

3

SIMPLE STEPS

TO GAIN PREFERRED SHIPPER STATUS



WHERE TECHNOLOGY AND LOGISTICS MERGE.

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Over-the-road (OTR) carriers face many challenges in today's economy. Carriers have been hammered by inconsistent fuel prices, strict regulations and rising equipment costs for years. Now, the capacity shortage is hurting carriers and they're becoming more selective in the freight they haul, choosing shippers who benefit them the most. The capacity crunch has created a universal need for shippers to achieve the preferred shipper status in order to get their freight moved.

Preferred Shipper Status Arises From Competition

Carriers have had to adapt to several economic challenges, like the driver shortage and fluctuating fuel prices, which has changed the way shippers work with carriers. As capacity dwindles, and freight volume rises, shippers face local and market competition in their industries to get freight hauled. To secure capacity, shippers do everything in their power to accommodate the carrier's needs in order to become a preferred shipper.

CARRIER CHALLENGES

The biggest challenge for carriers is the driver shortage. Today, the average age of truck drivers is 55, near retirement, and young workers are not interested in replacing their positions. In October 2015, the ATA released a report saying the U.S. is short 48,000 drivers. The driver shortage means fewer drivers, which means fewer trucks on the road, which leads to limited resources to move shipments.

Strict regulations like the hours of service rules, the ELD mandate, raised minimum insurance requirements, harsher emissions regulations, the poor state of infrastructure, and new drug testing procedures are raising the cost of transportation. These extra costs are accrued from having to invest in new equipment more often and being forced to order drivers off the road more than usual. Higher costs create major challenges for carriers to pay drivers what they demand and keep driver turnover low.

HOW CARRIERS ADAPT

Carriers are able to adjust to the current challenges in a few ways. Almost universally, carriers are shrinking their areas of service, reverting to a hub and spoke model of delivery, and becoming very selective with the freight they choose to haul.

**As carriers adapt to operational changes, it has become a priority for them to make a driver's life more comfortable. Why?...
*Because the cost of losing a driver is greater than losing a customer.***

The driver shortage has made truck drivers invaluable to carriers. Carriers are very protective of their drivers. They will only work with shippers who respect a driver's experience, time and efficiency.



The 3 Simple Steps to Become a Preferred Shipper

Supporting a carrier's overall efficiency and treating drivers well are key to being considered a preferred shipper – the latter being the most important aspect. When you help carriers retain their assets and simplify their operations, you'll lock in capacity, even while carriers navigate economic challenges.

1

REDUCE DWELL TIME



Dwell time affects a carrier's efficiency and the driver's experience with your company.



WHAT CAUSES POOR DWELL TIME?

- Inefficient loading/unloading procedures
- No drop/pre-loaded trailers
- Wrong directions – difficult for a driver to get to the right address
- Unprepared workers

HOW TO FIX POOR DWELL TIME.

- To fix dwell time, shippers have to plan ahead
- Provide the driver with directions and make sure there is sufficient staff on duty to meet the driver and load/unload freight
- Set an appointment time for the driver to arrive and have the freight ready to be loaded before the driver pulls up to the dock
- Use drop trailers and palletize freight

2 IMPROVE THE DRIVER'S EXPERIENCE



When carriers can choose which shippers to work with, they will choose ones who make drivers happy.



WHAT CAUSES BAD DRIVER EXPERIENCES?

- Lack of restrooms, vending machines, break rooms or a place to sit
- Lack of parking could cause a truck driver to travel miles away, risking hours of service violations, just to find a place to sleep
- Responsibility for loading/unloading the freight
- Long dwell times

HOW TO FIX A BAD DRIVER EXPERIENCE.

- Provide the simple amenities – a restroom, vending machines, a place to sit, a place to park, and available equipment to refill tires or make minor truck repairs
- Give drivers directions to the correct dock door and have staff prepared to receive freight so the driver doesn't have to help load or unload
- Treat the driver with respect

3

DEVELOP A PARTNERSHIP



In an effort to drive productivity and efficiency, carriers want their shippers to be strategic partners.



WHAT CAUSES A BAD PARTNERSHIP?

- Lack of communication or slow communication
- Unbalanced use of a carrier's network
- Poor rating on a carrier scorecard
(Carrier scorecards typically include financial attractiveness, fair accessorial rates, fair fuel surcharge rates, timely payments, profile of freight, and treatment of company/drivers)

HOW TO FIX A BAD PARTNERSHIP.

- Approach a carrier and ask what they're having trouble with/what lanes they need filled
- Talk with them to fully understand their network—how they want to use it and how you can help them utilize it more effectively
- Do your best to understand their challenges with equipment costs and the recruitment and retention of drivers
- Implement EDI automation for fast and seamless transfer of documents to free up time for yourself and a carrier
- Negotiating fair accessorial and fuel surcharge rates will help secure capacity, even though it may cost you extra

Conclusion

All of a carrier's decisions will be based on improving the efficiency of their fleet and protecting their most valuable asset—their drivers. Help carriers drive efficiency and provide a good driver experience. If you do, carriers will start to choose your freight over the competition's freight.

SOURCES:

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