OPTIMIZING YOUR FREIGHT AT ORDER-LEVEL

how dynamic load planning at the order-level can lower freight spend and balance shipping modes
Optimizing Your Freight at Order-Level

How dynamic load planning at the order-level can lower freight spend and balance shipping modes

Table of Contents

3 Introduction
4-5 The Challenges Of True Order Level Load Planning
6-8 Optimization Efforts Depend On The Quality Of Supply Chain Visibility
9-13 How to Apply Freight Visibility Technology To Maximize Order-Level Optimization
14-16 Conclusion
Supply chain leaders have a problem. Despite the advancements in technology, many organizations still rely on manual processes, especially when mapping route and load optimization goals. While that works in some cases, profitability hangs in the balance. As the supply chain changes, the ability to dynamically load plan at the order level will lead to decreased freight spend and improved service for the customer.

With the total weight of the growing e-commerce chain falling to shippers of all sizes and those trying to navigate uncertainty, shippers need a clear advantage to find cost-saving opportunities and turn those opportunities into reality. To help shippers achieve this goal and build a stronger business case for implementing a better, more robust transportation management system (TMS), like BlueShip®, this white paper will explore:

- **The challenges associated with order level load planning in a digitally advancing freight world.**

- **Why optimization relies so heavily on supply chain visibility and why changes are critical to staying future-ready.**

- **A few actionable steps shippers need to take now to unlock order-level visibility and optimization opportunities.**
01

The Challenges Of True Order Level Load Planning
The Challenges of True Order Level Load Planning

Order level load planning means applying actionable insights in advance and when things go wrong to keep total costs under control. However, that’s more difficult than it sounds when looking at a rapidly expanding supply chain. It’s even more challenging when trying to handle things manually. As revenue swells with the expansion of a business, the existing tech stack, even if users feel running freight management via spreadsheet is the best option, will eventually fall short.

Furthermore, manual management is time-consuming and creates organizational data silos. That means somewhere, an imbalance exists. That imbalance is equivalent to supply chain inefficiencies, which according to Forbes, will result in “millions of dollars in lost revenue and non-productive labor costs.” Yet, if companies could figure out the last-minute needs for all LTL and full truckload earlier, they could save up to 30% on shipping costs. As of 2017, 69% of shippers did not have complete visibility into their supply chains, meaning that most could not identify every instance that results in a last-minute change of plan. For reference, a few of the issues that reduce the ability to optimize freight mode balancing include:

- Inability to track orders across consolidation/deconsolidation.
- Lack of insight and visibility into current costs, especially as networks scale.
- Inability to track and manage freight across multiple modes with one data source.
- Missed opportunities through undefined business rules, tribal knowledge, and poorly defined KPIs.

Those problems represent a marked disadvantage in today’s competitive landscape and will inevitably lead to lost opportunities to optimize the balance of freight by modes and its timely execution.
Optimization Efforts Depend On The Quality Of Supply Chain Visibility
Optimization efforts depend on the quality of supply chain visibility

Supply chain visibility is a topic engrained in today’s level of connected media. Every organization and software vendor claims to promote visibility and transparency, but not all have the same capabilities. And even more often, the ability to apply visibility to enable meaningful improvements can get lost in translation.

It all comes down to process analysis, managed service levels, and execution. For instance, the top characteristics of processes used in optimization include:

- **Prioritization of improvements based on current market conditions, internal benchmarking, and inbound/outbound cycles.** By looking at the entire shipment lifecycle and its varying modes with the most context, shippers can figure out the best way to keep costs under control while reducing total transit time.

- **Learning from experiences by taking the collective knowledge of a larger organization.** Applying best practices to identify multimodal optimization opportunities reduce unnecessary moves and consolidate loads to keep freight spend under control. Thus, it’s easier to take stock of lessons learned and find new ways to continue optimization efforts.

- **Gradual change management to build rapport is yet another characteristic of effective optimization.** It’s too cumbersome to approach an organization with a radical shift in operations. However, team members are more likely to embrace gradual changes, promoting long-term value by creating a new standard within a company’s logistics strategy.
• **As necessary, scaling SaaS-based platforms further promotes long-term value** by allowing for a virtually infinite growth rate, helping shippers source capacity, refining contractual terms, avoiding hassles in billing and more.

• **Measuring the success of such improvements is also essential.** After all, an organization’s improvements to attain more visibility and actionability are only as valuable as how well it can measure the results. This approach lets the data do the talking and walking.

Together, these characteristics bring balance to the forces of logistics. That helps to unify the data streams to ensure all partners, including carriers, adhere to the terms set forth by service level agreements. It amounts to staying focused and knowing when to rethink the whole strategy, including mini-bids and new RFP processes to bring in more carriers, lanes and brokers as time passes. Further, the cycle becomes self-propagating, allowing organizations to enable continuous improvement and accommodate new systems or value-added services as they become available.

**The only way to achieve that goal rests in having access to the most relevant, recent, standardized and applicable data.**

**Ergo, visibility wins the argument.**
03
How To Apply Freight Visibility Technology To Maximize Order-Level Optimization
How to Apply Freight Visibility Technology to Maximize Order-Level Optimization

Even with a goal of visibility at the order-level, that can be a tall order for organizations struggling to connect their assets and aggregate data. To help achieve the milestone, supply chain leaders should start by following these steps.

**Aggregate Data Into a Single Source of Truth, a Single Pane of Glass, Such as a Cloud-Based Control Tower**

The most straightforward step is collecting the data within a single resource. That means bringing everything from all systems, including the ERP, legacy software, WMS, YMS, or OMS, together in one place.

