10 tips

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Monitoring LTL Carrier Performance

By Deborah Catalano Ruriani

If you don't evaluate your less-than-truckload (LTL) carriers monthly, start now. The only product an LTL carrier has to offer is service, so monitoring is crucial. Every aspect of your evaluation should reflect on how the carrier provides -- or fails to provide -- the service you require and expect.

Joe Heilig, senior transportation specialist for EnVista, a logistics cost management company, offers 10 tips that provide the framework for a comprehensive LTL carrier evaluation.

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1. **Evaluate carrier service areas.** Do your carriers have service centers in the primary states where your customers or vendors are located? Direct line movement of your goods by a single-line carrier eliminates handling, which reduces the claims risk and protects your pricing. Also consider standard service days. Ask each carrier's account representative for a service standards matrix or map, and use it to compare service commitments.

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2. **Demand performance reports.** Require your carriers to provide a monthly on-time service performance report. Ask that the report be segregated by lanes or states to identify problem areas. Understand how your carriers measure service -- do they exclude appointments or late pickups from the performance measurement? This report will also allow you to gauge how you are delegating your freight if you use multiple carriers.

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3. Understand the pricing structure. If price is your primary criteria for picking or evaluating carriers, then you must be aware of all factors affecting your net transportation cost. When reviewing each carrier's pricing, compare key factors such as tariff base rate, discounts, and applicable or waived accessorial charges.

Using carriers who allow you to base all pricing on a single or common rate structure may create some benefits, such as one basis for carrier pricing comparison, simplified audit technology/automation, a benchmark for negotiating and compliance, and control over cost variations when general rate increases occur.

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4. Predetermine your load preference. Obtain from each carrier's local service center both the outbound and inbound loading plan to determine what lanes are loaded or received direct, avoiding a transfer terminal. Is your local service center a breakbulk facility, which would have more direct loaders? Advantages of direct loading include reduced freight handling and lower claims risk.

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5. Create a system for claims reporting. Do your carriers provide a monthly claims report to determine the number of claims filed and the amount of time claims stay open before resolution? Ask carriers for an exceptions report to measure the exceptions ratio against total shipments tendered.

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6. Understand carrier auditing processes. Auditing carrier invoices should be an ongoing process to ensure compliance to contracted pricing. Do the invoices match the contract and contain all the required data for processing by accounts payable? Many carriers have extensive weight and inspection staffs who reweigh shipments or look for improperly classed freight. While most of these revised charges are valid, some weight and inspection staffs can be overzealous and overlook contracted pricing, which creates unnecessary balances-due billing.

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7. **Make sure the customer service center is easy to work with.** Evaluate the ease of working with each carrier's customer service personnel. Are they knowledgeable about your account? Do they express concern for your needs? Do they return your calls?

In addition, review carrier web sites and compare the features and services available online. At the very least, you should be able to trace shipments, print a bill of lading from imaging, and obtain rate quotes and actual charges online.

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8. **Monitor driver performance.** Observe or consult with your dock personnel to learn if drivers use proper freight handling techniques. Do they have the right equipment to handle your freight? Do they throw your freight? Properly use a hand truck? Brace or stack your freight on the trailer?
In addition, determine if drivers arrive on time for appointments or miss pickups. Are drivers courteous, treating your employees like they appreciate them as a customer? Many service center managers tell drivers that the customer is paying their wages.

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9. **Demand equipment maintenance.** Know if the trailers are clean and have been swept out before arriving to deliver or pick up your freight. Does the trailer have holes in the floor or the roof to protect your freight from water damage? Is your freight picked up on a linehaul trailer and loaded to ride to destination, or is it transferred to another trailer before departing your local service center? Freight that is loaded to ride will require less handling, reducing the claims risk.

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10. **Create ongoing carrier metric evaluations.** Many companies have created formal carrier scorecards that measure general service performance indicators, such as on-time pickups and deliveries, missed pickups, billing errors, and claims/exceptions. Develop your own scorecard and let your carriers know they are being measured against their competitors. Make it clear that you expect accountability.
