

REGIONAL ALTERNATIVES

with **Rob Shirley**



Competing in a Tough Market

With the collapse of DHL and a significant reduction in orders, both UPS and FedEx have again raised their rates, increasing the cost pressures for shippers.

And it's not just costs that are a concern for shippers. The November 2008 issue provided the results of PARCEL's annual best practices survey, in which respondents noted that on-time service performance and delivery performance by the main carriers had often worsened compared to the previous year. Regional carriers could provide the opportunity you need to receive improved service from your carriers.

Both shippers and carriers should consider what is done in New Orleans. They call it Lagniappe — it means a little something extra for special customers, like 13 donuts for the price

What options do regional carriers have?

- ▶ Provide your top shippers the best service with earliest delivery, latest pickup and premier customer service. Make sure executive management meets with these customers quarterly.
- ▶ Your best source to grow business is with existing customers. Increase communications now.
- ▶ Keep your technology current, and expand it. Technology not only improves service, it also cuts costs and differentiates you from the competition. Your customers know the globals have it; they won't consider a regional equal until it is proven. It's more important if your drivers are primarily independent contractors. Make sure the interface with customers is solid and they know it.
- ▶ Work ecology into your cost cutting. Fuel reductions do both at once. Promote this to customers.
- ▶ Join the Express Carriers Association and/or the Messenger Courier Association of America to learn from other regional carriers. Business will be better in a year and good by 2011.

What options do shippers have?

- ▶ Don't put all of your eggs in one basket. At a minimum, for each distribution center, savvy shippers should have an agreement in place with a global carrier and a regional carrier. Become a strong partner, not just a customer.
- ▶ Insist on technology from your carrier for both tracking of packages, tracking of equipment using GPS and electronic billing. Demand proof of capabilities from your carrier. If they are using independent contractors, ask how they manage tracking. Understand your carrier processes.
- ▶ Offer ground service as a primary to all customers with faster services offered to the customer as a premium option. Hold accountable the department within your firm that authorizes premium service.
- ▶ Analyze your shipping patterns, on-time deliveries, lane segments and weights, inbound and outbound every quarter for every carrier.
- ▶ Meet with your carriers at every distribution center quarterly. Ask to meet with operations and executive management from carriers at high-volume locations. Ensure competitive bidding for each location, and press for lower prices.
- ▶ Shoot for deals with two-year terms, equal pricing for outbound, inbound and third party and minimal additional surcharges. Lock in fuel now, while it is low, if you can.
- ▶ Consider using only regional carriers from major distribution centers for 200 miles and less.
- ▶ Evaluate your distribution network, and close DCs that do not directly benefit your customers.

of a dozen. Think about what you could do that differentiates you but costs little. Invite key customers and vendors to your employee BBQ or pass out a flower or balloon on birthdays or holidays. Have a customer of the month, keep it lively and make it fun. ■

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