



# 14 Ways to Drive Down Freight Total Costs

## Win the Game of Freight

Analyzing your freight total cost of ownership (TCO) is a holistic way to evaluate logistics costs and reduce unnecessary expenses – both direct and indirect as well as inbound and outbound.

Even experienced logistics and transportation managers often don't realize how many ways there are to reduce freight costs. Carriers and brokers have little incentive to share cost-saving strategies that result in shrinking their commissions. Even those with noble intentions are unlikely to take the time to actively work on reducing your costs.

But there are good options for keeping your costs under control. Here are 14 effective ways to minimize freight TCO while ensuring real-time communication and more on-time deliveries.

# Lowering Outbound Freight Costs

## 1. Hold Your Freight Provider Accountable

Only work with transportation carriers and brokers that commit to taking at least 90-95% of your contracted freight with them. If they reject more than 5-10% of your tenders, it's likely that you can reduce your freight costs by 10-20% with a logistics partner that honors the contracted freight commitment instead of those who reject your tenders and send you down the waterfall to the costly spot market.

Most shippers only track total freight costs (a lagging indicator) and don't track rejection rates (a leading freight cost indicator). If you don't know your tender rejection rate, we strongly recommend you start tracking them to see if you have a problem.

## 2. Avoid Commissioned Sales Reps

With commission-based reps, everything is negotiable. You can't be sure of reliability, on-time deliveries, or quality services because commissioned reps cherry-pick the most profitable deliveries for themselves, which can delay the rest. They also have little incentive to help you reduce unnecessary costs.

Non-commissioned reps focus on successful, on-time deliveries instead of quotas and making the highest possible commission on your freight.

## 3. Leverage Best-of-Breed Technology

Knowing where your shipments are in real-time is as important as monitoring freight cost variances and opportunities. With the right technology and predictive analytics, you can do both as well as increase on-time deliveries and eliminate late payment penalties and chargebacks.

## 4. 24/7 Track & Trace

Working with freight partners providing 24/7 track and trace technology ensures that you always know where your freight is.

Using experienced people and best-of-breed logistics software like FreightWaves and Project44, enables shipment rerouting to avoid problems and eliminate unpleasant surprises.

## 5. Using Experienced Professionals

Partnering with experienced logistics professionals who leverage well-honed processes and best-of-breed technology is crucial for minimizing freight costs. Look for carriers and brokers that employ dedicated account managers – as well as backup teams – to communicate closely with you and manage all of your freight needs. We also recommend looking for an executive team with extensive freight experience, especially those whose experience includes working for the largest 3PL companies in the industry.

## 6. Avoiding Full Truckloads for Partial Shipments

Utilizing available shared truckload freight or multi-stop deliveries further lowers freight costs. A trusted freight partner can orchestrate and combine deliveries by tapping into their network of trucks. This is far easier for brokers with relationships with tens of thousands of drivers representing a nearly unlimited number of trucks and types to choose from, as compared to the limited number of trucks that carriers own (even the large ones).

## 7. Advanced Shipment Notice

You will get better rates by scheduling shipments 2-5 days in advance. Rates increase as you approach the day of your shipment, especially when they're quoted on the same day.

## 8. VR Option

Normally, **dry vans** (box/semi-trailers) transport non-refrigerated or “dry” shipments. However, if an empty **reefer** is available for a non-refrigerated shipment and the product aligns, they often extend a more competitive rate than a dry van if the alternative is to return empty – and unpaid. They just turn off the refrigerated unit, load up the reefer with dry shipments, and truck it to your destination.

This fills empty miles for the reefer carrier and costs you less than a dry van shipment. Carriers typically book loads assuming there is no paid backhaul so, if the “van or reefer” (VR) option is available, it can make a big difference. A shipment simply being classified as a VR load does not always result in a reefer load, which is one more reason many reefer carriers want to work with brokers offering this option.

## 9. Spring Ride Instead of Air Ride

Air ride uses a system of air lines, valves and air-spring bags to raise the trailer chassis from the axle for extra cushioning of some electronics and other delicate products. Because it costs more to purchase and maintain, air ride is much more expensive than the standard spring ride, which uses multiple layers of flexible steel strips joined together in what is called a “leaf pack” to provide cushioning for the trailer. If you don’t need air ride, you definitely don’t want to pay for it.

