t have a dock? Well, generally those without a dock will need a liftgate to get the freight off the truck. Once it’s on the ground the carrier has completed their standard delivery, and they’re free to leave and continue to their next drop or pickup. This means if you don’t have a forklift or some other way to move your shipment, you’ll have to break down the pallet or crate and move the pieces into your warehouse or shop manually. With Inside Delivery / Inside Pickup, the driver will take the freight into your garage, store, shop, etc. As opposed to sitting out on the curb, your freight will be more accessible and easier to unpack/unload. Inside delivery/pickup is often paired with residential deliveries and pickups as well, though there is a caveat that needs to be noted. Because of liability issues, a freight carrier cannot actually enter your house. LTL shipping is not a moving company, so they will not be taking your freight into your living room or kitchen. This would require the use of a “white glove service,” and is outside of the LTL shipping industry. What they can do with this service is take the freight up your driveway to your garage or porch. This ensures that your freight is not sitting on the curb with no way to move it.

**Hazardous Materials:** When freight is considered hazardous, for obvious reasons, special handling needs to be employed. This means that hazardous freight needs to be moved with other hazardous material as opposed to non-hazardous freight. The driver will also need special permits to handle and drive the freight.
Tradeshow Pickup and Delivery: To move freight to and from a tradeshow requires a series of special actions. For many tradeshow pickups and deliveries, drivers will be required to wait in line to pickup or unload their freight. Because of this delay, the carriers need to coordinate their driver’s routes to account for these hold-ups, and this is the primary reason for this additional charge to be applied to your LTL shipment.

Limited Access Delivery / Pickup: Similar to a residential charge, limited access applies to any location that is outside of a normal shipping business. This charge includes locations such as: Government buildings, schools, universities, prisons, farms, ranches, airports, and shipping ports (among others). This service will also need to be included for any location that is literally “limited” in its accessibility. This includes unusually small parking lots, guard gates, fenced locations, etc. Any place that it would be difficult to maneuver a 53ft. or 48ft. semi-truck will need to be considered for Limited Access. This charge can be very subjective, so it’s best to ask the carrier or your broker if the location will be limited access if you think there might be a chance.

Overlength / Overdimensional: This service is needed when a single piece is over the standard LTL limitations of space (12 linear feet). Different carriers vary on their “limits,” so check with your broker if you have an overlength piece. Keep in mind if you have two pieces that are overlength, you’ll need to acquire a volume quote to ensure your shipping cost is correct. This charge does not cover for a volume shipment.

Construction Site Pickup / Delivery: If you have freight picking up or delivering to a construction site, an additional charge will be applied. This charge varies depending on carrier, so check with your broker or carrier before shipping.

Sort and Segregate: This charge is often applied for deliveries to grocery stores or warehouses that require the carrier to unload the freight, unpack, and then sort the goods accordingly. The charge varies between carriers, so confirm with your broker or carrier if you need an accurate accessorial quote.
Guaranteed Delivery: One of the golden rules of LTL transit is that the transit time of a standard LTL shipment is always measured in “estimated” days. This means that if a shipment is a day (or even week) late, the customer will still be responsible for the charges, regardless of the tardiness of the delivery. Though delayed freight can be frustrating, this is an industry-wide standard that applies to all LTL carriers. But what if you have something that absolutely must be delivered by a certain date? You can pay for this service, “guaranteeing” that this freight is delivered on time. If the freight does not deliver by the agreed time, the carrier will not charge for the shipment. But when guaranteeing a shipment, you’ll always need to confirm that the carrier offers the service. They will check the distance, time limits, and other factors before giving you a confirmation that they offer the service for your particular shipment. A standard guarantee applies to delivery before 5pm, however some carriers offer a 12pm delivery guarantee for an additional cost. Keep in mind that a guarantee service only applies to standard LTL shipments. This excludes volume shipments, residential shipments, or any shipment that requires an appointment for delivery.

There are more accessorials out there, however, make sure you check with your logistics provider or the carrier directly for your needs.

The Dilemma of Limited Data and What to Expect with Accessorials

Today, the three accessorial adjustments that are charged most often are:

- Residential adjustments,
- Weight adjustments,
- and Additional handling accessorials.

Like other accessorial adjustments, they are usually included in supplemental carrier freight invoices that contain limited data. Often, carriers will leave entire accessorial data fields completely blank. Without supporting information, shippers are unable to make knowledgeable inquiries as to why their accessorial adjustments were assessed in the first place.

Unfortunately, companies cannot expect to get any relief from accessorial charges in the foreseeable future—at least, not without negotiating a new carrier contract or taking strategic steps to reduce them internally. Another great way to know more about your accessorial data and how to start decreasing them, is to employ a third party logistics provider who empowers you with a transportation management system, but more on that in a bit.
How Costly are Accessorials and Why are Carriers Charging for Them?

Currently, accessorials account for about half of carriers’ total annual revenue, if not more. Carriers have almost no incentive to reduce accessorials or provide detailed billing when it comes to accessorials. Carriers are only required to publish accessorial charges in their public tariffs; they do not have to provide your small business with enough detailed information to determine why they were assessed and verify that they were assessed appropriately.

More Audits & Less Credits = Greater Losses for your Business

Generally, carriers are aware that most companies do not plan for accessorial-related expenses. It is also reasonable for you to assume that carriers don’t want you to plan for it. When you don’t consider accessorial expenses upfront, it gives your carrier more opportunities to make up for any “losses” they might accept during contract negotiations.

You might be surprised to know that accessorials are often accumulated during internal carrier audits. In some cases, carriers even hire outside consultants to work on-site and look for instances to which accessorials can be applied. These consultants may even be compensated based on the amounts of accessorials accumulated.

Adding to a company’s prospective problems as it pertains to shipping is another trend: fewer credits for accessorials.

Carriers have become adamant about not crediting shippers for accessorials, even when shippers make the claim that accessorials were charged needlessly or erroneously. Carriers are also increasing amounts charged and expanding the range of zip codes in which accessorials can be applied.

From all angles, when it comes to accessorials, it appears that carriers are making a concerted effort to charge more and compensate less.
Accessorials Getting you Down? Don’t Get Mad, Get Proactive

As you seek to manage supply chain and transportation costs, you’ll soon understand that most carriers are using accessorials to make money — and it isn’t a reason to get angry; it’s a reason to take action. After all, they too have to remain profitable and in business to haul our freight. As the saying goes, "Don't hate the player, hate the game." (I went there!), but I like to say, "Don't hate the game, learn the rules and win it!"

By performing thorough analyses of your company’s shipping history and characteristics internally or with the assistance of a qualified third party logistics provider, it is possible, if the 3pL has a great carrier relations program and has collaborative good working business relationships with carriers, to see that your accessorials are discounted or waived entirely.

Other things you can do to begin reducing your accessorical spending immediately, include:

1. Being more efficient at the time of creating your freight shipment by measuring boxes accurately, weighing all shipments, and making traceable adjustments that will give carriers less opportunities to tack on accessorials and give you the leverage you need to better dispute erroneous accessorials.

2. Using scanning equipment to automate data entry as it applies to specific shipment credentials such as weight, dimension, res indicator, etc.

3. Implementing a third-party logistics provider to both manual and automatically audit every freight invoice and then interfacing with the carriers on your behalf to help you secure refunds when you are charged incorrectly.

Don’t let carrier billing tactics get you down.

By making it a priority to manage supply chain and logistics by optimizing processes, implementing cost-saving ideas, and creating solutions, you can combat the accessorials that may be causing you to go over your shipping budget or forcing you to cut corners that you don’t need or want to cut.
Freight Bill vs. Bill of Lading

What is a Freight Bill?

A freight bill (which is different than a bill of lading) is also called a freight invoice. According to the Council of Supply Chain Management Glossary, the define a freight bill as:

The carrier’s invoice for transportation charges applicable to a freight shipment.

Again, pretty basic concept. Now, if you are working with a third party logistics company or provider who handles your payments, you will get an invoice from the service provider. The service provider's freight payment services then will pay the original freight bill on your behalf to the carrier then bill you. Below you will see a sample invoice from Cerasis to one of our customers, which will allow us to then let you know what you should expect to see on a freight bill. The following items are included on a freight bill or invoice:

• An invoice number to reference
• Your name and address as the To field
• A Pro Number
• A Bill of Lading Number
• The Date of the shipment
• The type of freight mode used, such as LTL, Truckload, Small Package, etc.
• The Shipper and Consignee information
• The weight and quantity details of the shipment
• The cost of the shipment
• A total cost of all shipments

If you were to receive an invoice with multiple shipments, you will have a line item containing the information for each shipment. The total cost of all shipments is the amount you would pay the logistics provider.
Freight Bill Example from a Third Party Logistics Provider

<table>
<thead>
<tr>
<th>Carrier</th>
<th>Pro</th>
<th>Date</th>
<th>BOL</th>
<th>Shipper</th>
<th>Consignee</th>
<th>Weight</th>
<th>Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>DROPSHIP</td>
<td></td>
<td></td>
<td></td>
<td>1650 MARRIOTT STONE DRIVE</td>
<td>PROJECTIONS GENERAL CORP</td>
<td>210</td>
<td>$284.78</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>AKRON, OH 44601</td>
<td>MIAMI, FL 33130</td>
<td>1</td>
<td></td>
</tr>
</tbody>
</table>

Total: $284.78

Remit to: Cerasis Inc.
Due upon Receipt
Box 21248 Eagan MN 55121-0248
A bill of lading is one of the most important documents in the shipping industry. A bill of lading must be completed and provided to the shipper when your freight is to be picked up. The following is the information that must be included in the bill of lading:

- Shipper's and receiver's (a.k.a) consignee’s names and complete addresses.
- PO or special account numbers used between businesses for order tracking.
- Special instructions for the carrier to ensure prompt delivery.
- The date of the shipment.
- The number of shipping units.
- Type of packaging, including cartons, pallets, skids and drums.
- A note if commodity is a Department of Transportation hazardous material. Special rules and requirements apply when you are shipping hazardous materials.
- A description of the items being shipped, include the material of manufacture and common name.
- The NMFC freight classification for the items being shipped.
- The exact weight of the shipment. If multiple commodities are being shipped, then the weight of each commodity is listed separately.
- The declared value of the goods being shipped.

Added Notes for those on the International Side of things with a Bill of Lading

Most of our content focuses on North American understandings of terms and documents related to freight, transportation, and logistics. However, we do have some readers who are shipping modes such as ocean, rail, and air.

The following acronyms can also include details around the bill of lading:

- OBL: Ocean bill of lading (Type of bills can be cut too)
- AWB: Airway bill of Lading
- ProBill: In use for GTS (Ground Transport service) mainly for Truck

Generically a BOL is a contact of carriage, but even with various geographic locations, the terms that we use in North America are different to other places. For example, an OBL (to some) is an ocean bill of lading; where as to steam ship lines this is the ORIGINAL BILL OF LADING, which is needed to be presented for the goods to be moved off the Wharf to the warehouse.
What are Bills of Lading?

Bills of lading are official documents, which may be admissible in a court of law, that precisely name and enumerate the items to be transported during a freight shipment. They are issued by the shipping company (the carrier hauling your freight) or in our case, as a third party logistics company, by your 3PL that provides overall logistical support to meet the customer’s needs.