By building a single pane of glass to see the full scope of logistics, organizations can achieve the benefits of more control over freight spend and less stress. That also promotes using a cloud-based control tower to manage freight from anywhere and accommodate network scalability.

While fostering the need to aggregate data, this step is also an excellent time to retrofit the supply chain with the Internet of Things (IoT) enabled sensors. These sensors can be applied to trucks, equipment, pallets, and even individual orders. The trick is to keep overhead for such sensors in check while also reducing the risk to the shipment and associated equipment. That’s where a host of passive technologies, like 3D barcodes, can come into play to provide more information without necessarily adding to expenses across each shipment.

If companies could figure out the last-minute needs for all LTL and full truckload earlier, they could save **up to 30% on shipping costs.**
Track Market Trends Affecting All-in Rates, Including Accessorials, Fuel Costs, Rejections, Lane Volatility and More

While knowing what’s happening in the current network is great, it’s also important to start tracking the market trends that affect all-in rates. All-in rates must include accessorials, fuel costs, rejections, lane volatility, and other data to increase logistics costs effectively. Why? An all-in rate from a limited resource might show expenses associated with a single move. Still, depending on invoicing practices, that rate could change, primarily if the carrier assesses unique handling surcharges.

By capturing a broader view, shippers can better understand how back-office costs contribute to total transportation spending and stay strategic.

Create Adaptive Routing Guides and Carrier Scorecards That Measure Adherence/Compliance

Things can and do go wrong, and when a carrier is unable to meet obligations, it is time to move on to another provider. However, annual contracts are not necessarily iron-clad. There is always the risk that the market will change and the existing contracted capacity will be gone.

For that reason, more shippers are looking to create adaptive routing guides and carrier scorecards that can achieve two primary goals, including:

1. Tracking carriers’ performance with digital carrier scorecards, containing a host of metrics, to know which are living up to expectations versus falling behind.

2. Creating dynamic routing guide rulesets that help with waterfall tendering and proactive tendering processes are less likely to result in rejection, such as adjusting tender rates based on market conditions and available carriers.

3. Compliance to specific metrics such as Tender Acceptance are critical. If the order load plan was built on a specific load plan for a contract rate and rejection rates exceed tolerable levels, it is imperative to update with the actuals and determine if that has an impact on the overall load plan. If so, re-bidding that at a contract rate that can achieve a higher level of acceptance and regain consistency in the plan.
Make It Intuitive With Vendor-Facing Portals to Reduce Hassle in Managing Inbound Freight

An intuitive supply chain optimization strategy should also reduce the work needed to be effective. In other words, performing less work amounts to more significant savings, and putting control over booking dock appointments, confirmations, uploading digital documentation, and more builds flexibility into the network. Instead of an arduous and costly tendering/scheduling process, shippers can “set it and forget it,” allowing carriers to select pick-up times based on up-to-the-minute schedules. That is also a critical factor that saves time, so shippers can focus on consolidating freight to take advantage of the lucrative rates of a truckload.

Even in this circumstance, an expert in consolidation can make all the difference when volumes change. For instance, a company that had previously focused its efforts on LTL may want to consider truckload as an option. Still, if they do not know how to approach consolidation or the routing optimization that must go hand-in-hand with it, costs will increase.

That all contributes to knowing when something doesn’t make business sense to the company and making the decisions that will drive profits.
Consider Outsourcing to a Neutral Third-Party That Can Serve as a Strategic Partner

A final step to take is recognizing that doing all this can be overwhelming to even the most seasoned logistics coordinators or leaders. A 3PL would offer a TMS, but the power of any company like them is on their expertise behind the technology. A company gains the vendor’s collective value and can extend its understanding of the network. As a result, organizations can close the gap between sales and logistics coordination and better handle the bidirectional flow of goods inherent in an omnichannel supply chain.

As of 2017, 69% of shippers did not have complete visibility into their supply chains, meaning that most could not identify every instance that results in a last-minute change of plan.
Conclusion
Effective Order-Level Optimization Must Look Beyond Modes To Track The Full Order Lifecycle, Identify Savings Opportunities And Apply Actionable Insights

Today’s business leaders have a unique opportunity. They want a faster, more productive team, but existing expenditures and demands make finding a solution troublesome at best.

Simultaneously, finding a better way to manage and execute all shipments means an organization must have the ability to track every shipment at the order-level. It can sound like an increased focus on inventory management is the real need, but that barely scratches the surface. The best possible insight is true landed costs and tracking all costs from the raw materials through customer delivery. The real value and importance of order level load planning depend on how things move—their literal transportation through the network. Knowing which modes, carriers and service levels are right for each order is critical to maximizing that needed level of optimization.
Start your new optimization process by realizing that things are going wrong—even if they appear okay to others in the business. Recognize the need for more visibility and real-time data. Follow the steps above, and start building a business case for a managed logistics partnership that can help you through the entire process, serve as a consultant and still be there when times get tough.

Choose a 3PL to Empower Your Team with Order Level Load Planning

A tactical supply chain strategy depends on your ability to track, pre-empt and execute order level load planning. That includes integrating your existing technology stack, analyzing existing and new modes, reviewing distribution channels, and increasing visibility into all activities, including the need track transportation costs per order or SKU level.
ABOUT BLUEGRACE

At BlueGrace, we have a passion for logistics. We believe in making every business better by being prepared and proactive in logistics strategy and service execution. BlueGrace improves business value and success through our national network of offices and our team of supply chain professionals. We serve over 10,000 customers annually and our technology platform, BlueShip®, that has connectivity with more than 250,000 carrier suppliers. We are part of the technology portfolio of Warburg Pincus, a leading global private equity firm.

For more information, visit www.mybluegrace.com