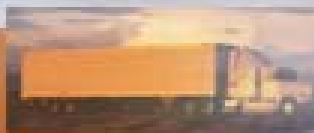


Leveraging Your Package Characteristics In Carrier Negotiations

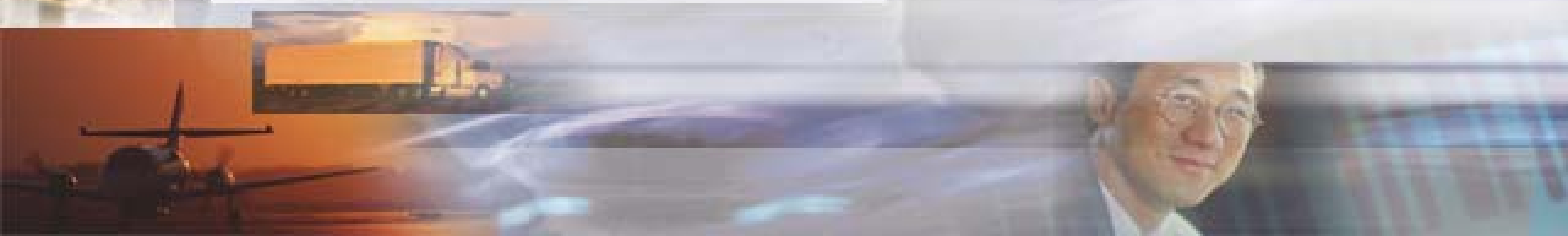
Presented By:

Tabb Burton, Transportation Analyst
enVista



Background

- 18 years in Transportation Industry
- Operations Management
- Sales Executive
- Carrier Related Experience
 - Consolidated Freightways
 - FedEx



Overview

- Why are Characteristics Important
- What the Characteristics are and Measure of Importance
- How to Measure or Obtain the Information
- How to Use the Information