When composing these bills of lading, it is important to provide weight, value, and description of every item to be shipped. These bills (remember NOT the freight bill by bills of lading) represent the agreement between the shipper and the logistics provider or carrier that spells out where the freight will be collected, where it will be transported, and when the freight will arrive. Traditionally, this bill also serves as title to the goods thus described; in other words, it can serve as an official description of loan collateral.

In effect, this bill makes explicit the “service level agreement” that exists between a freight company and its customer. When determining whether a company has met its obligations, this bill is often the paramount source. For that reason, both customers and freight companies have a vested interest in ensuring these bills are accurate. Disputes can be avoided when all parties involved take steps to ensure these documents have been thoroughly checked over.

What are the Different Bill of Lading Types and Conditionals?

**Straight Bill of Lading** – The straight bill of lading is used when the shipper is delivering the goods directly to the buyer and has already been paid for the goods. Straight bills of lading are non-negotiable.

**To Order Bill of Lading** – The "to order" bill of lading is used when the goods will be shipped before the goods are sold to a buyer. It will still contain a destination, such as a storage facility, port, or transportation hub. These bills are negotiable, because they do not have a buyer or entity to take final possession of the goods. They can also be endorsed by the carrier which forms a "blank endorsed to order" bill of lading. Goods paid with credit are often marked to order of the issuing bank.

**Clean vs. Claused** – A clean bill of lading refers to goods that are in good condition prior to the shipment. A claused bill of lading includes goods that have incurred damage or spoilage. The damage will be notated on the bill of lading with a clause. A claused bill is sometimes referred to as a foul bill of lading. Be aware that there can be restrictions or rules regarding handling damaged freight from the carrier or a financially interested party (bank, buyer, etc.)
Importance of the Bill of Lading Form

As noted previously, the bill of lading is a legal contract and can be used in litigation. That in of itself then says, and must be understood by those using a bill of lading form in the process of shipping freight, that the bill of lading accuracy and use is one of the most important things you can do to run your logistics department effectively.

A Bill of Lading has 3 basic purposes or roles:

1. Evidence of Contract of Carriage
2. Receipt of Goods and
3. Document of Title

Evidence of Contract of Carriage

Many people think that a bill of lading is a contract between the Seller and the Buyer and many also think that a bill of lading is a contract of carriage between the Carrier and Shipper. However, this is not entirely correct.

The contract between a buyer and seller was already established when the buyer placed the order with the seller and they both discussed and agreed (verbally or in writing) the what, where, when, how and how much of the transaction in detail.

The contract between a shipper and the carrier was already established when the shipper or their third party logistics provider made a booking with the carrier to carry the freight from A to B.

The bill of lading is the EVIDENCE of the contract of carriage entered into between the “Carrier” and the “Shipper or Freight Owner” in order to carry out the transportation of the freight as per the contract between the buyer and the seller.

Receipt of Goods

A bill of lading is issued by the carrier or their third party logistics provider to the shipper or 3PL in exchange for the receipt of the freight. The issuance of the bill of lading is proof that the carrier has received the goods from the shipper or their 3PL in apparent good order and condition, as handed over by the shipper.
Document of Title

Technically it means that whoever is the holder of the bill of lading has the title to the goods (rights to claim the goods). However, this title varies according to the way in which the bill of lading has been consigned, which we will discuss in detail below.

Types of Bills of Lading

There are two basic types of bills of lading. A straight bill of lading is one in which the goods are consigned to a designated party. An order bill is one in which the goods are consigned to the order of a named party. This distinction is important in determining whether a bill of lading is negotiable (capable of transferring title to the goods covered under it by its delivery or endorsement). If its terms provide that the freight is to be delivered to the bearer (or possessor) of the bill, to the order of a named party, or, as recognized in overseas trade, to a named person or assigns, a bill, as a document of title, is negotiable. In contrast, a straight bill is not negotiable.

State laws, which often include provisions from the Uniform Commercial Code, regulate the duties and liabilities imposed by bills of lading covering goods shipped within state boundaries.


It is important to ensure that, when signing the bill of lading, the description of the goods in the bill of lading is accurate as well as all of the information in the bullet points above. If the bill of lading is inaccurate, with errors, or if not use at all, there are consequences that could occur.
Consequence of Not Used or Inaccurate Bill of Lading

One of the most costly and obvious consequences of not using or filling out a bill of lading inaccurately is that you most likely won’t get your product to your desired recipient, but the main consequences are:

- Exposure to Claims: For example, if the bill of lading indicates that the goods were loaded in good order and condition, but the consignee receives them at the destination in a damaged condition, the consignee will be entitled to make a claim for the damage against the bill of lading carrier. Thus, if the information is not accurate, it will be difficult to get your full freight claim paid as you won't have the right information to recover the cost of damage. Another example might be that the bill of lading said there were 100 boxes but only 90 arrived. The consignee will be entitled to make a claim against the bill of lading carrier for the shortage.
- Loss of the right to limit liability
- Loss of P&I cover
- Loss of the right of indemnity from the charterer
- Criminal prosecution

Clearly, as you can see from the points above, that incorrectly using a bill of lading can mean severe consequences. So how can you ensure you are compliant?

Solutions to Ensure Your Bill of Lading is Correct

- Employ a transportation management system and the services of a third party logistics provider: Sometimes, I wonder, how do manufacturers and distributors stay competitive in their core business with all of these details and potential risks that are out there in the logistics and freight world? Using a Transportation Management System, such as the Cerasis Rater, takes all the data entry points you must have in a bill of lading and has them as easily filled out guided fills to decrease the chance of error. The TMS also stores the documents, allows you to email them, and print them for ease of use! Additionally, if you have a provider, like Cerasis, that includes freight claims services for you, that bill of lading is then easily used to make claims easier.
- Use a Consistent and Standard Bill of Lading: There are many online bills of lading forms you can download from the internet, but once you choose one, make sure you use the same one so you are familiar and so are your consignees.
- Triple Check Before Signing: BEFORE you sign, the easiest thing you can do is triple check all of the information that needs to be in the bill of lading (as outlined above) is accurate. It's YOUR signature on a LEGAL document, so it's VITAL to check!
Chapter Two

LTL BEST PRACTICES TO REDUCE COSTS
4 Benefits to Shipping via Less Than Truckload Freight

We will give you 4 benefits of shipping via less than truckload, we will talk about tips on how to further save on LTL shipping by explaining what goes into the rates and how you can best prepare those factors to get a great rate, and then will conclude talking about how a transportation management system and an attention to carrier relations will help you mitigate further LTL shipping costs. However, do know that less than truckload shipping is not about the freight rate, it's about creating a long term partnership based on your unique needs to continually improve and increase customer satisfaction, improve process, and mitigate risk by either knowing how to ship LTL effectively or working with a provider who can help you in the management of your LTL freight.
Often Less than Truckload Shipping is More Cost Effective and with More Available Options

The main advantage to using a less than truckload carrier is that a shipment may be transported for a fraction of the cost of hiring an entire truck and trailer for an exclusive shipment. Since the carrier is moving multiple freight shipments from multiple shippers, the freight carrier pools all the shipments onto a single freight truck. Therefore, each shipper pays a fraction of the cost of utilizing the truck or trailer. LTL carriers normally offer better rates than parcel carriers for competitive reasons and economies of scale. Also, a number of accessory services are available from less than truckload carriers, which are not typically offered by FTL carriers. These optional services include liftgate service at pickup or delivery, residential (also known as "non-commercial") service at pickup or delivery, inside delivery, notification prior to delivery, freeze protection, and others. These services are usually billed at a predetermined flat fee or for a weight based surcharge calculated as a rate per pound or per hundredweight. Since 2012 billing has started shifting to dimensional weight (or "cube weight") measurements to increase efficiency of loading less than truckload trucks.

More Control via Less than Truckload Pool Distribution and Pool Consolidation to Drive down Costs

Truckloads are often considered the optimum way to go, but only if the volume is there and this can be a big if. If the volume is not there, an alternative is often to put together multiple stop truckloads.

There are clear opportunities where multiple stop truckloads are appropriate but if the details of an individual situation aren’t considered you may get burned financially. In addition, putting together the right multiple stop truckloads can be challenging.

To make multiple stop truckloads work economically, certain factors have to come together. Orders, receivers, distances and miles must align properly.

Besides the economics of the load itself, there are important human and coordination factors to take into consideration. The time, energy and people required to manage the details and evaluate the costs should be considered. If there are few patterns to the orders coming in, each week can be a new beginning. Problems in scheduling and delays can create major hurdles.
For all that is done, there may be other hidden costs. Shipments still can “waste” capacity due to low load factors. Last minute order additions or subtractions can throw the whole plan off. Additional orders can mean that LTL is never eliminated. Also, most truckload carriers don’t like doing the extra stops and can charge a premium. Many drivers are not well trained to handle these kinds of loads, preferring the simple, one pick/one drop runs.

Thankfully, there are other alternatives to the rigors of multiple stop truckloads. Pool distribution and pool consolidation can be a better alternative when you consistently have multiple loads of many small shipments.

Pool distribution is picking up one or more truckloads of LTL shipments at an origination, taking it to a staging area or cross dock facility and reassembling the shipments on multiple trucks for distribution. Pool consolidation is the opposite. Pool consolidation picks up multiple LTL shipments from multiple locations, brings the shipments to a central staging area for customer pickup or loading it onto a truck for line haul. We do both for many customers.

By their nature pool programs have clear benefits.

- They free you from solving the weekly shipment puzzle
- They adapt to the volume of orders and last minute changes in orders and production
- They don’t charge you for shipping air because they maximize your shipment with other shipper’s shipments
- They save time and often money over multiple stop truckloads
- Does pool distribution or pool consolidation fit in your situation? Once again it will depend on origin, destinations, type of freight, volume, timing, etc.

**Flexibility in Less Than Truckload Shipping Offers Cost Savings and Creative Shipping**

When you have small, less than truckload shipments being shipped to many locations spread throughout a region or throughout the country, less than truckload shipping provides some of the greatest flexibility. Generally, the trade off is timing. A little more time is needed to bring other freight together.
Generally, if you have several less than truckload shipments going to similar places, less than truckload carriers allow you can help drive down costs by consolidating multiple shipments from multiple customers to create loads. Many transportation management systems also provide pool point distribution options to maximize your costs savings and offer this great flexibility. This requires sending out multiple trucks to pick up the shipments, bringing them to a central staging area, then assembling these shipments into specific loads going out to different parts of the country.

Specific service schedules are available either within a third party logistic providers’ transportation management system, or from the less than truckload carrier themselves.

**Less Than Truckload Shipping is an Attractive Way to Ship to Scale E-Commerce Options**

In today's interconnected world, success can come suddenly. As online shopping from the consumer world grows, to keep up with the expectation of consumers, there is an increase of manufacturers offering e-commerce options to distributors and end customers, thus needing to take a very close look at e-commerce freight shipping. Then, to keep the e-commerce chain going, distributors are increasing e-commerce options as a channel to get product to customers. The New York Times stated that the rise of e-commerce and the growing of freight expenditures often forces small business owners to reconsider their shipping strategies. These organizations need to somehow meet customer expectations set by larger online retailers like Amazon. Businesses that don't offer features like free returns or next-day deliver will face difficulty remaining profitable.

