



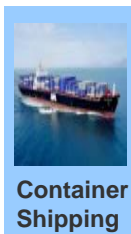
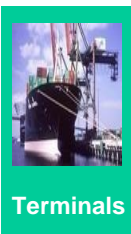
# Critical Issues in Processing Cargo in the United States

Philip M. Johnson  
APL Logistics



## Origin Services

## Destination Services





- **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 (IT systems, 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)

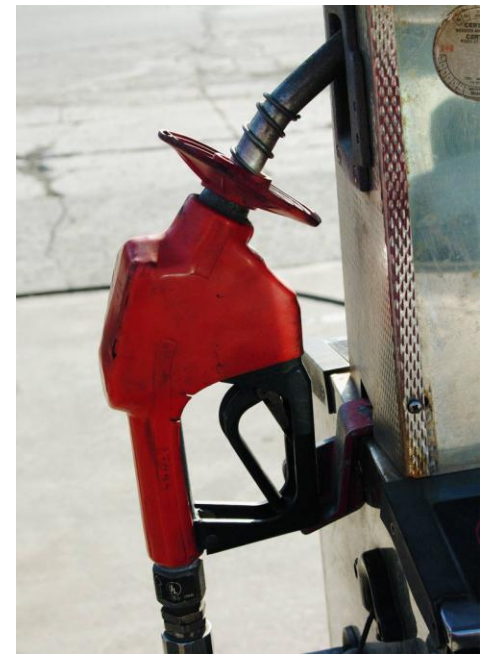






- **Accounting for Fuel**

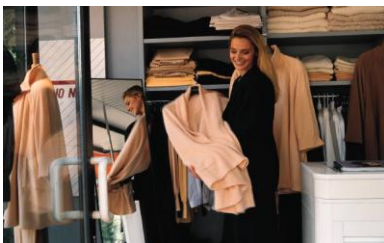
- Truck surcharge invoiced in cents/mile on multiple mileage programs
- Rail surcharge invoiced in % of rate
- Median value range is an additional 30 to 40% of transportation costs
- Timing of the load pick up (day of the week) impacts what fuel is charged
- Service providers customized fuel tables





## • 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”**