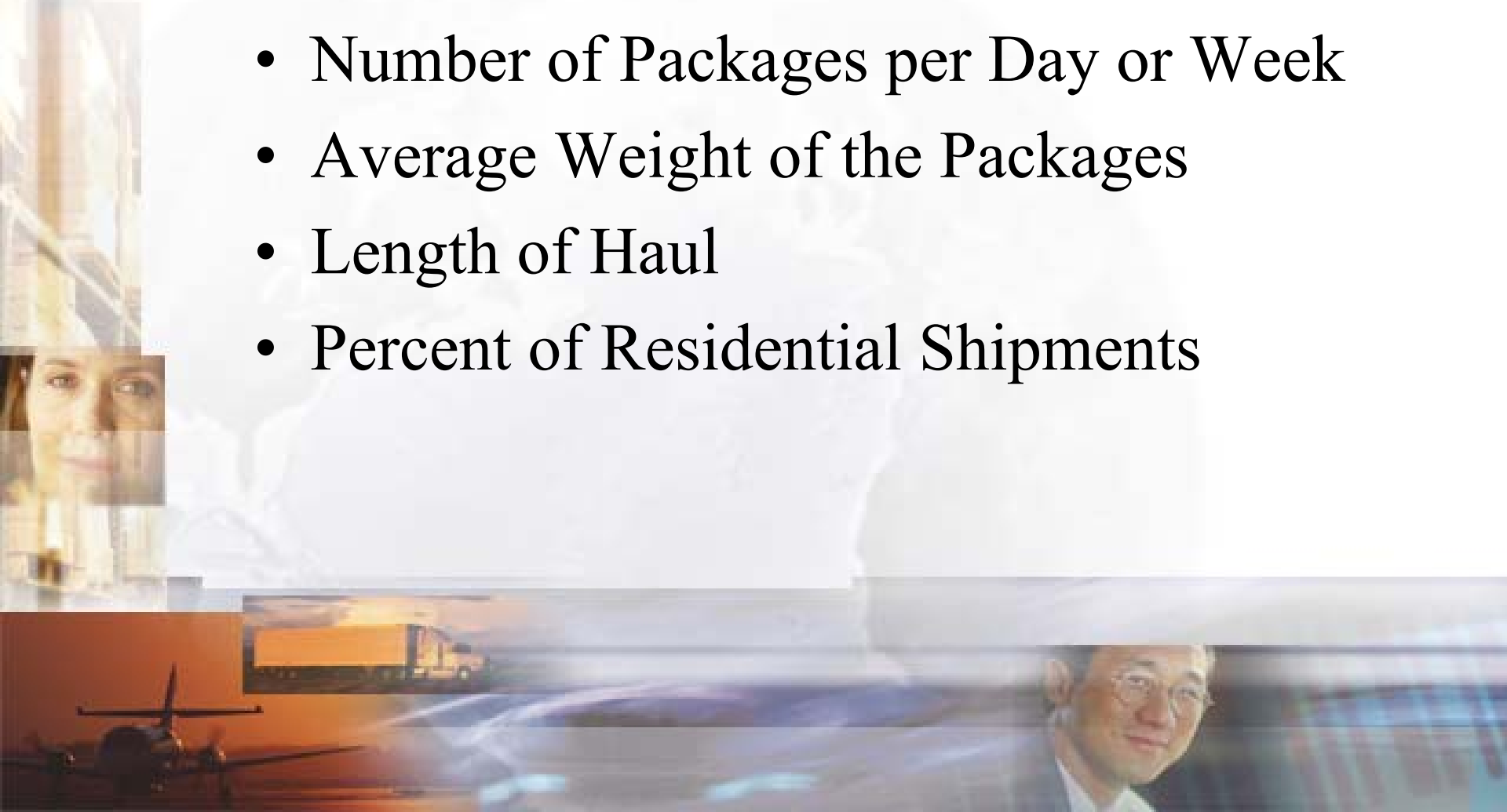


Importance of Characteristics

- Determine the Carriers Profitability
- Characteristics relate to Pick-up and Delivery Cost
- A Box is not Just a Box to the Carrier. Some are more Profitable.
- The More Attractive Your Business to the Carrier, the More Willingly to Negotiate
- It is Important “You Know What They Want”

