

# REGIONAL ALTERNATIVES

with **Rob Shirley**



## You Can't Improve What You Don't Measure

Managing information should be part of your overall strategy and tactics in this competitive global environment. Companies are not solely in the service or product business any longer; we are all offering integrated solutions. Thousands of firms make more profit on their former "exhaust" or peripheral by-products than they do on their core product or service.

### Performance Indicators Are Key

Key Performance Indicators (KPI) should be utilized to:

- ▶ Improve customer satisfaction by measuring the worst failures from the customer's perspective
- ▶ Measure your vendors, hold them to their agreement, warranty and guarantee
- ▶ Set Management by Objectives (MBOs) with incentives that are paid if goals are met
- ▶ Publish goals and results to everyone in the company, use every medium and tell your customers
- ▶ Set benchmarks that are a stretch but achievable
- ▶ Increase your quality and competitive advantage
- ▶ Celebrate success

I had a unique opportunity to network with lots of supply chain experts at the PARCEL Forum '10 in Chicago, and here is how some of the best view the opportunity of using data to improve service and profitability:

"Normalizing the data across Parcel, LTL and TL carriers is critical to creating a single system of record that can deliver actionable business intelligence. Collaborate with your carriers to leverage their strengths and complement their weaker lanes with other providers. Inbound freight is often managed less effectively than outbound freight using assumptions and averages; however, when shippers take control of their inbound routing with the right tools, they typically capture north of 30% cost reductions. Those savings go directly to bottom line profitability." —*Lance Healy, President, Banyan Technology*

Mark Magill, Director of Business Development at OnTrac, during his seminar on Regional Carriers made the point that 50% of all parcel shipments are within 300 miles. This creates an opportunity to use a regional carrier that offers flexibility

and savings with great technology, uniformed drivers and vehicles that have carrier logos. This option should be considered at every distribution center.

"Data will always tell you something. You may not like what it says, but you should pay attention and make the appropriate adjustments to your business. Ignore the data, and you are ignoring your business." —*Michael Everson, President/CEO Data Trak Technologies*

Transportation waybills have an enormous amount of information (32+ elements) providing the opportunity to dramatically excel goals year over year. Lane segments and speed required to specific markets can help identify the need for a new distribution center. With your data, you can see around the proverbial corner to know when to buy from vendors, when it will arrive, what your inventory obsolescence and turn rates are and should be and how to effectively select carriers. If you are using paper routing guides, go electronic for speed, flexibility and cost savings and get "green" as a bonus.

Bill Greene, Executive Director of Morgan Stanley, said in his carrier presentation that accessorial surcharges were showing significant revenue growth at both FedEx and UPS. Keeping track of their accuracy is a difficult metric to follow because these are often billed separately from the transportation charge.

In his session, Closing the Loop on Managing Transportation Costs, Craig Cameron, VP Business Development at Green Mountain Consulting, made the point that if your transportation data is completely accurate and you have the whole picture of domestic and international, they can use the actual past history to determine if a carrier's claim of X% increase or decrease is accurate. They always find that averages are used and the actual change is significantly different. This levels the playing field in a negotiation.

I am particularly interested in hearing from shippers about what they think of the new dimensional weight changes and rate increases coming this January. Send me an email and you may be part of that article. ■

**ROB SHIRLEY** is CEO of ExpresShip, Inc. a strategic business developer in the Supply Chain. Contact him at [rob@xpship.com](mailto:rob@xpship.com).