The New York Times when onto suggest that using a reliable transportation partner could help small businesses scale their operations successfully. In most cases, developing companies may benefit from less-than-truckload services. Less than truckload shipping provides flexibility for organizations moving smaller quantities of materials, and trucking companies are able to offer lower costs per item because they increase truck capacity by moving a lot of small shipments to the same general area. The strategy gives those shipping online more control over costs as they continue to grow. Shipments can be adjusted based on demand and scale of operations, and as businesses expand, this could save them thousands of dollars each year.
Freight Classification Changes: How Shippers Can Avoid Increased Costs

If you are a manufacturer or distributor, most likely you use many modes to ship your freight, such as less-than-truckload freight shipping or LTL shipping. If you have any experience in shipping LTL, you know how volatile, process driven, and challenging it can be to make sure you get the best carrier, best time, best rate, and are making the best long term decisions. There are many things that go into effectively managing LTL freight and many factors that determine pricing. One of the most important factors is freight classification (read our post about how to determine freight class to understand freight classification at length).

The National Motor Freight Classification or NMFC is the standard for freight identification and classification. The NMFC provides a comparison of commodities moving in interstate, intrastate and foreign commerce. It is similar in concept to the groupings or grading systems that serve many other industries. Commodities are grouped into one of 18 classes—from a low of class 50 to a high of class 500—based on an evaluation of four transportation characteristics: density, stowability, handling and liability. Together, these characteristics establish a commodity’s “transportability.”

- Source, the National Motor Freight Traffic Association.
Freight Classification Changes Impact Shippers: Those in the Know Have an Advantage

Every so often, however, the NMFC will make changes to the way your make your freight classifications, and this does impact shippers. Savvy shippers who are keeping up with all the changes or shippers who outsource to a logistics service provider who stays on top of all of these changes on behalf of the shipper the provider is managing freight for, will have a competitive edge. So how do freight classifications from the NMFC impact shippers?

Recent Changes to the National Motor Freight Classification System

The most notable change, which was a sign to come for a move towards density based rating, was on Dec. 1, 2012 for classifying computer equipment. Under the new classification, this product type moved to a density-based rating with the lowest possible class being 60 and the highest possible at 400.

2013 brought about additional freight classification changes that will likely affect LTL shipping costs for medical kits, hand tools, TVs, and other products. Again, the classification trend has been to favor density-based ratings.

The latest changes follow a pattern established years ago where more and more commodities are classified according to their density. Whether it be full density or just a few density brackets, more commodities have become the subject of density calculations to determine their freight classification. The march to full density on all freight has been ongoing and is the direct result of the growing pains of an archaic and ineffective freight classification system that the 200 plus members of National Motor Freight Traffic Association have been stuck with for decades.

Do all Carriers Rate by the NMFTA's National Motor Freight Classification System?

Rooted in the pre-deregulation era where carriers were restricted in the type of freight they hauled, where they hauled it and the fees they charged, the NMFC list of commodities was necessarily small and pertaining to but of few of the myriad of freight that’s shipped today on trucks. The Board and the Association have been playing catch up in adding new commodities and doing their best to classify them, but it’s been at best a moving target. This being said, not all LTL carriers operating in the US are part of the National Motor Freight Association and as such they don’t have to adhere to its classes and rules. Most of them have forged a business case by classifying (and thus rating) everything based on its density.
The Driving Force Behind Freight Classification Changes: Simply, Times are A Changing....

A significant factor in freight classification is the change in material composition and packaging. Production and building materials are shifting from heavy metals to lightweight plastics and polymers. Yesterday's cast iron lawn furniture, pipes, and fittings have been replaced with polycarbonate and polyvinylchloride versions. In electronics, the switch from CRTs to LCDs significantly reduces product weight while often increasing value liability.

The use of lightweight materials can reduce tonnage by more than half, which, in turn, reduces rates charged shippers. But operating costs and truck space required remain the same or may increase, creating a business challenge for LTL carriers. To compensate for less weight, some carriers are looking for higher freight classifications to offset lower charges compared to their costs.

How to Avoid Increased Costs with a Better Knowledge of Freight Classification

Know your freight classes: Errors and oversights in LTL freight billing can be common, especially in product classification. The NMFC system can be confusing, and products may be classified incorrectly, resulting in higher rates. Additionally, products may have been arbitrarily assigned a general Freight-All-Kinds classification, which may be higher than the actual product classification. Work with your carrier to negotiate rates and talk about your freight history with them. If you are not comfortable with doing so, a good third party logistics company are experts are freight classification knowledge.

Use Technology to your advantage: A transportation management system has many benefits, one being the ability to avoid costly errors and increased costs by storing your common freight classifications so there are not things such as simple data entry error. Also, if you are using an ERP system, see if integration is offered in the TMS so that way your classification and commodities are built in.

Audit Your Freight Bills: Shippers should audit freight bills, and if you are using a third party logistics provider, they should be doing it for you (if they are not, well.....). For starters, 3PLs will audit the NMFC code on the freight's bill of lading to ensure it hasn't been misclassified at a higher rate. Determining a wrong freight classification is not always obvious as it may require the knowledge and expertise of an experienced logistics professional.
Although routinely checking bills of lading can help contain freight costs, doing so often requires substantial staff to manage the process in-house. Regularly reviewing NMFC classifications to keep up-to-date with changes involves time, which may stretch an in-house staff.

Use a Third Party Logistics Provider: In addition to uncovering and preventing potential freight errors, 3PLs can quickly obtain and compare quotes from multiple carriers, and follow up with shipment status. Relying on the resources of a dependable, proven 3PL can give shippers both a logistics and a competitive advantage.
How GRIs Work & 7 Ways to Mitigate Increased LTL Costs as a Shipper

The $35 billion less-than-truckload (LTL) market, benefitting from a rebound in the U.S. industrial and manufacturing sector, is enjoying a renaissance after five lean years. And leading LTL executives say it’s about time.

LTL carriers enjoy a distinct market concentration advantage over the highly fragmented truckload sector. The top five LTL carriers by revenue (FedEx Freight, YRC regional and long-haul, Con-way, UPS Freight, and Old Dominion Freight Line) have a 55 percent market share. By contrast, the top five carriers in the non-union TL market have less than 5 percent market share of that $300 billion market.

This differentiation is due to the fact that LTL carriers face significant barriers to entry. In order to operate a typical LTL hub-and-spoke network operation, it takes hundreds of millions of capital costs to buy real estate, build terminals, and staff those facilities around the clock. By contrast, TL carriers operate largely point-to-point without much in terms of brick-and-mortar costs.

Most LTL carriers are routinely seeking and getting 3 percent to 4 percent LTL pricing increases on some lanes of contract traffic. Most carriers announced a general rate increase (GRI) in the 5.5 percent range the first of the year, and there is some talk about a second GRI later this year.

But increasingly, carriers are making rate adjustments on a customer-by-customer basis. Those shippers with the best freight characteristics—read more below on how to get better freight characteristics—are getting the best consideration when it comes to mitigating higher LTL costs.
How do General Rate Increases Work Anyway and What Should I Expect as a Shipper?

General Rate Increases (or GRIs) are the black box of shipping and logistics. The average shipper typically knows very little of the LTL carriers’ annual LTL Pricing rate increases of between 4-6 percent, other than possibly coming across the news in an industry magazine.

Knowledge of GRIs will allow you to avoid ANY surprises on your freight bill. However, just look to point #7 below and you can avoid "gotchas" period.

First, each LTL carrier owns proprietary rates based on class, dims, origin, destination, assessorial charges and more. This may seem like a basic statement, but in reality, most SMB shippers don’t realize rates differ by carrier.

Second, when establishing their annual GRI, an LTL carrier takes its proprietary base rate and figures out how to adjust it based on increasing cost of labor, benefits, equipment, operations, insurance and more. They then model this by a group of factors, including key lanes, weight classes, and weight breaks.

The result is a varied list of percentage increases (and even some decreases). For example, the carrier may increase rates bound for Florida by 20 percent, Class 50 freight by 12 percent, 1000 lb break by 10 percent, and 500 lb break by just 1 percent and so on.

They then take a few sample shipments modeled by lane, weight breaks and class to come away with their annual increase, typically about 4-6 percent. Of course, hard-dollar assessorial charges vary frequently. Inexplicably, this range is roughly 2-4 times the rate of inflation.

With the general mechanics established, here are some secrets behind GRIs:

- **Discounts are meaningless.** An 80 percent discount is NOT really an 80 percent discount. The average variant between the high and low cost base rate is actually 36 percent. So when an SMB shipper is told they get an “80 percent discount” it’s not really the case. When there’s a rate change, the net change comes right out of shipper’s pocket.

- **GRIs impact only 20 Pct of an LTL carrier’s accounts.** Remember that LTL carriers depend on 80 percent of their business through contract rates and GRIs have zero direct impact on those contracts. However, the new rates set the stage for future contract negotiations/renegotiations.
• **Small shippers take the hit.** So, if 80 percent of shippers are under LTL contract, who’s the unfortunate 20 percent most impacted? You guessed it. Small business shippers. They don’t ship the volume to command contract rates, and pricing agreements are not contracts. Any discount received just comes off the higher base rate.

• **Lost in translation.** In the past, LTL carriers used to send letters, put out press releases, fully communicate their GRI. I’ve noticed the approach has changed recently. Most GRI news is picked up by industry trade media, but outside of that, you really need to dig for it. They never proactively tell the customer, so pay attention to the net change, not the discount. And they know it takes a couple months before customers catch on and want to renegotiate.

You are Not at the Mercy of Changes in LTL Pricing Year to Year! 7 Ways to Mitigate GRIs and Rising LTL Costs

1. **Improve Packaging**

   Proper packaging will minimize freight damage and fit the goods into the minimum space necessary. Using less space on the truck will reduce the freight classification, which in turn will reduce LTL pricing costs. Improved packaging can also reduce freight damage. Additionally, good packaging is easy to load, unload and has good label visibility.

   • When was the last time, you looked at your packaging?
   • Is damaged freight an ongoing problem?
   • Do your shipments have a high freight class?

2. **Reduce Freight Classification**

   Freight class is set by the National Motor Freight Transportation Association, and generally determined by freight density (the denser, the better). Improved packaging will sometimes lower your freight class which will lower your freight costs. Another way to lower your cost is to investigate whether your freight could ship under a lower classification. There are lots of nuances to the freight classifications so do some research and or ask your carrier representative or 3PL for help.

   • Does your shipping team understand the correct freight classes for your freight?
   • Does your company ever have freight reclassified by the carrier?
   • Does your shipping team understand the connection between freight density and freight class?
3. Select the Right Shipping Mode

Freight mode refers to the various shipping methods, which include: full truck, LTL, small parcel, air freight, and sea freight. Shippers often focus on getting the best price for a given mode without considering the opportunity to use a less expensive mode.

Using the wrong mode will cost your company extra money. For some larger LTL shipments, a dedicated full truck might be a cheaper than LTL. Conversely, some smaller LTL shipments might be shipped cheaper by a small parcel carrier.

- Do you have light LTL shipments that could ship via small parcel?
- Does your company use full trucks for 6 pallets or less?
- Has there ever been an analysis of the proper shipping modes at your company?

4. Make Carrier Changes

Carrier changes can have an enormous impact on all the four of the core bonus Logistics metrics that we mentioned in our manufacturing metrics post here. Every carrier has preferred routes where they will offer better pricing. Conversely, every carrier has areas where they do not want to go and of course they charge more for those moves. Selecting the preferred routes for carriers will also improve on time performance. If freight damage is an ongoing concern, switching carriers sometimes fixes the problem. A good carrier representative will work with clients to improve billing accuracy through clear language in the tariff contract.