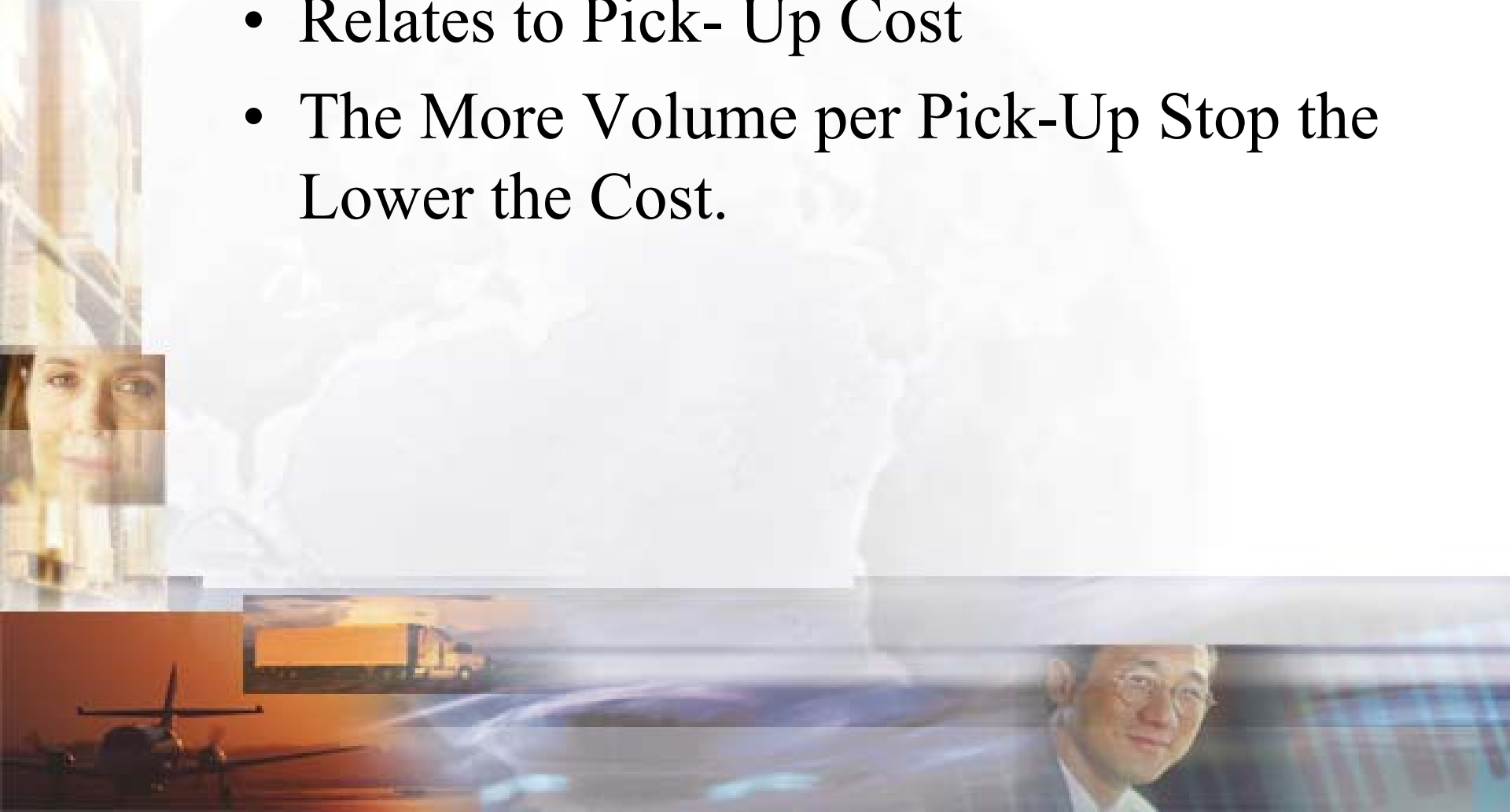
Key Characteristics

- Number of Packages per Day or Week
- Average Weight of the Packages
- Length of Haul
- Percent of Residential Shipments



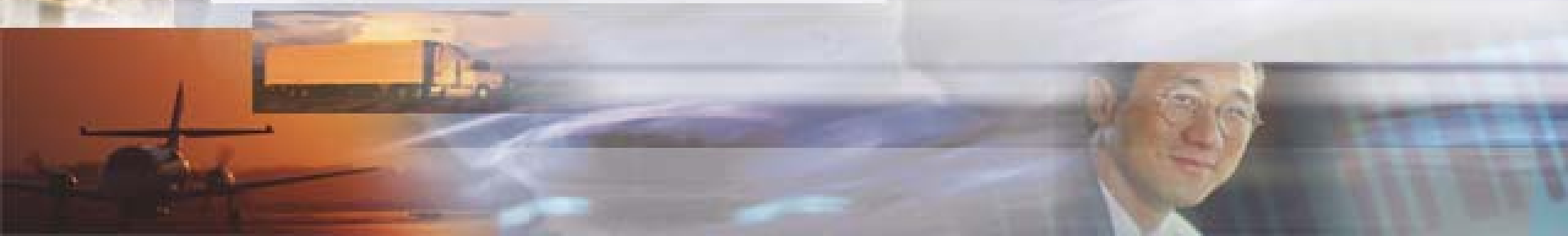
Number of Packages

- Relates to Pick- Up Cost
- The More Volume per Pick-Up Stop the Lower the Cost.



