

White Paper

A Guide to Choosing the Right Freight Carrier, Large or Small

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A Guide to Choosing the Right Freight Carrier, Large or Small

Establishing a tailored carrier-selection process is the first step toward developing a strategic plan for the most efficient transportation system.

No matter what a shipper's carrier procurement strategy is, it must be monitored and adjusted in response to shipper and carrier network changes.

The key to good transportation planning is having a strong carrier procurement process that accommodates a number of criteria. Common freight carriers vary in size, regionality and desired capabilities. These factors will predict carrier performance and what freight they're best suited to move.

Like any good investment strategy, shippers should strive to choose the right logistics partner. When it comes to optimally serving transportation networks and mitigating risk, the best choice isn't always the low-cost option.



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James Mathews has more than 20 years of experience working to achieve transportation management solutions with mutually beneficial outcomes for shippers and carriers. Joining Transportation Insight in 2010, he has managed brokerage operations, carrier development and truckload procurement for manufacturers, retailers and distributors seeking reliable strategies to move their freight.





BALANCE CARRIER PARTNERS TO AVOID RISK

Determining the right carrier mix is challenging, and most shippers don't know what a healthy, balanced carrier portfolio looks like. Imbalances in carrier selection put shippers at risk. And risk hurts shipper-carrier partnerships over the long run.

The logistics division for a manufacturer or retailer has a single mission: deliver goods to market to meet customer demand. Most logistics divisions typically focus the majority of their time and energy on meeting operational requirements. Then 2020 brought unprecedented levels of disruption, complicating the supply chain landscape and forcing transportation teams to pivot on their freight procurement.

Strategic carrier procurement varies from organization to organization. Some shippers rely on a pricing strategy, looking for low-cost options, while others leverage experienced carrier relationships built over time. Some have contingency plans, while others seek freight services through a request for quote (RFQ) process.

When vetting carriers in the procurement process, today's shippers should evaluate how they allocate freight to their partners. The routing guide should be balanced and diverse. Carriers should demonstrate positive carrier performance metrics.

Whatever the carrier strategy, using data to evaluate carrier partnerships will help address inefficiencies and hidden costs in your network.





THE CASE FOR LONG-TERM RELATIONSHIPS

Many shippers have a group of core carriers who handle most of their freight. Fewer relationships result in added simplicity and an opportunity to forge strong relationships and trust. On the other hand, this approach can create an inherent risk.

Shipper needs and carrier networks are constantly evolving. Regardless of how close a shipper and carrier may be, network alignments are put in jeopardy when those networks change.

Long-term relationships are beneficial to both shippers and carriers because partners can align their network patterns strategically, a vital capability in times of disruption. But, like any supplier relationship, these agreements must be continuously evaluated.

Shippers can add risk to their networks when they rush to award freight to low-cost network newcomers.

When a low-cost carrier is selected without due diligence, it can be easy to overlook network inefficiencies. While longstanding carrier partners can shift out of network, brand new capacity can also come and go. Service tends to be the first area where your network performance may suffer when you buy solely based on price.

Problems arise when awarded lane volume doesn't materialize, and a last-minute contingency alternative is utilized. For example, the carrier might be unaware of special requirements at a facility, or maybe the carrier wasn't set up properly for payment. Any number of challenges can occur, and when the needs of shipper and carrier don't align, both are certain to have a negative experience.

Optimal carrier selection includes both the shipper's core carriers, with their established expectations, performances and relationships, and a number of identified new carriers and brokers that are actively managed and measured. Most importantly, cost should weigh equally with service, freight requirements and other specifications considered in the procurement process.

DEPEND ON DEPTH

When a shipper's volume on a lane increases suddenly, as happened during the COVID-19 pandemic for nondurable shippers, existing carriers might not have the capacity to meet increased demand. If your carrier is awarded freight from another shipper at a more profitable margin, it might not have the capacity when and where you need it. That's why a solid routing guide requires depth. But if tried-and-true relationships are based solely on past experience, shippers might be disappointed by surprise costs and poor service.





NATIONAL AND REGIONAL NETWORKS

Some large shippers believe that only national carriers are properly equipped to handle the size and scope of their freight demand.

This is an easy misconception when comparing a full-network map of a shipper with that of a national carrier. If you drill down to the local level, however, more granular optimization opportunities emerge. National carriers might have a wider reach, but even if they service a certain lane, they might not fit the network in question.

Small to medium-sized carriers with a focus on regional service are often a good fit, especially if they're active networks that surround a handful of key lanes. National carriers might be willing to send trucks to these areas, but this often comes with added cost.

The best choice might be a small or medium-sized regional carrier that's more familiar and available along these lanes. These carriers can more effectively service a shipper's freight without the additional cost of non-compliance, deadheading or other inefficiencies.





CHOOSING THE RIGHT CARRIER

Rate each item from 1 to 10 to compare competing carriers and their ability to do the job.

A STARTING CHECKLIST	SCORE
Ability to trace shipments at any given time, and report quickly and accurately	
Carrier communication with traffic department and other pertinent sections of shipper's business	
Freight consists of high-density cargo	
Freight consists of lightweight cargo	
Facilities owned and operated by the carrier	
Facilities run by independent agents or brokers	
Located close to consignees	
Location of support people	
Located close to consignees	
Maintains proper insurance levels for the value of the commodity	
Number of shipments the carrier will handle	
Number of personnel dedicated to moving freight	
Owens or leases terminal	
Past experience with trucking firm	
Procedures and processes to learn more about shipper's business	
Responds well to emergencies	
References	
Skilled, experienced workforce	
Trucking firm's truck-to-trailer ratio	
Trucking firm's driver turnover percentage	
Trucking firm's physical facilities	
Time devoted to shipper as opposed to the other shippers	

About Transportation Insight, LLC

Transportation Insight is a multi-modal, lead logistics provider that partners with manufacturers, retailers and distributors to achieve significant cost savings, reduce cycle times and improve customer satisfaction rates through customized supply chain solutions. Transportation Insight offers carrier sourcing, freight bill audit and payment services, state-of-the-art transportation management system (TMS) applications, parcel technology platform (audit, engineering, advanced analytics) and business intelligence.

The Enterprise Logistics division of the Transportation Insight Holdings, LLC, (TI Holdco) portfolio, Transportation Insight operates alongside transactional freight brokerage Nolan Transportation Group (NTG) to help client shippers engineer efficient supply chain networks. Combined, the \$4.3 billion TI Holdco organization serves 10,000 clients with logistics management services that include domestic transportation (TL, LTL, Parcel), e-commerce solutions, supply chain analytics, international transportation, warehouse sourcing, LEAN consulting and supply chain sourcing of indirect materials.

Headquartered in Hickory, N.C., Transportation Insight has secondary operating centers and client support offices across North America. For more information, visit www.transportationinsight.com or email info@transportationinsight.com.

By the Numbers:

3.4M
SHIPMENTS
MANAGED
IN 2020

\$5.3B
IN FREIGHT
UNDER
MANAGEMENT

7-9%
AVERAGE TL
PROCUREMENT
SAVINGS

4-6%
RATE MITIGATION
COST/AVOIDANCE

3-5%
COST SAVINGS
THROUGH TMS
EFFICIENCIES

1-2%
FREIGHT AUDIT
CORRECTION
SAVINGS

