

7 steps to become a preferred shipper.



FREIGHTQUOTE®

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Preferred, in the literal sense, means to hold something above all other options in a given category.

In the business world, that's a coveted goal. And in the field of logistics, earning recognition as a preferred shipper is golden.

Preferred shippers recognize the power advantages like effective communication, better efficiency and optimal treatment of drivers can have on a less-than-truckload carrier's network. That can earn them more respect in their industry, leading to loyal customers and better repeat business.

Willingness to go the extra mile could mean the difference between thriving and just surviving in a market in which viable drivers are increasingly difficult to hire.



Step 1: Understand carrier trends and challenges

As a shipper, you may not have answers to all the issues faced by the carrier industry. But anything you can do to help carriers address their pain points is bound to sway their choice of whom they prefer to work with in this rapidly evolving market. As such, here are a few challenges they're grappling with:

Retiring baby boomers: The resulting shortage of truck drivers is projected to reach as much as 100,000 this year, with the largest exodus taking place from now until 2020. Unfortunately, even those who don't wish to retire may be physically unable to continue to drive into their 60s and 70s.

Attraction of millennial interest: Indications are the industry will need to make changes to attract the millennials that will comprise 75 percent of the labor pool by 2030. Research shows that group places a lower priority on salary and a higher priority on flexible hours, health, well-being, work-life balance and the ability to stay socially connected.

Child support issues: Many in the industry contest the law supporting the restriction or revoking of drivers' CDL licenses due to non-payment of child support, which continues to hamper the recruitment and retention of viable drivers. The argument is the law discriminates against parents trying to financially recover enough to meet their obligations.

So how do you become a preferred shipper?

This whitepaper offers seven steps you can use to improve the shipper-carrier relationship and ultimately benefit your business' logistics pursuits.

Sleep apnea testing: The U.S. may soon require commercial truckers, bus drivers and railroad workers to undergo screening for obstructive sleep apnea (OSA), a condition that can lead to drowsy driving. The government may also mandate treatment for those diagnosed. Carriers argue OSA testing could be time consuming and costly, and it's rarely covered by standard medical insurance, while data linking OSA to higher crash rates is insufficient.

Changes in drug testing: The U.S. Department of Health and Human Services is establishing guidelines this year allowing hair-follicle testing for drug screening in drivers. Trucker unions argue the methodology is unproven and could eliminate sober drivers from the workforce.

ELD mandates: Under U.S. law, carriers had until December of 2017 to fully integrate electronic logging devices (ELDs) into their systems, replacing paper logbooks for Hours of Service regulations. They now have until December 2019 to comply with published specs. While smartphone and tablets apply, the switch could mean significant investments in equipment and training.

Ride-sharing trends: The industry is mulling how services similar to Uber and Lyft may increasingly affect freight transportation and logistics, such that third parties could aggregate demand online then fulfill it by on-demand truckers. Significant venture capital has been invested in such startups, but challenges include low route density and low revenue per stop.

Step 2: Load efficiency

Efficiency means making the logistics process easier not only for your own company, but also for the carrier. It means placing your freight on pallets whenever possible, because pallets can be loaded and unloaded more quickly than if the same goods were presented as loose pieces. Pallets also maximize trailer space by allowing carriers to plan their LTL capacity more easily. That reduces expense for the carrier and makes additional profits possible.

Beyond making freight easier to load, preferred shippers also ensure it's secured effectively on pallets and within trucks using tape, bands, shrink wrap or hoods, films, nets, cords, stacking frames, non-slip mats or cardboard or a combination. These prevent the shipment from toppling over during the trip, which could damage the trailer and lead to costly repairs.

Improving efficiency can go beyond using secured pallets, of course. Shippers that really want to take their loading efficiency to the next level can ask their carrier about the availability of drop trailers, which allow for the loading of goods before the carrier arrives. Carriers with sufficient equipment will generally make it available since it dramatically reduces their pickup and "dwell" time. The shipper can then take extra time to ensure important goods are loaded properly. A freight service provider can help you achieve all those efficiencies and improve logistics for both you and your carrier.



Step 3: Communicate early and often

In the logistics field, the more a shipper can communicate about their freight to a carrier, the better. Remember that a carrier's business model is a structured one, filled with delivery dates and progress tracking. Because of that, surprises present many challenges. Shippers can prevent that by laying out exactly what the carrier can expect, including:

- Facility characteristics, including operating requirements of the shipper and receiver.
- Detailed info on who will receive the shipment.
- Clear instructions for completing the delivery, including contract requirements and services expected by receivers.

In addition to verbal communication, clear instructions outlined on BOLs reduce the risk of delivery error. All that makes it easier for carriers to clear up any confusion.

A freight service provider helps improve the lines of communication because it understands exactly what information carriers need. It also understands which points make a project run smoothly.

✓ Step 4: Don't ignore the potential for operational impacts

The potential to speed up the logistics process for carriers isn't confined to the shipping and receiving floor; shippers can also make freight pickup and delivery easier. The use of EDI and pre-PRO labeling will speed up freight processing. If you are a shipper without access to EDI communications, you don't have to forego that efficiency; simply contact a third-party freight-service provider to manage it for you.

Increased operational efficiencies can have a big impact on the billing process as well, especially if you tender multiple bills at the same time. That grouping allows the carrier to spread its fixed costs over several different shipments instead of just one. That makes the freight more attractive and could incite the carrier to offer incentives in order to secure it.



Step 5: Make your facility as driver-friendly as possible

The driver is an extension of the carrier, so anything a shipper can do to make the process easier for the driver will pay dividends with the carrier.

Easily accessible facilities and plentiful parking rank highly with drivers, but industry surveys also show drivers value break rooms, bathrooms and/or checkpoints telling them where to go. Some such amenities may be hard for your company to implement, but others are easier than you may think.

Consider the following:

- Set reasonable hours for loading and unloading according to shipping volume.
- Establish reasonable transit times in compliance with government regulations.
- Arm drivers with accurate and timely paperwork.
- Suggest safe harbor locations for drivers who can't legally drive to another location.
- Comply with regulations as to legal sizes and weights, safety and security and hazardous materials (and provide proof as needed).
- Educate on customer service guidelines and individual client issues.
- Be honest and proactive about company news and safety status changes.
- Provide equipment that's clean, watertight and in good condition.

Bottom line, they all may have an impact. It's also a good idea to ask drivers what you can do to make the process easier for them. That concern will ultimately make its way back to the carrier.





Step 6: Pay your bills on time

The most efficient pickup and delivery process a carrier has ever experienced won't improve your standing if you don't pay the bill. Even a late bill payment can sabotage your best efforts. Research shows most carriers are OK with 30-day payment times, but shippers who pay their bills in fewer than 30 days really stand to set themselves apart.

Working with a freight service provider is an excellent way to make sure no bill is missed. Trust the payment to them, and they'll see the carrier is paid on time.



Step 7: Focus on relationships

The relationship between a shipper, a freight service provider and their contract carriers is a business one at its core, but shippers who go beyond the invoice to learn more about the companies with whom they work are ultimately preferred. Learn tips and insights from your freight service provider, treat drivers with respect and take time to understand both businesses. Everyone will benefit if you learn more about their costs, how they recruit drivers and how equipment and capital expenditures affect their daily work. Finally, collaborate with your freight service provider to better understand carrier issues and concerns per project and to be aware of possible compromises. You'll be deemed a preferred shipper in the eyes of that carrier, and you'll receive its very best effort on projects you share in the future.

To find answers to your logistics questions, learn how an affordable freight-service provider can help your company or discover how to become a preferred shipper, contact Freightquote today.



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