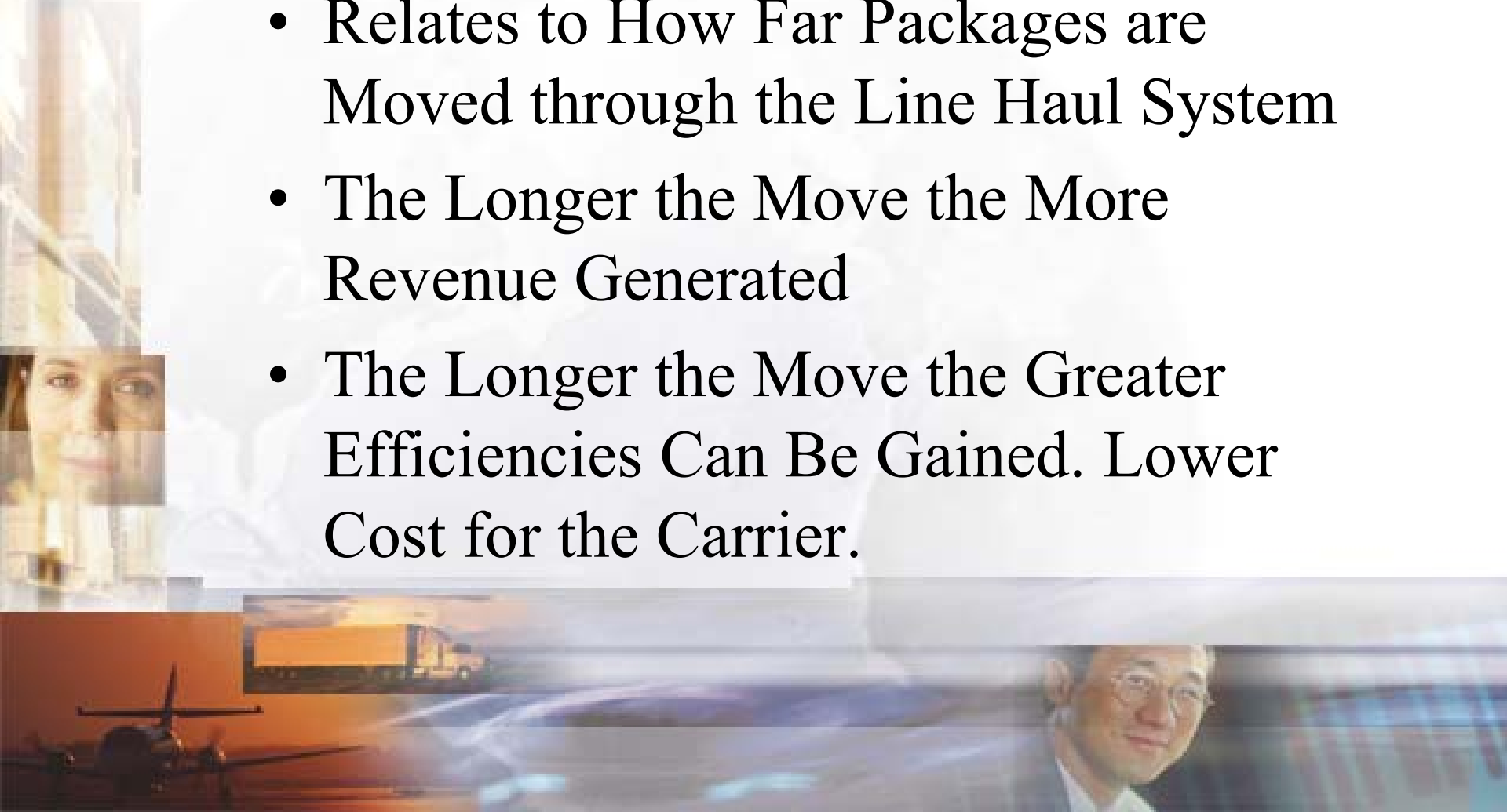
Package Weight

- The Average Weight is the Key
- Relates to Revenue Gained to the Carrier
- Higher Weight Package Return More Revenue for the Carrier
- In General, Package Movement Cost are the Same for All Weight Packages



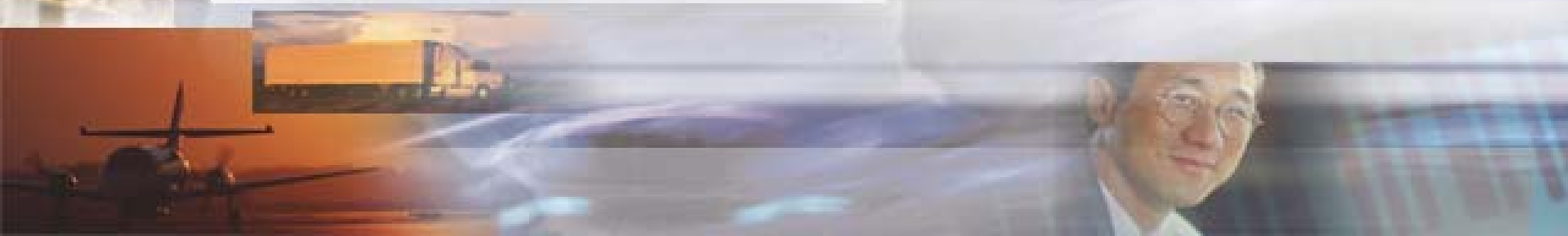
Length of Haul

- Relates to How Far Packages are Moved through the Line Haul System
- The Longer the Move the More Revenue Generated
- The Longer the Move the Greater Efficiencies Can Be Gained. Lower Cost for the Carrier.



