DISCOVERING GOLD IN YOUR SHIPPING ORGANIZATION

IDENTIFYING HIDDEN COSTS THROUGH PROVEN PRACTICES

by David Sternbach, Business Unit Director, Shipping and Tracking - Neopost USA

You may have implemented a good strategy to control your shipping costs for the products and services you supply to your customers. However, there is likely more on the table that you may have overlooked. Some business leaders do not consider shipments generated from their business operations vs. their distribution network as areas to control cost. This is not an intentional oversight; it's just not visible on a daily basis. Plus, the costs are so spread out that managers don't see the aggregated shipping spend for the entire organization. If you do not have a view into these shipping costs, you are over-spending.

An enterprise-wide desktop shipping application that can be utilized by home-office and field employees can help you control this insidious expense.

OVERSPENDING: ROOT CAUSE OF THE PROBLEM

You may have a main office location, remote sales offices, branch offices, a distribution facility or all of the above with numerous employees. You may also be part of a company that either ships products or one that may send other business content, such as documents, contracts, etc., through delivery carriers. In either scenario, your employees decide which services or carriers to use and those decisions are often made without considering cost or available alternatives which results in overspending. Another key driver for overspending may be that no single person or department is accountable for managing those expenses.

NO UNIFORM PROCESSES

If you don't incorporate rules for the use of next day/overnight services, employees are free to use those services at their leisure. Abusing the convenience of next day/overnight delivery services versus maximizing their utility can cost you considerable sums of money. Other services may serve your delivery needs just as well at more reasonable rates.

SEDUCTIVE AIR-BILLS

Carriers' Air-bills offer limited choices of expedited but costly "air" services. These forms are pre-printed with an account number that anyone who finds the form can use. A simple check of the pen is a powerful tool that attributes to overspending since the ease of access often neutralizes any incentive to search for cost-effective alternatives.

ADDRESS CORRECTION FEES

Address corrections fees are additional costs that are added to your carrier invoices post shipment for each address that may contain mistakes, be incorrect or even if the recipient moved. The package may get delivered because the carrier is familiar with the location, however will still charge address correction fees due to inaccurate information. Those costs can add up overtime with $10 or more per shipment for sometimes just a simple typo.

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INTERNAL ACCOUNTING OVERSIGHT

Most remote shippers have their own account. They can simply sign-up for an account or use an Air-bill. You may have too many accounts spread across your organization. What does each carrier account do? It generates an invoice. So think about this, you have a remote employee who ships a package every once in awhile – do you know the cost of processing, reconciling and paying a shipping invoice? A couple of packages generated by a remote employee, even with your discount rate, could cost your company more than the shipments themselves when you calculate the entire operating cost increase over time.

THE AFFECT ON YOUR BUSINESS

Without tools and rules, your employees can easily make unnecessarily expensive shipping choices. How do you monitor shipments today? Do any of these problematic factors sound familiar?

- No centralized shipping process for every location within your company
- No centralized process for every employee who can generate a shipment
- No company-wide business rules for non-production shipping
- Using Air-bills
- No centralized shipping system that can be used by every employee
- Minimal or no use of contracted discount rates by employees in remote locations
- Remote employees who create their own carrier accounts
- Lots of carrier accounts
- More employees working remotely or telecommuting year over year
- Excessive use of the express service options

If you say, "Yeah, that's us" to any one of these circumstances, you are spending more than you should for shipping. You could realize 15 percent to 30 percent in potential savings by incorporating a desktop shipping strategy into your organization.

THE OPPORTUNITY

I use the word gold in the title of this whitepaper for a simple reason. Gold denotes a highly valued commodity. If you control the means and methods your employees use to make shipping decisions, you have struck gold in the conveniently exchangeable form of found money. You won't need a shovel or pick ax to get to the gold. All you have to do is tend to your shipping procedures.

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SOLVING YOUR PROBLEM

Let's go back to your main problem: employees who ship packages at anytime from any location without any control or rules. An enterprise-wide desktop shipping application will eliminate all of the issues out-lined in this whitepaper. It will allow your employees to remain in control of their own shipping decisions and empower them to make smarter shipping choices based on the rules and controls you establish.