- Do you know the carriers with the best coverage for the areas where you ship?
- Do your carriers use partner carriers to deliver your shipments? If yes, those shipments cost extra money and are more likely to be damaged.
- Does your company regularly meet with carrier representatives to better understand their service offerings?

5. Switch to Longer Transit Times

Shippers often default to the fastest transit time without considering the extra costs. In general, shorter transit times are more expensive than longer transit times.
• Are you paying a premium for a one day transit time for a shipment that is not time sensitive?
• Would you ship earlier and use a carrier with a longer transit time, if it meant a significant cost savings?
• Would your customer accept a later delivery time if you gave them a break on shipping costs?

6. Use a Transportation Management System

Transportation management systems (TMS) can help shippers reduce cost, improve billing accuracy and on time performance, among many other benefits. TMS simplifies the freight buying process for shippers. Typically, TMS will enable a shipper to compare pricing and transit times for multiple carriers (such as in the Cerasis Rater). After selecting a carrier, TMS will facilitate easy tracking, reporting and payment. The best transportation management systems are web based and connect shippers directly to the LTL carriers. Having a database of all LTL shipments aids in metric development and reporting. Some transportation management systems have traditionally been expensive, but some 3PLs, like Cerasis, offer the software for free with their services. In our next post we will blog about the rise and use of web based TMS.

• Do you have freight software to streamline the freight buying process?
• Are freight bills easily accessible online?
• Is shipment tracking and visibility a problem at your company?
• How long does it take to get quotes from 3 carriers? If it is longer than one minute, a TMS might be useful.

7. Hire a Third Party Logistics Provider (3PL)

A good third party logistics provider will improve cost, on-time performance, freight damage, billing accuracy and a whole lot more. The best 3PLs provide free web based software along with logistics experts that will drive continuous improvement.

Depending on the shipper’s needs some 3PLs take over routine freight tasks, which frees up the shipper’s logistics team. Since 3PLs partner with dozens of LTL carriers, they can match a shipper with the best carriers for their situation.

• Is your shipping team experienced in carrier negotiations?
• Does your company have the time or the carrier relationships necessary to get the best pricing?
• Would some freight experts and TMS help the freight area run more effectively?
Overcoming the 10 Most Common Upfront Challenges in Shipping LTL

Shipping products and goods is the lifeblood of our economy. Being able to get your product where it needs to be is the only way to put it in the hands of the consumers that use it, and as such shipping will be a major part of your company's operations. There are numerous terms within the shipping industry, but one that stands out to most people is shipping LTL.

Perhaps we have relied too much on technology to "do it for us" forgetting that there are still certain inputs we must get right that the technology can't (yet) do automatically. But, no matter the technology, whether it's an advanced transportation management system or robotics (which Rethink Robotics is pioneering with Baxter and Sawyer), these are only tools for efficiency and enablement. They allow us to step out of the primordial ooze of tactics and process and gets us to remember the fundamentals.

Think of it like this.....remember when your parents (or on your own) taught you not to "nickel and dime" your money away? You may want that candy bar, that video game, and that trading card, but quickly, your weekly allowance is gone before you know it. You forgot the simple basics of setting a budget and categorizing your spending. Heck, most adults have trouble with this still, yet it seems like quite the basic principle. When it comes to less than truckload shipping, it's no different. Pennies (or nickles) can add up. The more you don't follow the basics, the more it can come back to bite you and your company's bottom line.
1. **Finding a carrier can sometimes be tricky.** There are several carriers that handle LTL shipments regularly, and finding one is the first challenge. Not all carriers will handle these types of shipment, so you'll need to track down the ones that will. Oh, and when you get to the rate section, you'll see that finding the BEST carrier for that exact shipment, isn't always the easiest task. But, more on that later.

2. **Freight Class doesn't mean just pick "Freight All Kind" or FAK.** Knowing your freight class is vital to getting an accurate rate and avoiding a reclass or dealing with correcting an invoice when a freight audit is performed. Want to know exactly how to pick the right freight class? There are two ways: 1.) you can start by reading our "How to Determine LTL Freight Class" blog post here (it's the most popular post we've ever had) and 2.) pick up a copy of the NMFTA's NMFC Book on their website.

3. **LTL Freight Rates are another issue for many.** Your LTL shipping rates are determined by a few things including pick up and destination zip codes, class, weight, and any additional services. Rates vary, and it's important to track down the one that offers your company the best rates while still providing solid service. So, how do you know you are getting the best one? Without a transportation management system, you are left to either a.) have already done a lot of work to set up contracts (which you'd have to maintain & renew or renegotiate each year) b.) sending out mass emails or make a bunch of phone calls to get rates for that one shipment (whew that is a lot of time spent!) or c.) start using a transportation management system (like you see in the screen shot of our TMS decision screen below!).

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**CERASIS RATER DECISION PAGE RATED BY:**

- **PRICE**
- **TRANSIT TIME**
- **LIMIT OF LIABILITY**
4. **Transit time is important for any shipment.** A problem with some LTL shipments is that they're given a lower priority than other shipments. Why? It has, in part, something to do with how attractive your freight is to a carrier, and if we are in a tighter capacity situation, also known as the "capacity crunch." And, you guessed it, we encourage you to read our blog post on how to make your freight more attractive in a capacity crunch here. As a result, your shipment could take longer to reach the destination. Going back to the finding a carrier and rates point, again, how do you know you are getting the best transit time? Make sure you add that column into your spreadsheet so you can remember this one too! Are shippers still using spreadsheets when there is such easy to deploy web-based TMS out there? Unfortunately, yes....even at multi-million dollar freight spend shippers.

5. **Insurance isn't often an issue since shipping companies offer a variety of policies.** However, you'll still need to pay attention to the limit of liability on your shipment & getting extra insurance. What is the difference you ask? Well, find out in this handy blog post here to master the difference between limit of liability and carrier insurance. It's pretty important. And again, who has time to gather all this info anymore, when you know...."There is a better way!“

6. **Getting Everyone on the Same page with Freight Claims:** It’s a common misconception – the idea that freight claim management is confined to the claims department. In reality, departments ranging from receiving to purchasing play an important role in ensuring that freight claims are paid and properly processed. For example, if the receiving department handles the paperwork or incoming shipment incorrectly, the claims department will be unable to collect reimbursement for the damaged shipment. Therefore, it’s essential that you communicate each departments’ responsibilities toward freight claim management especially with less than truckload shipping.

7. **Think about Guaranteed Shipments:** Shippers need to know how critical it is to get their shipment to the destination. Be aware of holidays and weather conditions; this allows you to make a better decision about which carrier you choose and when you ship out your door. When you can determine if the shipment is time sensitive or not, you know when to choose a guaranteed service. It really is a big thing. Those who really needed to select a guaranteed shipment but didn’t choose it may face additional costs. A carrier isn’t going to remove charges because of a holiday for example.
8. **Think of transportation accounting before you get the invoice:** Make sure you KNOW your product, know your classification of your product and be accurate on your weight. Document. Document. Document. We repeat: have your documentation. Maybe it’s a matter of taking pictures. Or, if you have a scale, log your scale. Print out whatever you have for that freight. In the end if something does happen, like a reweigh or re-class, then you are well armed to combat the carrier and avoid any issues with price discrepancies of quote vs. invoice.

9. **Make sure you have available to you a whole roster of LTL carriers and have blocked out a full day:** If you price a carrier on your own, I hope you’ve blocked out your whole day just for less than truckload shipping. Because you would have to look at every available carrier and determine do they ship there, what is my pricing, and you’d have to do all of the manual math to figure out what the price would be for that specific carrier. You’d have to completely understand the tariff (and I am confident many do not understand tariffs). Our suggestion is that you employ a multi-carrier rating transportation management system, as this will save you tons of time and hassle of getting a shipment out the door.

10. **Speaking of Carriers, Make sure you have a Carrier Mix:** What is the TRUE Cost of having 5 different carriers at your desk? Giving multiple shipments to one carrier at a time, in the long run can hurt you. Most companies will give 100% inbound and 100% outbound to one carrier as the shipper feels it is easier and they have one throat to choke if things go wrong. For example, a just in time shipper may keep zero inventory and if a customer orders something today and they need it by Monday. This is a tough order to fill and have carriers be 100% on time and so a shipper might feel it is easier to manage one carrier, but this could lead to horrible pricing because of ALL The work the carrier is doing. But, if you have great access through a system where you can analyze, you can create a healthy balance and achieve your goals. You may end up finding out that several carriers can do it, and with the right system, have the ability to efficiently get a good carrier mix. How do you put a price tag on finding the right carrier mix and do you have the tools to do it? You really can’t long term.
5 Best Transportation Management Optimization Practices Utilizing Strategic Freight Shipping

The mantra for all transportation professionals is simple: reduce costs and increase customer satisfaction levels. However, market forces such as higher fuel costs and decreased capacity work to undermine these goals.

Core carrier programs and carrier negotiations that once played a fundamental role in shippers’ cost reduction strategies no longer are sufficient. Transportation professionals have begun to realize that negotiating lower rates with carriers is only a first step in an effective transportation management optimization program. To be successful at finding ways to reduce costs while maintaining customer service levels, shippers must utilize creative initiatives that will produce savings and allow them to remain competitive.

The best practices presented below represent strategies to optimize freight and in turn, achieve cost savings without reducing service levels to customers. The primary best practices that will be discussed in detail are:

- Straight Pooling
- Shipment Aggregation
- Shipment Consolidation
- Continuous Moves
- Cross-dock/Pooling
Transportation Management Optimization #1: Straight Pooling

On a daily basis shippers that use LTL as a primary mode have a significant number of LTL sized orders that are destined for the same geographic area. Using a pooling strategy, these shipments can be combined to create a full truckload shipment out to a pool distribution facility that serves the geographic area. From this pool point, orders are shipped via LTL to end customers.

Using a pooling strategy does not increase handling costs as it substitutes pool point costs for an LTL carrier’s terminal distribution costs. Transit time should not be impacted in this model. The value that shippers derive results from shifting modes from LTL freight to truckload freight on the initial outbound leg of the shipment. By putting all of the orders on one master bill of lading, an opportunity for cost reduction is created.
Transportation Management Optimization #2: Shipment Aggregation

Aggregation is creating a single shipment of multiple orders, originating from the same shipper to the same destination on the same day that would have otherwise have been released as separate shipments.

As shown to the right, Shipper A has two shipments, one that is 4,000 pounds and another that is 2,000 pounds. Both of these shipments are destined for Customer B and would be routed via an LTL carrier. Aggregated together, these orders now ship via a more cost effective LTL rate.
Transportation Management Optimization #3: Shipment Consolidation

Shipment Consolidation is an option when multiple LTL orders can be combined with a truckload sized order that is not at full capacity, if they can be part of a stop-off in route to the final truckload destination.

However, in building this multi-stop route, several things must be considered:

- The out-of-route miles that will be incurred.
- The impact on delivery times due to the stop-off and pick-up requirements and constraints.
- The stop-off charges that will be incurred.

As depicted to the left, the shipments are routed individually. The truckload shipment, which is not at full capacity, has a route of 750 miles to Customer XYZ. At $1.40 per mile, the cost of the shipment is $1,050. The 10,000 pound LTL shipment to Customer ABC ships at $5.00 per CWT for a total cost of $500. The total of the two shipments is $1,550.