Percent of Residential Shipments

- Relates to Delivery Cost
- Residential Delivery Costs are Higher than Commercial
- Number of Packages are Lower
- Delivery Density is Lower
- Become Less of a Factor as E- Commerce Has evolved



Shipping Profile – Great

- **Annual Expense** **\$2.1 Million**
- Packages per week 4,448
- Average weight 21.4 Lbs.
- Average zone 4.61
- % Residential less than 1 %

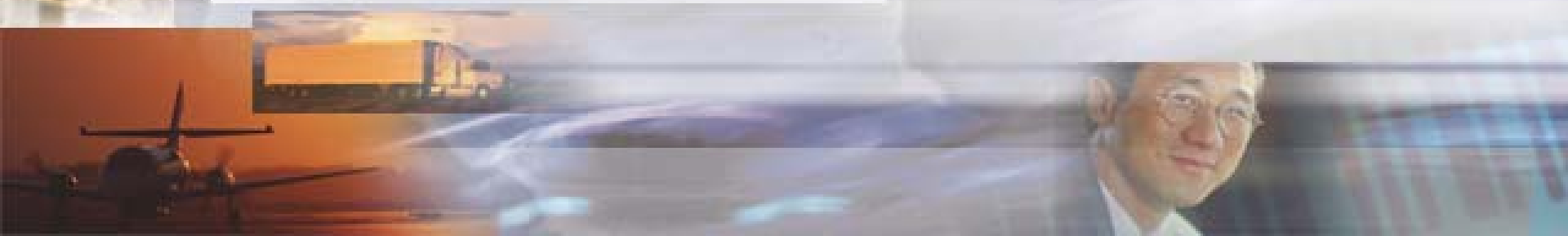
Shipping Profile – Good

- **Annual Expense** **\$3.0 Million**
- Packages per week 5,889
- Average weight 17.02
- Average Zone 6.4
- % Residential 11.80 %



Shipping Profile – Fair

- **Annual Expense** **\$1.2 Million**
- Packages per week 2,030
- Average weight 2.68
- Average Zone 5.5
- % Residential 88.1 %