Implementing an enterprise-wide shipping application brings an intrinsic set of benefits:

- CONTROLS
    - Ensures that all shipping is processed through a single platform and common process
    - Enforces carrier/service restriction-based business rules and business mandates by user; allows access to select service levels you want to designate, i.e. no overnight/next day shipments
    - Restricts use to only your discounted contract rates

- COMPLIANCE
    - Eliminates post-shipment charges through address validation for each shipment before it is processed
    - Generates international import/export documentation that reduces charges and avoids delays
    - Always processes with current carrier rules and shipment criteria

- COST MANAGEMENT AND ACCOUNTING
    - Reduces and eliminates carrier account by moving your shipping to cost center-based accounting
    - Reduces the number of carrier invoices your organization receives
    - Mandates cost center, project and department cost tracking for every shipment Integrates shipping accounting data into your back-office systems for simpler allocation

- PRESENTS CARRIER RATE AND SERVICE COMPARISONS TO THE SHIPPER FOR SMART CHOICES
- SAVES MONEY BY USING ALTERNATIVE INSURANCE PROVIDERS
- MONITORS MISUSE OR UNAUTHORIZED SHIPPING ACTIVITIES

OVERSPEND WILL GROW

It is more important than ever to take action. There are several contributing factors to consider that will exacerbate your current overspend without implementing a desktop shipping strategy. Consider this:

- Your mobile workforce; each year more and more employees will work remotely and according to an IDC study in 2010, 72% of all US workers worked remotely all or part of the time in 2009 and projected to grow 75.5% by the end of 2013

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- Carrier rates rise every year. If you concluded that you are over spending, those costs will continue to climb .
- Ten to fifteen percent of all U.S. addresses change each year, higher for businesses (NCOA). Address correction fees will continue to rise if you don't have a desktop shipping application with up-to-date address validation.

SUMMARY

I am confident you will realize an appreciable level of cost savings after you incorporate an enterprise-wide desktop shipping application. Now you know the egregious and costly behavior you must reverse as well as the benefits of a controlled process. The gold is there. You just have to know where to look.

Happy shipping.

SPEAK WITH NEOPOST USA

Neopost USA has the knowledge, expertise and solutions you can use right away to help ensure that your shipping yields the highest possible savings and efficiency. Call 1.800.NEOPOST (1.800.636.7678) or visit www.neopostusa.com/software.

ABOUT NEOPOST USA

Neopost USA provides mailing, communications and shipping solutions. For generations, we have worked with our customers to prepare, deliver and manage their customer communications in the most secure, efficient, and professional manner possible. As businesses increasingly move to digital communications, we continue to help our customers communicate – whether in traditional mail, digital communications, or packages. All of this is provided by a network of sales and service professionals providing sales, supplies and service to their customers. For more information on Neopost USA, visit www.neopostusa.com.

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ABOUT THE AUTHOR

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With proven success in identifying growth opportunities, delivering differentiated products to the market and communicating customer value, David Sternbach has full strategic command to shape product strategy, market focus, and user experience in enterprise and consumer product classes globally. Mr. Sternbach operates in a highly client facing capacity ensuring that best-in-class solutions and service are delivered.

Prior to joining Neopost in 2011, Mr. Sternbach held numerous marketing positions focusing on transportation and mail center management applications achieving many groundbreaking successes over the course of his 20 years with Pitney Bowes. In his most recent role of Senior Product Manager for the Global Product Management division, he led and devised updated product portfolio strategy of shipping and transportation management solutions addressing market needs, sales fit, and technology adaption. He also devised web-based product strategy to capture revenue opportunities by addressing a shift in customer behavior and closing product offering gaps opening new markets to smaller volume shipping consumers.

As the Business Unit Director for Neopost USA, Mr. Sternbach is currently leading the charge of building and implementing Neopost USA's shipping, accounting and tracking solutions. Mr. Sternbach's overarching focus is on the customer and on creating and driving a consistent roadmap based on market and end-user needs, technology trends and overall company strategy that positions the company to realize growth opportunities and objectives.

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