If we assume that the total distance of this new route is 800 miles, the total transportation costs change significantly.

**Cost: Line Item**

- $1,120 : Truckload Line Haul Cost (800 miles X $1.40/mile)
- $50: Stop Charge
- $1,170 : Total Cost

Compared to the total cost of the shipments routed individually ($1,500), this represents a savings of $330 or 22%.

It is important to note that this strategy is not limited to consolidating LTL shipments with truckload shipments that have excess capacity. For example, three large LTL orders could be combined to build a multi-stop full truckload shipment. As long as stop-off charges and delivery time windows don’t constrain the route plan, this is a very viable option to drive cost savings.
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**Transportation Management Optimization #4: Continuous Moves**

Up until now, the strategies discussed have focused on maximizing vehicle capacity or improving asset utilization. If no further optimization can be obtained, the shipment must go out the door and the truck must move as loaded.

Continuous move solutions allow for minimizing empty miles. To deploy this strategy, individual shipments are combined into legs of a continuous move. To illustrate, consider the following scenario within Company XYZ’s network:

- Truckload Carrier 1 ships inventory replenishment materials from the manufacturing plant to their distribution center (DC). This distance is 800 miles at a cost per mile of $1.50, or $1,200.
- Truckload Carrier 2 moves finished goods orders from the DC to their customer. This distance is 250 miles at $1.50 per mile, or $375.
- Truckload Carrier 3 moves inbound raw materials from a supplier to the manufacturing plant. The distance is 800 miles at $1.50/mile, or $1,200.

The total cost of all three shipments is $2,775.

A given carrier’s rate structure takes empty miles and situations of unattractive back-haul opportunities in its network into consideration when pricing lanes. If a carrier could operate at or near a 100% revenue to miles operated ratio, the carrier would be able to operate these lanes at a lower price per lane and still make a good profit.

In this continuous move shown to the right, assume 200 empty miles are incurred in positioning the equipment from Company XYZ’s customer to their supplier. This makes the total system miles for Company XYZ, 2,050 miles.

If a single carrier charges $1.20 per mile for the entire tour, the network cost to Company XYZ is now $2,460 (2,050 miles x $1.20 per mile). Comparing this cost with the individual carrier routing scenario, Company XYZ saves $315 or 11%.
Transportation Management Optimization #4: Continuous Moves
Transportation Management Optimization #5: Cross-Dock/Pooling Strategies

Many times LTL freight is long-haul in nature due to several network considerations. For example, consider the following scenarios for Company XYZ:

- Company XYZ has customers throughout the country and they ship to each customer directly from all their manufacturing plants.
- They have customers throughout the country and they ship all products to a single finished goods DC, where they hold inventory and ship to customers as required.
- On the inbound side, Company XYZ has suppliers located throughout the country who all ship directly to Company XYZ’s manufacturing plants.
- These same suppliers ship materials to an inbound raw materials DC where they are then shipped to Company XYZ’s manufacturing plants.

![MANUFACTURING PLANT TO CUSTOMER ROUTING](image-url)
Let us consider the scenario below:

If we deploy a cross dock network and replace the network where the individual manufacturing plants all ship directly to the customer base at the required frequencies plant orders would be shipped to plant assigned cross-dock facilities. All customer orders from a given plant may now be merged and shipped to a single cross dock, from which we can mode-shift and build truckload shipments. In some cases, it may be more cost efficient to use multi-plant milk runs to drive freight to the assigned cross-dock.

Each order can be consigned to a customer assigned pool distribution facility. The cross docks assemble pool orders and ship full truckload to the pool points, where they are distributed to customers via LTL. The objective of this solution is to maximize the distance shipped with lower truckload rates. This is of course subject to customer order transit time requirements and constraints.
9 Areas of Focus to Gaining “Best in Class Shipper” Status For LTL Shipping

As more organizations supply chain grow more complex, the need for additional shipping options will grow. Unfortunately, a myriad of available shippers, third-party logistics providers (3PLs), and other transportation carriers continue to confound your LTL options. However, a “Best in Class Shipper” has realized how optimizing different aspects of their processes will improve the satisfaction of both delivery recipients and clients. To understand how a shipper achieves “Best in Class Shipper” status, you need to take a look at some of the chief factors that influence shipping activities.
Data Capture

Shipping freight inherently comes with a large amount data. This data may include invoice numbers, pick up and delivery dates, originating addresses, product descriptions, shipment weight, method of transport, destination address, rate of transport per haul, fuel charges, and the costs of loading and unloading the items at the distribution center. Each data entry is an opportunity for data capture and analysis. Additionally, ensuring a superior data capture capability allows clients to become more confident in tracking and visibility in shipping.

Knowledge of the Carrier's Business

To have the best value per mile in transportation and shipping, a given shipper must have a working knowledge of how shipping processes operate. For example, the carrier may need to know how to handle delicate items, manage private and rented fleets, budget expenses, conduct international trade, ensure compliance to regulations, maintain safety, and make sure all KPIs align across the manufacturer-to-delivery route.

Organization

To gain “Best in Class Shipper” status, an organization must understand how businesses of varying structures benefit from LTL processes. Furthermore, all aspects of the LTL journey need to involve both data capture and knowledge to promote “Best in Class” status.

Freight Spend Management

Since cost remains a top priority of any business, monitoring, reducing, and accounting for costs throughout the shipping process needs to be a chief priority for “Best in Class Shippers”. However, shippers can only reduce expenses and cost by understanding how each cost relates to the overall transportation budget and how it fits in within the rest of the organization. As a result, all shippers must have organization, knowledge, and data capture in place before attempting to cut costs and create a strong budget.

Processes

A “Best in Class Shipper” must monitor inbound freight management, plan shipments logically, use other carriers as needed, and effectively management the transportation system. If a shipper fails to understand how to effectively manage freight by understanding and effectively mastering shipping processes, pick up and delivery dates may run askew, drivers may receive penalties and fines for violations, customers become upset, and invoicing may be incorrect. Unfortunately, each of these problems represents a potential hurdle to achieving “Best in Class Shipper” status.
Use of Technology

We have discussed the role of technology in improving shipping processes previously, and “Best in Class” shippers understand how technology will benefit their companies. However, many tend to think of technology as improvements to today’s available technology. Yet, many shippers may have not implemented technology options, such as advanced Transportation Management Systems (TMSs), mobile apps, and optimized route planning and logging processes. As technology extends further into the shipping space, it will become an integral part of keeping costs low and customers pleased.

Shipping Strategy

If you have a strong knowledge of shipping, organization, process monitoring, control over your budget, and control over your shipping processes, what sets you apart from your competitors? The answer is your business strategy. Your business strategy needs to include focusing on particular parts of shipping processes, working with industry-leaders, focusing on reduced costs, and reducing inefficiencies in daily operations. Furthermore, your strategy allows you to compete with larger shippers and enterprise-scale businesses with purchasing powers outside of your scope.

Monitoring of Key Performance Indicators and Reporting

Analytics remains a chief concern of businesses in all industries around the globe. In shipping, key performance indicators (KPIs) help you identify when, where, and why a problem may have occurred. Additionally, KPIs show you what areas need to be improved through careful monitoring, analysis, and changes. This may include introducing technology to pen-and-paper environments, monitoring financial indicators for your cost versus your revenue, freight rate management, and performance evaluations of your deliveries.

Carrier-Shipper Relationships

"Best in Class Shipper" status demands a working relationship between carriers, your clients, and your customers. To grow in the supply chain, you need to help carriers take full advantage of any available space, keep costs down, and improve predictability in processes. Additionally, by working together with carriers, you can reduce the number of obstacles between your business and gaining “Best in Class Shipper” status. This may sound counterproductive and hint at profit losses, but you do not want to become an enemy of those who can help you grow.
Chapter Three

WORKING WITH LTL CARRIERS
The LTL Market now Belongs to the Carriers: Shippers Must Know how to Level the Playing Field

Shippers and carriers are constantly influx with the economy, as well as with one another. In a perfect world, shippers and carriers would work hand-in-hand to create seamless goods distribution. The reality is that both sides are looking to keep their heads above water in recessions, and to expand their profits during the rise of an economy. Yet if shippers want to win the current battle with carriers, they are going to need to have a strategy involving the LTL market. Additionally, both shippers and carriers should rethink their relationship for the economic future so they are working in conjunction with each other.
Recession for Goods Distribution

As noted by Accenture, in 2011 the economy began to climb out of the recession, creating a power differential for carriers and shippers. Whereas 2009 saw the control of transportation industry profits in the hands of the shippers, two years later a shift occurred in the favor of carriers. This shift resulted from the reduced shipment volumes of the recession that forced carriers to streamline their transportation assets to save themselves from going under. At the same time customers wanted their goods shipped for less, partly due to the recession and partly due to the demand shippers had to move goods. Since this time carriers have moved into the driver’s seat of transportation by offering innovative shipping methods. The LTL market is one area where the shift is now in favor of carriers.

Economy Upturn for Shippers and Carriers

As the economic situation has improved, consumers and businesses have followed suit by increasing their shipping and receiving volumes. This is occurring across the board for every channel of transport from trucking to maritime. Due to the downsizing of carriers in the recession, however, shippers are finding fewer avenues for moving their shipments. Other factors creating stress for shippers include ever-increasing fuel costs and general shipping costs. The latter cost is a result of carriers being more selective in what they transport and for whom. While the shippers were the kingpins during the recession, carriers have the upper hand at the present time. Carriers as a whole have levied surcharges and increased rates for shippers.

Meeting in the Middle

Money and profit is the name of the game for both the shippers and the carriers. However, according to Inbound Logistics, there are certain rules and economics of the transportation industry that must be followed. Carriers should strive for a stable pricing structure, rather than dipping and climbing to follow the economic swings. The economy is a volatile one, as understood throughout history. Yet whenever carriers’ capacity exceeds the supply, the first thing they do is lower their prices. On the other side of the fence, shippers will try to go as low as possible with their transportation costs. In this case shippers are not looking at the big picture of carriers whom need to be recouped in terms of ROI. Instead of trying to outnumber one another, carriers and shippers should recognize their middle ground, that they are serving the self-interests in the economic situation of the supplier and the customer.
Leveling the Playing Field

For shippers to rise against the ebbs and tides of carriers’ charges, they need to reassure carriers that there will always be a need for their services. Carriers must be certain that the supply factor is not going to disappear. This means that shippers need to stick with carriers rather than shortcutting carriers due to cost fluctuations due to the economy. Sure, it can make financial sense to go with the cheaper carrier, but only for the short term. In order to establish a stable relationship with carriers, shippers have to build a platform of confidence and security for their carriers. As such, this involves going with the compensatory rate rather than bargaining for the lowest rate.

