

Stop Buying Transportation. Procure It!

Buying Truckload Isn't Just About Cents per Mile

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Dedicating an entire article of our "Stop Buying Transportation. Procure It!™" series to truckload seems like a waste of blog space. Truckload is deceptively easy:

- Contrary to parcel you have thousands of carriers to choose from.
- To negotiate all you need to know is cents per mile, and
- Between load boards and a plethora of brokers, there's plenty of market information available to ensure you're not overpaying.

Sure, it is easy... if you choose to purchase truckload one shipment at a time for all shipments, ignore increased federal safety regulations, and have not been impacted by the carrier capacity crunch. More likely than not, if that's your strategy, you are overpaying by 10% or more and exposing yourself to unnecessary risk. Or maybe you live in the Netherlands where apparently they're dealing with excess capacity.

So what is the trick to efficiently buying, or rather procuring, truckload? It's twofold:

One: Take a Holistic Look at Your Shipping Needs

Review 6 – 12 months worth of shipping history to identify trends. Look for opportunities to consolidate and reduce cost by maximizing each load. Better yet, you may identify that smaller LTL shipments can be combined into multi-stop truckload moves. This will not only help you save money in transportation costs, combining LTL shipments will minimize cargo handling and significantly reduce damages. This will require thorough analysis of your shipping data, and coordination of order/reorder points with your customers, but it can pay off significantly.

Two: Efficient Access to a Pool of Qualified Carriers

As we described in a previous article, finding qualified carriers is a major challenge due to increased federal safety regulations, fluctuating fuel costs, and a variety of other reasons. Due to the sheer magnitude of the market and challenges inherent in finding the right carrier, most shippers work with brokers to leverage an established carrier. The challenge with traditional brokers is two-fold: (1) They're motivated to maximize revenue per load, as opposed to working with you in a collaborative manner to execute on a holistic plan as outlined above. (2) Brokers differ greatly in the way in which they scrutinize a carrier's safety record, exposing you to unnecessary risk.

When working with a broker, or in most cases multiple brokers, perform the following due diligence:

- Ask yourself if you are controlling your costs effectively through a mutual partnership, or if you're simply helping the broker achieve its margin objectives.

- Determine how large the broker's network is, and how their capacity lines up with your needs. In addition, determine if the broker is using advanced technology to communicate with the carriers and with you to streamline the process and improve visibility.
- Insist on seeing the broker's carrier qualification policy. If they're merely verifying insurance and active operating authority — buyer beware. Although they are working within federal guidelines, recent lawsuits of "betting the farm" proportions have shown that merely looking at those two items simply is not enough.

So, contrary to popular belief, taking care of your truckload needs is not as easy as it looks. In order to keep cost under control and keep the farm safe, thorough analysis, due diligence and strong partnerships are required.

We'll cover less-than-truckload in our next article in the "Stop Buying Transportation. Procure It!™" series. In the meantime, I welcome your feedback and ideas at rnieuwenhuizen@birddog.com