When onboarding a F50 company, LiVe Logistics discovered they were using air ride on 25% of their shipments but only needed it on 1%. Had this company used spring ride for the 24% of shipments that had traveled using costly and unnecessary air ride cushioning, it would have saved approximately \$1.6 million in freight costs. Over the next 12 months, they will save an estimated \$2 million in freight costs.

## 10. Tiered Solutions

### Tier 1: Power-Only

If you own your own trailers, LiVe can provide both a driver and tractor to haul your equipment as a “power-only” option.

Since the power-only option requires LiVe to bring your trailer back to the pick-up location, it’s most cost-effective for shipments that return the same or next day.

### Tier 2: Hybrid

For mid-range trips, power-only could be used, though at a reduced frequency with the remaining loads shipped “full service.” We can manage this process to provide the lowest cost of ownership based on the delivery schedule.

### Tier 3: Full-Service

For longer trips, LiVe offers our regular service that prevents need for a deadhead (empty return).

## Lowering Inbound Freight Costs

Some experienced transportation and logistics professionals make the mistake of focusing too much on outbound freight costs and not enough on the costs of inbound freight, warehousing and fulfillment.

As a result, unchecked inbound freight costs can fly under the radar and erode profitability. Many CPGs, manufacturers and retailers have intimate knowledge of their cost of goods sold (COGS) but not how much it costs to get there.

## 11. Outsourced Warehousing & Fulfillment

The following services reduce costs and shipping time, and increase customer satisfaction:

- Display and modular display building
- Online order fulfillment
- Eaches/pieces fulfilment
- PO management
- Kitting
- Sequencing
- Pick and pack

## 12. LTL Pool Distribution Linehaul Network

Pool distribution (a.k.a. linehaul network) for less-than-truckload (LTL) shipments can offer comparable service levels to tier one full truckload (FTL) vendors when your LTL shipments are picked up by dedicated local trucks, combined into FTL shipments on dedicated (low cost) lanes, and separated back into LTL shipments for delivery over the “last mile” by dedicated local trucks.

## 13. Customer Pick-Up (CPU) Option

You can often save another 5-15% on inbound freight by negotiating a CPU option with your vendors, especially with the help of an experienced freight partner. Your vendors may be willing to charge you significantly less if you arrange and pay for shipping, and we can often find more cost-effective trucking options.

## 14. Drayage & Transloading for Imports

Having your freight partner unload your containers so you don't need to flex your labor up and down will save you money, especially if they can also palletize and wrap your products. In many cases, they can do it more efficiently: from needing three onsite employees working 2-3 hours per shipment to one employee working for about 30 minutes.

A savvy freight partner can also control the flow out of the port and rail yard to reduce demurrage. They can pick up your shipment on a Sunday, store it cost-effectively with all the labor and equipment needed, and get it to your facility on a Monday, Tuesday or whenever you need it. These drayage services can also include picking up and delivering your shipments from one location to another, to a rail yard, or to another other location.

## Your Strategy for Reducing Freight TCO

With decades of experience in transportation and lowering overall supply chain expenses, the LiVe Logistics team will work directly with you to analyze your costs and identify options for reducing your freight TCO – up to 20-30% or more, especially on **reefers**, **flatbeds** and **high-value/high-risk loads**. **Contact us** to get started today.



## About LiVe Logistics

Win at the game of freight by using LiVe Logistics as your freight and trucking brokerage partner. Stop putting up with broken promises, late shipments, and logistics chaos. Experience a lower freight total cost of ownership (TCO) and proactive, 24/7 communication instead. LiVe Logistics offers a variety of 3PL services, including full truckload (FTL), less-than-truckload (LTL), shared truckload (STL), multi-stop deliveries, drop trailers, box trucks, sprinter vans, flatbeds, refrigerated, frozen, reefer, flatbeds, intermodal, rail, and warehousing. Request a quote today – give us your hardest loads and see what LiVe Logistics can do for you. More: [www.livelogisticscorp.com](http://www.livelogisticscorp.com)