Critical Issues in Processing Cargo in the United States

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• What does the International Freight Forwarder need to know?
  – Potential Pitfalls in moving freight in the United States?
  – How do Service Providers Fail?
  – What is the selection process for a Great Service Provider?
  – What should be the Expectations for Great Service?
Typical Pitfalls in Moving Freight in the United States

- Selecting the correct service provider
- Understanding the impact of US Government regulation (Carrier Safety Administration, Hours Of Service and SmartWay EPA Green Initiative)
- Accounting for the impact of Fuel
- Seasonality (Peak, Produce, Chinese New Year, Hunting Seasons)
- Selecting the right mode of transportation
• Selecting the provider

  – **Experience** – do they know what they are selling and are selling a value added service (ITsystems, cross dock, deconsolidation, warehousing, bonded services, high value product handling, hazardous materials handling, port drayage, drop lot, offer long haul and intermodal options for inland delivery

  – **Assets** – company owned trucks or use of owner operators, is their building long termed leased

  – **References** – who are their customers and can you get a referral
• Understanding the Impact of US Government Regulation

  – Carrier Safety Administration (CSA) Impact
  – Overweight Issues (cargo maximum weight 43,500 pounds/20 metric tons)
  – Hours of Service (HOS) about 500 miles a day
  – SmartWay (US Green Initiative)
• **Accounting for Fuel**
  - Truck surcharge invoiced in cents/mile on multiple mileage programs
  - Rail surcharge invoiced in % of rate
  - Median value range is an additional 30 to 40% of transportation costs
  - Timing of the load pick up (day of the week) impacts what fuel is charged
  - Service providers customized fuel tables
• United States Freight Seasonality Impact
  – Retail Peak Season (Q3 to Q4)
  – Produce Season (Q1 to Q3)
  – Chinese New Year
  – Various other seasonal impacts (Hunting seasons, Ramadan, Holiday Week)
Selecting the proper mode:

**Truckload Carrier**
- Truckload for under 500 miles and offers moment to moment track and trace capability
- Company owned and owner operated
- Team and single driver service
- Broader Territorial Reach

**Intermodal Provider**
- Intermodal cost effective over 500 miles
- Intermodal offer more equipment sizes (20’ to 53’)
- Intermodal transits and costs to gateway ramps are competitive to truck service
- Better EPA Green Option (better carbon footprint)
• How do Service Providers Fail?
  – Charge too low a rate for the service
  – Do not understand what they are doing
  – Do not understand the customer’s needs
  – Has little or no control of the process
  – Has different priorities
• How to select the Best Service Provider
  – Understand Transportation Geography (which modes service where)
  – Express the need very specifically (transits and cost parameters)
  – Research the internet for carrier metrics
  – Carrier Direct (Truckload and Railroad)
  – 3PL Logistics Provider (Bundled Process)
  – Bid Process (System providers)
  – Broker Process (ad hoc transactional)
  – Customer Referral
• What is great service?
  – On time, in tact at the agreed upon price
  – Addresses service issues promptly and with contingencies to recover failure
  – No Hidden costs
  – No Hidden priorities
  – Carrier is able to satisfy 98% of the time
  – Personalized service – wants to establish a relationship
“A Transportation Provider Is Only As Good As the Last Service Failure It Successfully Handled”