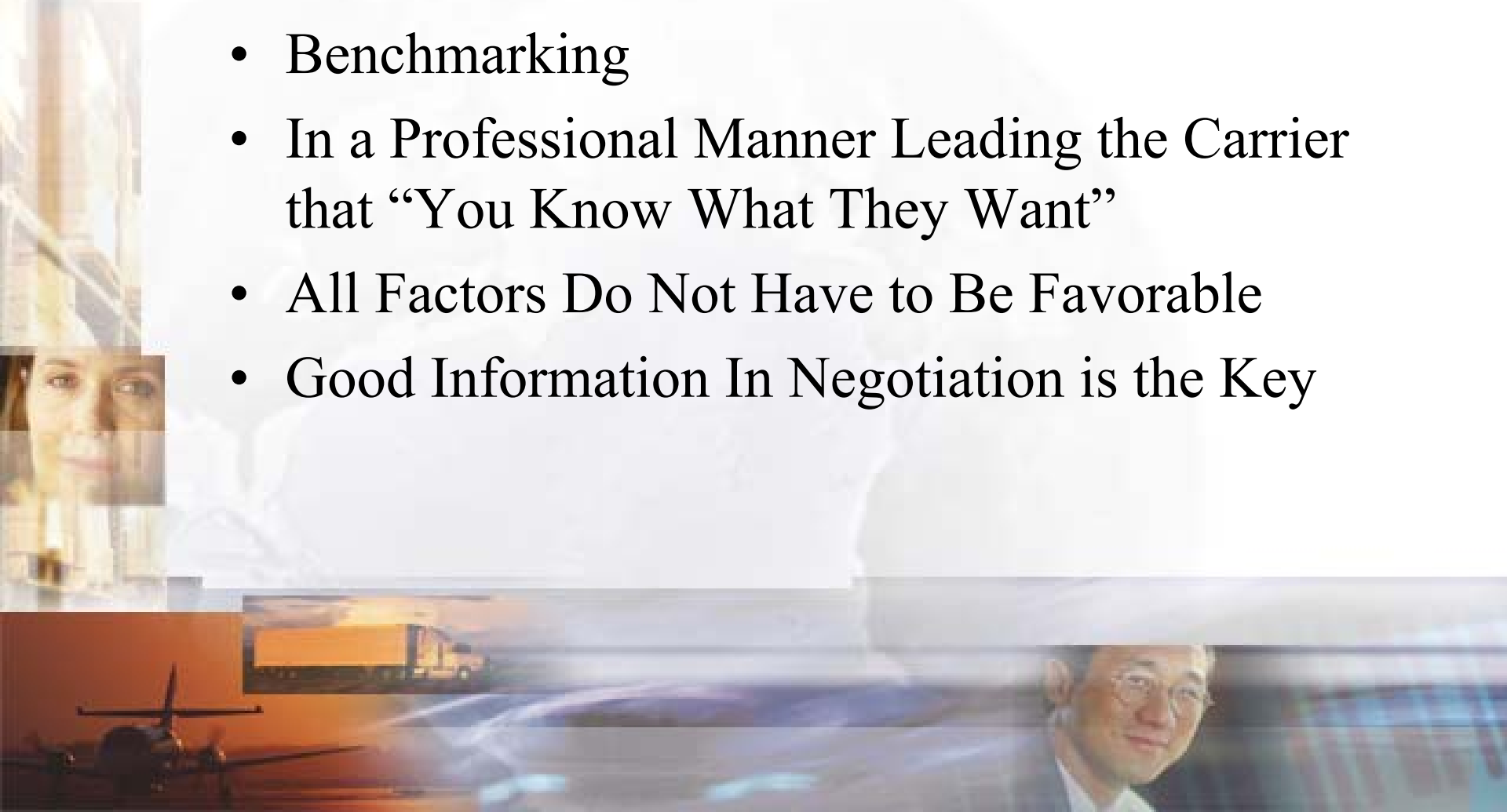
How to Gain Vital Information

- Shipment Visibility Tools
- Carrier Reports
- Account Reviews
- Reporting – Internal Systems



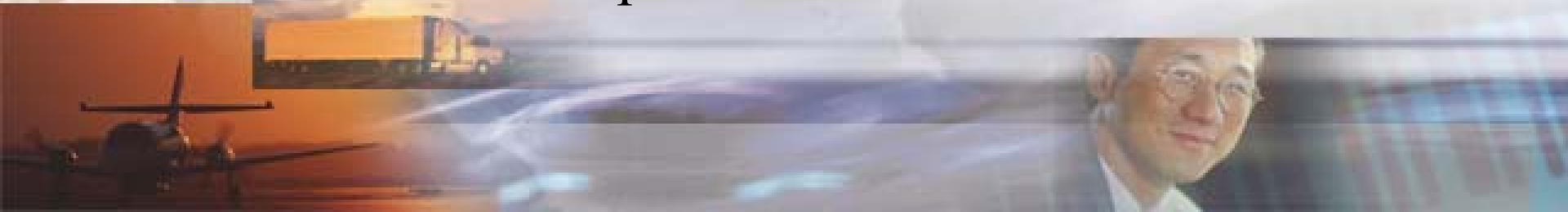
How to Use This Information

- Benchmarking
- In a Professional Manner Leading the Carrier that “You Know What They Want”
- All Factors Do Not Have to Be Favorable
- Good Information In Negotiation is the Key



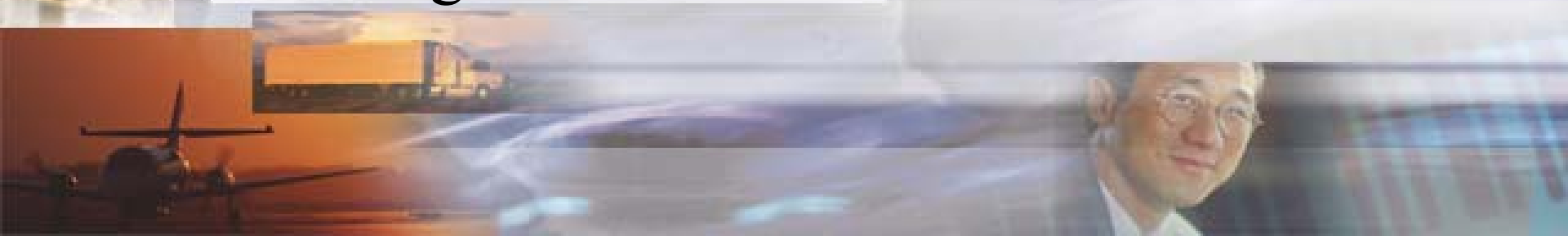
Other Important Characteristics

- Payables
- Claims Ratio
- Packaging
- Hazardous Materials
- Operations Characteristics
- International Opportunities
- Bundling Opportunities
- Value of Shipments



Other Considerations

- Agreements are not Contracts
- Carriers are Becoming More Price Competitive
- Profitability for the Carrier is the Key
- Carrier Operations by Geography
- Good Homework = Successful Negotiations



Your Mission

“Know what you have earned...
... and get what you deserve”