The Bottom Line for the LTL Market

As the US economy is looking positive in 2015 and for the next few years, so is the LTL market. For starters, the LTL markets are expanding exponentially, as noted by Transport Topics, due to outsourcing loads via third-party logistics (3PL) and brokers. Streamlining is key for shippers hoping to connect with carriers on a more even playing field. Rather than waiting for a full load for transport, carriers are utilizing LTLs with the benefit of brokers and 3PLs on their side. Shippers will need to rethink their shipment strategies, which should now include LTL shipments. Fortunately this means that deliveries are going to be more expedient, a win-win for shippers and receivers. However, shippers will be working with brokers and 3PLs more than ever before as carriers are becoming more receptive to the idea of outsourcing logistics.
10 Benefits Gained from Keeping Up Positive LTL Carrier Relations

Throughout the course of business, demand for items will contract and grow, and your business needs to be able to process customer orders. However, you may have damaged your relationship with an LTL carrier by simply not staying in communication, not fulfilling your end of the service contract, or you may have found a slightly cheaper alternative. Unfortunately, your newfound LTL carrier partner may not have the resources to help you through the sudden surges and slumps in demand for your products, and you should have kept your relationship with your previous LTL carrier positive. Rather than going on about how to keep your relationship positive, think about the following 10 reasons you need to maintain a positive relationship with your carrier(s).
1. Access to More LTL Carrier Options

Depending on the reach of your marketing efforts, you may be forced with trying to get product from your local store to a destination on the other side of the country. However, you may not have enough merchandise to warrant purchasing additional space to send a small truckload of merchandise to a remote area. By keeping your relationship with your carrier positive, you can take advantage of more less-than-truckload (LTL) shipping options to help you reach customers outside of your normal shipping area.

2. Discounted Rates at General Rate Increases

Over the course of time, an LTL carrier will increase rates to their consumers. However, existing consumers may receive extensive discounts in general rate increases, or they may not have to pay additional charges if they add to their current monthly shipping needs.

3. Assistance During Slow Periods

Businesses are always going to experience highs and lows in sales, and making sure you have an LTL carrier should never be a question. You need to have someone to pick up your merchandise and get it to your customers without any additional hassle, difficulties, or negotiations of current prices. If you have an existing positive carrier relationship and are in good standing, your shipping needs are practically at your footsteps.

4. Assistance in Claims Processes

No one wants to think of freight damages and lost packages, but they are a part of shipping. Freight claims when working with an LTL carrier doesn't have to be difficult, however. Even with intense scrutiny, something may turn up missing, or a consumer may experience problems with receipt of the freight. An existing, positive relationship with an LTL carrier will give you agility and a speedy response to claims for damaged, lost, or otherwise unacceptable freight delivery. This will help keep your customers happy and your company in the black.

5. Additional Support in Visibility

With more and more LTL carriers becoming integral parts of the economy, you need to make sure your shipping practices maintain legality and follow any applicable state, federal, and local laws. This may include the manner of disclosure of materials upon arrival, inspection of shipping containers, and other regulatory measures. Ultimately, a positive relationship with an LTL carrier will help speed the process of the flow of freight, which will help keep your deliveries on-time.
6. Assistance in Payment of Duties, Taxes, and Tariffs

When an item crosses international borders, such as into Canada or Mexico, you must think of how to pay any associated duties, taxes, and tariffs. Otherwise, you could face stiff penalties, interest, fines, and delays in the shipping process. Having a positive relationship with your LTL carrier can alleviate these concerns. For example, the carrier may pay these costs at the time of border-crossing, and you can reimburse the carrier. However, a negative relationship could result in your lovingly-ordered product sitting on the dock for days, if not weeks, beyond your originally planned delivery date.

7. Options as Markets Change

As new markets emerge, you need to have an LTL carrier capable of adapting to meet the new demands of governing entities in new markets. Furthermore, your carrier needs to be able to keep up with new markets that open up in various geographic areas to make sure shipping is not delayed. A positive relationship can help keep your carrier happy and maintain your ability to get into new markets more quickly. For example, emerging manufacturing hubs in the west or southeast, as the US Government establishes manufacturing hubs, may be easily accessed by carriers with existing business processes in such markets.

8. Larger Network For Negotiations

On the topic of expansion of shipping markets, keeping a positive relationship with your LTL carrier helps ensure fairness throughout rate negotiations. For example, a negative relationship could lead to a carrier refusing to include your company. Alternatively, you must consider how a large carrier-network can give credibility to your business, which will minimize shipping problems across state and international lines.

9. Enhanced IT and Communication Options

A larger LTL carrier tends to develop new technologies and purchase improved technical resources faster than smaller carriers. By keeping a positive relationship with carriers, you can retain access to these technologies at a fraction of the cost for new clients. These technologies may include advanced tracking, communication, and IoT automated processes to improve the accuracy and efficiency of your deliveries.

10. Reduced Charges For Sporadic Shipments

If you need a shipment outside of your normal time-frame, a positive relationship with your LTL carrier can help you. By maintaining the connection between your company and the carrier, you can request unscheduled pick-ups and deliveries when you realize an error in your own processes has occurred. Additionally, this is especially beneficial when considering how returned merchandise can be outside of the schedule.
Chapter Four

TECHNOLOGY + LTL = MASTERY
Technology + LTL Shipments = “Best in Class” Shipper Status

For shippers to gain “Best in Class Shipper” status for LTL shipments, technology is a natural partner. This includes Transportation Management Systems (TMS), report generation, and monitoring of key performance indicators. Technology also precedes operational excellence by allowing for enhanced communication between all parties and ensuring unparalleled commitment to the successful, on time, and accurate pickup, transit, delivery, and billing of shipments. Before jumping towards the first visible technological system to improve your shipper status, you need to consider how technology affects each of these areas and helps prevent problems.
Technology’s Impact on Transportation Management Systems

A shipper’s TMS is the shipping equivalent of a beating heart. The TMS enables the shipping controls to what inventory is going out, when it’s going out, where it’s going, when it will get to its destination, and how it’s billed to the respective business. However, technology continues to grow and change as society demands faster, more efficient ways of conducting businesses. This same principle can be applied to the management of LTL shipments as well.

In addition to the centralized TMS, technology helps shippers attain “Best in Class Shipper” status by identifying errors and problems in shipping processes. This may involve using driver GPS coordinates to recognize geographic boundaries, construction zones, and other problems while in-transit. Technology may also be applied to rapidly identify if items are packaged incorrectly, where empty space will exist in LTL shipments, and how quickly a driver may pick up a shipment at the loading dock. Ultimately, technology allows shippers to more closely monitor their processes by an advanced, integrated TMS system.

Similarly, this same system could be integrated across the supply chain to enhance distribution center processes, which would increase the number and accuracy of LTL shipments. Therefore, the overall efficiency of the shipper is improved, and the shipper’s relationship with customers, businesses, and other carriers grows.

Key Performance Indicators and Reports on LTL Shipments

Anyone can generate a report on the basis of a few factors and minimal information. However, technology provides a means for mass data capture of thousands of variables in real-time. For example, key performance indicators may show live temperatures of climate-controlled LTL shipments, the current routes being used, and when a truck will arrive at a given distribution center. Additionally, KPIs may be used to assess the accuracy and efficiency of loading and unloading times for LTL when changing drivers, routes, or other issues.

Similarly, KPIs can be used to minimize errors in billing, auditing, and reviews of shipments. For example, KPIs can be automatically gathered and analyzed to generate a comprehensive look at what routes caused the most damage to deliveries, which drivers had additional, unaccounted lag time, and when shipments could have been made more efficient. If a shipper’s KPIs begin to waiver and fall, the shipper needs to have a plan in place for restoring them to their standards. This may seem to have a negative connotation and allude to punishment for shipper staff. However, use of KPIs in report generation allows shippers to monitor all staff and provide guidance in real-time. Additionally, they may be used to identify areas of needed training and changes in staff workload ratios. Therefore, the opportunities for controllable errors can be reduced, which reduces shipping expenses.
KPIs and reports are also a measure of compliance and visibility in shipping processes. They allow shippers to reduce the opportunities for violations of public trust and trade laws, which propel the shipper towards “Best in Class” status. For example, KPIs could be applied to digital tracking applications of radio-frequency identification (RFID) chips to ensure optimum tracking of shipments.

**Operational Intelligence**

Technology also partners with all of the other elements of “Best in Class Shipper” status to create a paragon of efficiency and accuracy. This is referred to as operational intelligence. A shipper may have strong leadership, an understanding of shipping processes, and excellent communication with staff; however, the finite execution of the whole process is never achieved without combining all of these factors into a single entity.

For example, a shipper may conduct daily audits to determine accuracy and accountability for load and dwell times. However, this information proves useless if the information is not passed along to the responsible parties in coaching, or additional instruction of job duties. Furthermore, operational intelligence takes advantage of the willingness to learn as discussed in “Part II.” This willingness is part of the driving force behind communication and teamwork in shipping.

Technology has given rise to a new era of enhanced communication, commitment to quality, and accuracy in shipping processes across the supply chain. Through the use of fully-integrated TMS systems and analysis of data through KPIs and reports, shippers are taking hold of technology and applying it to the supply chain.

Shippers face countless, different challenges from receiving an order to billing of shipping charges after delivery. All of these challenges can be overwhelming, yet applying specific elements to each challenge allows shippers to grow and overcome such problems. After reading this series, you will notice how many of these elements cannot function without the presence of corresponding elements. Ironically, these 10 elements are the definition of and instructions for gaining “Best in Class” shipper status.
6 Benefits of a TMS for Better LTL Freight Management

Most businesses that ship freight via Less-than-Truckload or LTL freight services will improve the efficiency and cost-effectiveness of their transportation and logistics departments with the use of an automated transportation management system (TMS).

Many larger shippers, such as original equipment manufacturers (OEMs) or large distributors, with freight expenditures in the millions of dollars, typically have logistics departments with one or more traffic managers and are already using a TMS. However, many smaller companies, with lower freight spends, would also benefit from implementing a transportation management system for the same reasons of helping manage LTL freight more efficiently that a large freight shipper would use a TMS.

There are many benefits of a TMS that shippers will realize if they implement one. However, a lot of smaller shippers believe that an implementation of a TMS is expensive. That is a myth. Most Transportation Management Systems today are web-based, have easy to use web services such using APIs, and are easily integrated into other systems, so there are seamless data interchanges, such as integration with an ERP system or address book program. As a shipper, transportation management by avoidance is not a good option. Now more than ever before, transportation issues, especially in the fast-moving and complex world of LTL freight, demand increased time and attention. Transportation will not take care of itself. Surprises will eat into your margins. If you don’t know where your inbound freight is, you may be faced with shutting down a production line, or you may have to delay shipping orders to your customers. You may get hit with customer chargebacks if someone at the warehouse makes a mistake and sends shipments without knowing that they need to use a particular carrier in a specific lane (governance). The result is not a good one nor as most would agree, the desired outcome: lower profits and lower customer satisfaction ratings.
6 Benefits of Using a TMS for LTL Freight Management

The use of a TMS in LTL freight helps ensure that your loads are matched to the best carrier, equipment, and lanes so that you can get the best possible rates without sacrificing the service you expect and deserve. The main advantages of a TMS applied to LTL freight include:

1. **Improved visibility to your shipments**: When you know where your freight is, you can better communicate to your customer, allowing you to build better relationships with them. On the inbound side, it helps build rapport and accountability with suppliers.

2. **Availability of data and analytics**: With reports generated from your TMS, you can better gain insight into your LTL freight shipping activity and business outcomes. For example, you may find in a matrix report valuable information such as what would have you saved if you chose the least cost carrier each time or how is Carrier A performing in the way of claims vs. Carrier B. This kind of information allows you to make future business decisions that are based on fact and not gut or opinion.

3. **Automation in the Process of Logistics/Transportation**: With a robust Transportation management system, you can realize such benefits as real-time freight rates, organizational control or governance by restricting user choices to those desired by management, speed, and scalability to avoid future growing pains as the TMS will grow easily with you as you ship more freight, and of course, a TMS that is backed by a dedicated technology team will make sure you have the latest and greatest technology to keep up with the fast-paced changing world of logistics technology.

4. **Simplifies data entry and the elimination of many manual steps**: Logistics automation features such as integration to your commodities via your ERP system and access to your address book, as well as automatic storage and entry of fuel surcharges and accessorials, will have you never again worrying about keying in the wrong information. These kinds of manual data entry errors will lead to increased shipping costs such as having to pay for shipping twice or paying a higher freight rate due to entering an incorrect commodity freight classification. Remember, several factors go into creating a freight rate, so it is vital you don't let something such as manual entry, create a rate you shouldn't have to pay.

5. **Invoice retrieval, consolidation, and audits**: Transportation accounting can be quite the headache, especially if you have multiple locations or multiple LTL freight shipments each week. Imagine if you were the controller or CFO at a manufacturing company, and you had 15 locations that each shipped 10 LTL freight shipments each week. That is 150 freight invoices that must be managed, paid, and HOPEFULLY audited against the original quote! Whew, that is a lot of process work and plenty of opportunity for costly errors. A good TMS should house all shipment information for easy access, automatically provide reporting on variances between quote and actual freight invoice, as well as provide further auditing features for piece of mind.
6. **Enhanced communications between all parties:** Because most TMS programs are now web based, many of them also store documents for future use in very important discussions between various parties, such as the shipper, the consignee, the carrier, or a third party logistics provider. This allows for easy communication without having to dig for documents. They are available for whenever you need them. Add to the automatic notifications via technological applications such as EDI with carriers so all parties know where the freight is at any time, and a TMS allows you not to miss a step in communicating between all sides. It is the communication aspect in logistics where things can go awry, and when things go wrong, you know there is money being lost.

Partnering with a transportation management provider to obtain the benefits of a TMS also gives you access to that partner’s entire team of logistics experts. Further, you gain access to an array of other value-added services which can include LTL freight back office support to handle pick-up scheduling, tracking, appointment confirmations, proof of deliveries, claim processing, bills of lading, auditing of freight bills and daily reporting on pricing so you can charge quickly.
Chapter Five

DIM Pricing & LTL
The Rise of Dimensional Pricing in LTL

What is Dimensional Weight Pricing?

Dimensional weight pricing takes into account the space occupied by a package along with its weight, instead of just the latter. So why is this shift towards this new system happening? The National Motor Freight Classification (NMFC) system of rating freight is a relic that dates back to the 1940’s. Since that time, motor carriers have been permitted to collectively determine rates under the Reed-Bulwinkle Act. Specifically, it exempts motor carriers from anti-trust laws when acting collectively and submitting agreements governing their activities to the Interstate Commerce Commission (ICC), and now to the Surface Transportation Board for approval.

The NMFC system does not allow for rate collusion. However, it provides a uniform method of rating freight “by class” that is used by the majority of less-than-truckload (LTL) freight carriers nationwide. As we stated in our LTL Freight Class post, in the freight classification system, rates are configured using density and value (Weight, length, height), stow-ability, handling, and liability.

The problem with the NMFC system is that it is artificially complex. Some would argue that it has been made so intentionally to befuddle shippers. It is somewhat akin to the power wielded by the medical profession that derives from their monopoly on information. That power has been greatly diminished by the likes of Web sites such as WebMD.com.

The system was borrowed from the railroad’s Uniform Freight Classification (UFC) system in 1936, of creating a “simplified” table of classes. In short, the NMFC has outlived its usefulness. International modes of ocean and airfreight transport have long utilized a cube/weight calculation designed to serve the needs both the shipper and the carrier. It is a system that everyone can easily understand.
It is time to switch to a uniform system of freight rating that the general public can easily understand and that does not require a subscription to a service to decipher. That uniform system could be dimensional weight pricing.

Another reason for the shift to the new pricing mechanism is to discourage shippers from shipping large containers that mostly contained air, which is unprofitable to carriers. Since the dimensional weight pricing method uses the actual volume of the package to calculate its billable weight, shippers will naturally find ways to make their containers as small as possible to cut the costs, which allows carriers to accommodate more packages in the limited space available.

The Implication of Dimensional Weight Pricing on Shipping Costs

While the new mechanism is obviously more scientific, it is likely to increase your LTL shipping costs by 20 percent or even more. You must already have noticed that if you have been shipping regularly. Add to that the annual base general rate increase, fuel surcharges, and other fees, your shipping costs can increase by as much as 30 percent. Therefore, you need to find a way to pack the maximum weight into the minimum volume possible to keep your costs down.

Key Factors in LTL Dimensional Pricing Models

Shippers need to understand a few terms in DIM pricing, such as dimensioners and the DIM Factor Rate.

- **Dimensioners** - Electronic, laser-precision devices that automatically measure the dimensions of a shipment, which include height, width, and depth.
- **DIM Factor Rate** – This rate, often 166, is used to calculate DIM weight, not the actual weight, of a shipment.
- **Volume** – Shippers determine volume with this formula:  
  \[ \text{Volume} = \text{Height} \times \text{Width} \times \text{Depth} \]

The volume is then divided by the DIM Factor Rate to derive the DIM weight.

\[ \text{Volume} / \text{DIM Factor Rate} = \text{DIM Weight} \]
The key to understanding this concept is in what weight is used by default to determine shipping weight. The higher value, which may be the actual weight or the DIM weight, is used, asserts Jeff Berman of Logistics Management magazine. As a result, shippers have an incentive to make the product shipment as tightly packed as possible. If you fail to understand and meet DIM pricing requirements, such as determining the DIM weight prior to shipping a package, the carrier may assess a penalty.

However, it is not enough to calculate the dimensional weight of a package. You must also know its actual weight. This is because whichever is the larger of the two becomes the billable weight.

**Standard vs. DIM Quotes for Various Weights for a Single Pallet Shipment**
Here is an example:

Let's say that your package is 15 inches long, 12 inches wide and 10 inches high. Its volume is 15" x 12" x 10" = 1,800 cubic inches. Now divide that by 166, which is the most common DIM factor. The dimensional weight of your package is 10.84 lbs. If the actual weight of your package is 9.5 lbs, then 10.84 lbs is used to calculate the shipping rate in your bill. If the actual weight is 12.34 lbs, then 12.34 is used.

**Keeping the Costs Low in Dimensional Weight Pricing**

When the dimensional weight is larger than the actual weight, you may think that the system is unfair to you. After all, it will look like you are paying extra for non-existent weight. It’s important to understand that you can use the system to your advantage as well. If you are shipping high-density materials with low volume, then you will be paying less than what you would have paid if only their weight was taken into account.

If you have great carrier relations, or a 3PL who focuses on building out a carrier relationship program to work with carriers expertly on your behalf, here are a few ways to keep the costs low:

- **Make your package as small as possible:** The larger the volume of your package, the larger its dimensional weight. Your aim should be to make the dimensional weight smaller than the actual weight. Pack as tightly as you can without making room for empty space. Use packing materials that do not expand or bulge.
- **Negotiate for a higher DIM factor:** The higher the DIM factor, the smaller the dimensional weight. The most commonly used DIM factor is 166, but there may be carriers that are willing to give a higher figure if you negotiate with them.
- **Request a higher cubic threshold:** A higher cubic threshold increases the space you can use without increasing the costs.
- **As for incentives:** You will find carriers willing to give you incentives, such as discounts and added services, if you are persuasive.
- **Refuse to ship high-volume, low-weight goods:** The dimensional weight of high-volume, low-weight goods are much more than their actual weight. This makes them unprofitable to ship. Therefore, refuse to ship such goods. Instead, concentrate on shipping low-volume goods.
- **Pass the cost on to your customers:** Most of your customers will pay without a fuss if you explain to them how and why carriers are using the DIM pricing mechanism.
New Rules You Need to Understand around Dimensional Weight Pricing

No new system comes without its own set of rules. So here are the rules about the DIM pricing mechanism:

• Between the dimensional weight and the actual weight, whichever is larger is the billable weight.
• Each carrier has its own DIM factors for domestic and international shipment.
• The higher the DIM factor, the lower the dimensional weight and vice versa.
• If you fail to submit the dimensional information, you will be penalized with an "out of week billing adjustment" as seen appropriate by the carrier.
• Packages with cubic space greater than 130 inches are subject to a large package surcharge. They may also be subject to a minimum billable weight of 90 lbs.
• These rules are applicable to virtually all packages that are shipped via ground and air. Previously, the rules applied only to air-shipped packages and ground-shipped packages with a volume of 3 cubic feet or more.
8 Action Items Shippers Can Take to Minimize the Cost Effects of DIM Pricing for Less-Than-Truckload Shipping

The latest industry-pricing trend, dimensional weight pricing, or often referred as "DIM Pricing," calls for LTL freight cost calculations using pounds per cubic foot of space occupied on the truck. Both UPS and FedEx recently announced dimension-weight pricing plans for parcel/small packages effective Dec. 29 and Jan. 1, respectively. Shippers using LTL freight options will want to prepare their 2015 budgets with DIM pricing in mind.

The process, of shipping and managing your freight expenses, is becoming more dependent on the size of your freight and the space it occupies than ever before. Many carriers are, in essence, selling space on their vehicles. All air freight and most ground freight on larger carriers now require declared dimensions for correct manifesting.

Without a declaration, you are subject to carrier audits and accessorial back-charges.

These back charges can hurt margins if you apply “Flat Rate” charges to customer shipments, and they can cost you (the vendor/shipper) money if you are billing customers for reimbursement of actual freight costs.

Either way, if you are not declaring dimensions you are probably headed for disputes with your carrier over carrier-imposed DIM pricing charges that will be costly and difficult to resolve.
New Rules You Need to Understand around Dimensional Weight Pricing

We explained how to calculate dimensional weight covering the parcel examples and the impact on shipping costs, in general. However, it appears in the LTL shipping mode, we must also combine it with the freight class system we've all grown accustomed to in the LTL freight shipping world. Significant amounts of LTL reclassifications are occurring based on carriers’ improved ability to accurately assess space requirements for unusually-shaped freight. Equipped with the latest imaging software, some carriers are already reclassifying upwards of 50 percent of some LTL shipments. This means more efficient use of space for the carrier and increased cost for shippers based on more accurate classifications.

Under this new pricing model, LTL freight classes will be determined by weight and space occupied on the truck. The following equation—length x width x height/pounds = density—serves as a guide for shippers. For example, 50 pounds per cubic foot or greater will receive class 50 designation. 35 pounds per cubic foot, but less than 50 pounds per cubic foot, register as class 55 and so forth.

DIM pricing of LTL shipments is the near future for many carriers in the LTL industry. At Cerasis we’re preparing our clients now for ways to deal with the impacts of this new pricing strategy as our transportation management system, which we call the Cerasis Rater, release will now support DIM pricing in LTL.

How Will DIM Pricing Affect Shippers who use the Less-Than-Truckload or LTL Mode?

DIM pricing is going to have a significant impact on those shippers who ship LTL either frequently or infrequently. In the old system, which is still used to a considerable extent, LTL freight rates are determined by class, weight, pick up and destination zip codes and any other additional services required. Now the volume of the package is going to play a greater role. Since a larger volume means a greater dimensional weight, you should aim to package as many goods into a gaylord or in shrink wrap on a pallet as possible so that it does not exceed the actual weight.

However, even with volume minimization, the cost of shipping still has the potential to be higher than when using the old method of purely freight class. For this reason, LTL shippers should take measure to minimize the impact of the dimensional shipping mechanism.
Tips, Best Practices, and Considerations to Lower the Impact and Costs of DIM Pricing on LTL Shipments

LTL companies can minimize the impact of the DIM pricing mechanism by implementing one or all of the following methods:

Get Accurate DIM Pricing by using a Large Freight Cubing System

Large-freight cubing systems (typically called pallet-dimensioning systems) are usually combined with a floor scale or forklift scales. We’ve seen many clients use the CubiScan model, and we highly recommend checking it out if you are a higher volume shipper. These systems are used to measure full pallet loads, but you can also utilize them for single and multi-piece shipments. Most are designed to work with “non-cuboidal” freight (since most pallet loads are anything but perfect). Nearly all pallet dimensioning systems use multiple sensors to reduce or eliminate “shadowing” (i.e., the inability to conclusively see a load’s length and width dimensions). Additionally, they are usually designed to allow pallet dimensions and weight to be “tared off.” Throughput rates range from 50 to over 120 shipments per hour. Most systems are static in nature, but conveyorized pallet dimensioners are also available.

Volume Optimization

Since a larger package means a greater dimensional weight, you should aim to minimize the volume of your packages. Make sure that there is as little empty space in your package as possible. Try using lightweight but strong packing materials that do not bulge or expand. Here are some best practices to master volume optimization:

- Find out the minimum box size you will need to pack the goods safely. Measure volume of the actual space, you will need and compare it with the volume of the boxes you are using. If the boxes are large, try and replace them with smaller boxes.
- Use cartonization logic software to evaluate order contents and to choose the correct number and size of shipping cartons for each order. This software uses the dimensions and weight of each item to calculate the smallest box/container size that can safely hold the products.
- Use lighter but stronger packaging materials that will not bulge or expand to ensure that the dimensional weight will remain exactly as you have calculated at the time of packing.
- Use air bags, bubble pack and pouches to provide a cushion to the goods.
- Consider using custom box manufacturing equipment to build boxes that fit the order correctly. You can also get help from your carrier to optimize your packaging.
Cube & Weigh each SKU to Build Orders

Knowing the size and weight of every item in your inventory allows orders to be designed for specific carton sizes. Using this technology requires that every SKU be databased in your host software system.

As new items are added to inventory, an operator places one sample of the piece into the system. The system will automatically measure, weigh and upload the information to a software system. Now every time this SKU is ordered, the software knows the physical sizes of each piece and dunnage requirements and automatically selects an optimized carton size.

Likewise, intelligence can be built into this system that says if there is going to be more than 30% wasted space, route to a special pack station for handling. At this station, custom cartonization or more standard sizes might be available to reduce the wasted space.

Renegotiate your Contract for a Higher DIM Factor & Other Elements

As has been discussed above and in the post yesterday, the higher the DIM factor, the smaller the dimensional weight of your package. Most commonly used DIM factor for domestic shipping is 166. Ask your carrier to give you a higher DIM factor or find another carrier that has a higher DIM factor. If you are good at negotiating, your carrier may agree to give you a figure higher than their standard figure. If you need help in carrier relations, often a 3PL can negotiate this higher DIM factor on your behalf. The are other factors you can negotiate as well with a carrier for your contract:

- Request a higher cubic threshold. This increases the space you can use without increasing the dimensional weight.
- Ask for incentives to offset the high shipping rate.

Refuse to Ship By Air

Customers usually like to have their packages shipped by air because they believe it is faster. But shipping by air is also more expensive. So, refuse to ship by air whenever possible.

Refuse to Ship Low-weight, High-volume Goods

Shipping low-weight goods that take up a lot of space is a loss-making proposition because the dimensional weight of the package will be much higher than its actual weight.
Pass the Costs on to your Customers

Change your shipping policies to pass the costs to your customers and explain to them why. Once they understand how dimensional weight shipping works, most of them will not mind paying extra as long as their belongings reach their destination in time and in one piece.

Don’t be a One Carrier Company, Use a 3PL and Their TMS

Too many organizations get comfortable and rely on one carrier for the vast majority of their business. The carriers offer free software and often training and implementation help that certainly makes things easier, but locks you in.

Investigate using more than one carrier, including regional, final mile and specialized transportation companies. Find the sweet spot that each organization can provide you and your customers. Exploit it for your bottom line advantage. This strategy will not only improve your negotiation position but should increase your customer’s satisfaction and your bottom line. You need to balance the lure of free software with the benefits of negotiating and optimizing different carriers.

Don't have time to work with multiple carriers, manage those contracts & negotiations, or to research the various rates for every shipment? Then it may be time for you to look towards a 3PL who has expertise in transportation management through intimate and vast experience with carriers. Further, a 3PL will offer a TMS, which has several benefits, including the ability to rate multiple carriers at once. All you have to do is choose, the TMS automatically creates your bill-of-lading, and notifies all parties that the shipment is ready to go.

A 3PL, like Cerasis, can help you evaluate the following:

- Density-derived pricing compared to current class-based model analysis
- Predictive analysis to create efficiencies from best-practices for freight-all-kinds
- Strategies to increase density to provide better ROI on packaging dollars
- Plans for low-density shippers to deal with potentially dramatic price increases
- Ideas for high-density shippers to achieve potential for cost reductions
- Options, such as truckload pooling, sku-based density increases, pallet-pricing

[Logo: Cerasis]
Imagine you need to use a carrier’s LTL shipping services. Your package is approximately about one cubic foot. Next to you, another shipper is sending a package that is more than double this size. Now, you would think the other larger package is going to incur the higher shipping cost. However, your current package weighs 600 pounds, and your counterpart’s package weighs 230 pounds. If both packages were assigned purely on weight, you could end up paying more, even though your package is technically smaller. So how does this change with LTL dimensional pricing?

This just does not make common sense, and carriers are moving towards a dimensional pricing model (DIM pricing) to help level the playing field when shipping products of different weight and density. Essentially, smaller packages should have lower shipping costs than larger packages in LTL shipping, and DIM pricing enables this ideal.
“It's a way to get more money.”

LTL dimensional pricing, often called DIM Pricing, is not a means of getting more revenue for carriers. DIM pricing allows carriers to make the most effective use of LTL shipping space, reports Rich Luhrs of CarrierDirect, while still maintaining lower rates and equality across the playing field.

“It’s only for frequent shippers.”

Some shippers may argue LTL DIM pricing is only beneficial to shippers who frequently ship products. In reality, LTL dimensional pricing is beneficial to all the shippers as it implies the need to be more efficient in packaging processes.

For example, a shipper may feel adding extra volume to a package increases security, but bulky, oversized packages are more likely to fall, be destroyed, or become otherwise damaged from heavier items. Furthermore, bigger packages imply a higher packaging cost for the shipper, and as a result, shippers who turn towards a more efficient packaging standard would actually save money.

“It's going to anger customers.”

Most major retailers offer some form of free shipping if a purchase is above a certain amount. In reality, the annual growth of e-commerce at 15 percent would lead retailers and shippers to assume customers are willing to pay shipping costs as necessary. Basically, customers do not care how the shipping is calculated, so long as shipping is calculated reasonably.

“It's impractical.”

LTL dimensional pricing is logical, and it takes advantage of basic math principles. Bigger products will have a higher density, and smaller products will have a smaller DIM weight.
CONCLUSION
LTL Success Stemming from Best Practices, Technology, and Expert Help

If you are a small shipper, saving money on shipping is crucial to your business. Thanks to the internet, consumers are able to compare price between competitors in a matter of seconds. Because of the recession, consumers are price-driven and will purchase the item with one of your competitors for a minimum savings.

One way to be able to be more competitive is to lower your shipping cost. How do you do this? I hate to break it to you, but it’s a catch 22. In order to get big discounts with LTL carriers is to have volume, but you can’t get the volume because your shipping rates are too high. Now, let’s level the playing field. Working with a third party logistics provider can offer you tremendous savings since generally their LTL freight spend is in the millions. For years, food distributors have been forming co-ops, by combining the freight spend of several hundred companies, into one. Think of a third party logistics company as a co-op.

Beyond just the volume, a third party logistics provider can help you with many things such as providing a transportation management system, help with freight accounting, and freight management services such as claims, carrier relationship management, and more.
If something like LTL is a focus for your company, it makes sense that you seek out a company to work with who is focused themselves on what your needs are and can provide that service expertly at a long term value. Whatever your needs are, write them down and when seeking out a logistics provider, make sure they are focused on YOUR needs by offering solutions. You can find our great blog post resource on giving you a checklist to figure out your needs and begin the process of finding the right 3PL for YOUR company’s needs.

For example, at Cerasis, we are considered a logistics provider, and our niche is less than truckload freight management (although we also support full truckload and small package/parcel) in North America (US, Canada, and Mexico). We believe this focus allows us to get the most value for our customers’ Less than truckload freight. LTL freight management is a transportation mode to ship your freight which requires a transportation manager to have the ability to juggle many things in order to maximize efficiency and maintain overall transportation costs. There are not any reliable LTL load boards, such as in Full Truckload, nor is it as straightforward as the small package marketplace mastered by FedEx and UPS. Shipping LTL is a complex, process heavy, and hard to measure way of procuring transportation for your freight, unless you are lucky to have the talent, resources, and flexible smart technology. As companies grow, and they ship more LTL freight, it gets harder and harder to manage and feel confident you are making the right decisions to continue customer satisfaction and proper management. By focusing on this niche, we have really maximized our expertise, and our customers, who ship freight, get that benefit of years of experience. Therefore, our freight shipping customers get more long term sustainable value through our transportation management system and expert freight services which focuses on less than truckload freight management.
We hope you enjoyed this educational e-Book on the trends for the basics all the way up to the best practices and importance of using technology for LTL mastery.

Cerasis, a transportation management company founded in 1997, has always believed in the use of technology to improve process to not only reduce cost but to stay strategic, competitive, and have the ability to use data from technology to continually improve. In fact, one of our core values is just that: continuous improvement of our people process and technology.

We built our Cerasis Rater TMS in 1998, launching it as web-based before Google was even a business. Our (now Army, as our Development Manager, Jerel Byrd calls them) development team are always continually improving the Cerasis TMS, as we know it is vital to have a system that is not only innovative, but sound, secure, and enables those in transportation to do their job all while doing it cost effectively.

Are you using a TMS to help manage your transportation department as a shipper? What are you seeing in the space?

In addition to our transportation management system (TMS), the Cerasis Rater, when you are a Cerasis shipper, you gain access to the following managed services:

- Transportation Accounting to include: Invoice auditing, one weekly invoice no matter how many shipments, and freight payment services
- Comprehensive end to end freight claims management: if your freight is damaged or lost, we will handle the freight claim on your behalf
- Carrier Relations: We will negotiate rates on your behalf and you get better rates thanks to our buying power
- Inbound Freight Management
- Reverse Logistics
- Robust Analytics and Reports
- Small Package Auditing
- Small Package Contract Negotiation
- Warehousing
- International
- & More!

Want to learn more? Visit http://cerasis.com
Get a Demo of our TMS or Inquire About Our Services

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