

# Optimizing Your Logistics:

## How to Conduct a Freight Shipping Analysis

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Find out how you can save on your freight logistics by conducting a shipping analysis with Unishippers' step-by-step guide.



If you're like most businesses, you're probably always on the lookout for new ways to save time and money. And if you manage your company's supply chain logistics, you likely feel the pressure to trim your budget!

With big-name e-commerce retailers offering faster and cheaper delivery methods than ever before, consumers and businesses alike have come to expect these efficient and affordable shipping processes in all areas. As such, **small and mid-sized businesses (SMBs) must keep**

**Transportation is a significant source of spending for many businesses. In fact, transportation accounted for nearly two thirds of all U.S. business logistics costs in 2019.<sup>1</sup>**

**savings and efficiency top of mind when evaluating their freight shipping processes** in order to keep up with current demands and still make a profit.

Cutting costs isn't always easy, but luckily, **there are many opportunities to control and optimize transportation spending by carefully evaluating your shipping processes.**

Through a data-driven approach, SMBs can gain valuable insights into their shipping logistics and find ways to increase efficiencies by conducting a freight shipping analysis.

**Don't miss out on potential shipping savings! Read on for Unishippers' step-by-step guide on how to conduct a freight shipping analysis.**

<sup>1</sup> CSCMP; A.T. Kearney; Penske Logistics (2020). Annual State of Logistics Report



## STEP ONE

# Determine the Scope of Your Analysis

**Before you get started, it's important to understand the scope of your freight shipping analysis – and what you're hoping to learn from it.**

A freight shipping analysis can give you a close look into your freight shipping logistics over a specified period of time. **This analysis can give you important insights into your shipping logistics, helping you:**

- Establish a baseline for your company's freight shipping
- Uncover pain points in your supply chain processes
- Assess the effectiveness of your current shipping strategy and technology
- Evaluate your current freight carrier contracts
- Examine your company's billing accuracy
- And so much more

The scope of your freight shipping analysis will most likely be determined by your company's resources – both in the time you can dedicate to an analysis, as well as your access to historical shipping data. **Gaining visibility into all areas of your supply chain – from procurement to warehousing and beyond – will open up many more opportunities to optimize and streamline your freight logistics.** However, depending on your capabilities, you may choose to narrow your focus and begin by assessing just the higher-level details of your freight shipping processes.



## STEP TWO

# Gather Your Logistics Data

**Once you've determined the scope of your shipping analysis, it's time to start collecting as much relevant data as you can about your freight logistics.**

### **What data will you need?**

Ideally, your shipping analysis should be as detailed as possible. Depending on the scope of your analysis and your access to relevant data, consider reviewing:

#### **Carrier agreements**

Carrier agreements should outline all of the factors that make up your specific freight shipping costs, which can help you determine if there is any room to negotiate your rates. If your agreement is "bundled" and doesn't break down the specific factors determining your shipping costs, ask the carrier to provide more detailed information.

#### **Shipping invoices**

Your shipping invoices will outline the final cost of each shipment, as well as any additional charges — like accessorial fees for value-add services — that you incurred.

#### **Historical shipping data**

Depending on your logistics processes — and if you use a transportation management system (TMS) — you may be able to access additional shipping information and reports beyond what is available on your carrier agreements and invoices.

#### **Hard costs**

To get the most accurate view of your transportation spending — and your overall profit margins — make sure to note any additional costs, such as the price of materials, packaging and shipping insurance.

### **Where is your data coming from?**

It's important to consider the quality and accuracy of the logistics data you gather. If it's being provided by a third party, consider how you can audit the information to ensure it is correct. Without accurate data, it's impossible to make accurate conclusions about your transportation processes.



## Isolating transportation costs

How much does your company spend on transportation? While it may seem like a simple question, for many businesses, teasing out transportation costs from their cumulative logistics data can be a difficult process. Many shippers are able to isolate transportation costs associated with a specific carrier or business location, but lack the necessary insight into the data to determine a company-wide total.

While often challenging, **having a clear understanding of your company's transportation spend can help you establish a baseline to work against as you analyze and optimize your shipping processes.** Consider how you can centralize your transportation management to ensure you have proper visibility into all areas of your transportation spend.

## Put technology to work for you

Unfortunately, **lack of visibility into your specific shipping processes is one of the biggest pain points for SMB shippers.** It can be a challenge to access and consolidate data coming from numerous carriers and contracts!

By using a TMS, you can access all of your shipping data — and run helpful shipping reports — from one convenient platform. This allows you to **track and monitor shipping processes more easily**, without having to go through the time-consuming process of regularly consolidating and standardizing your data.



STEP THREE

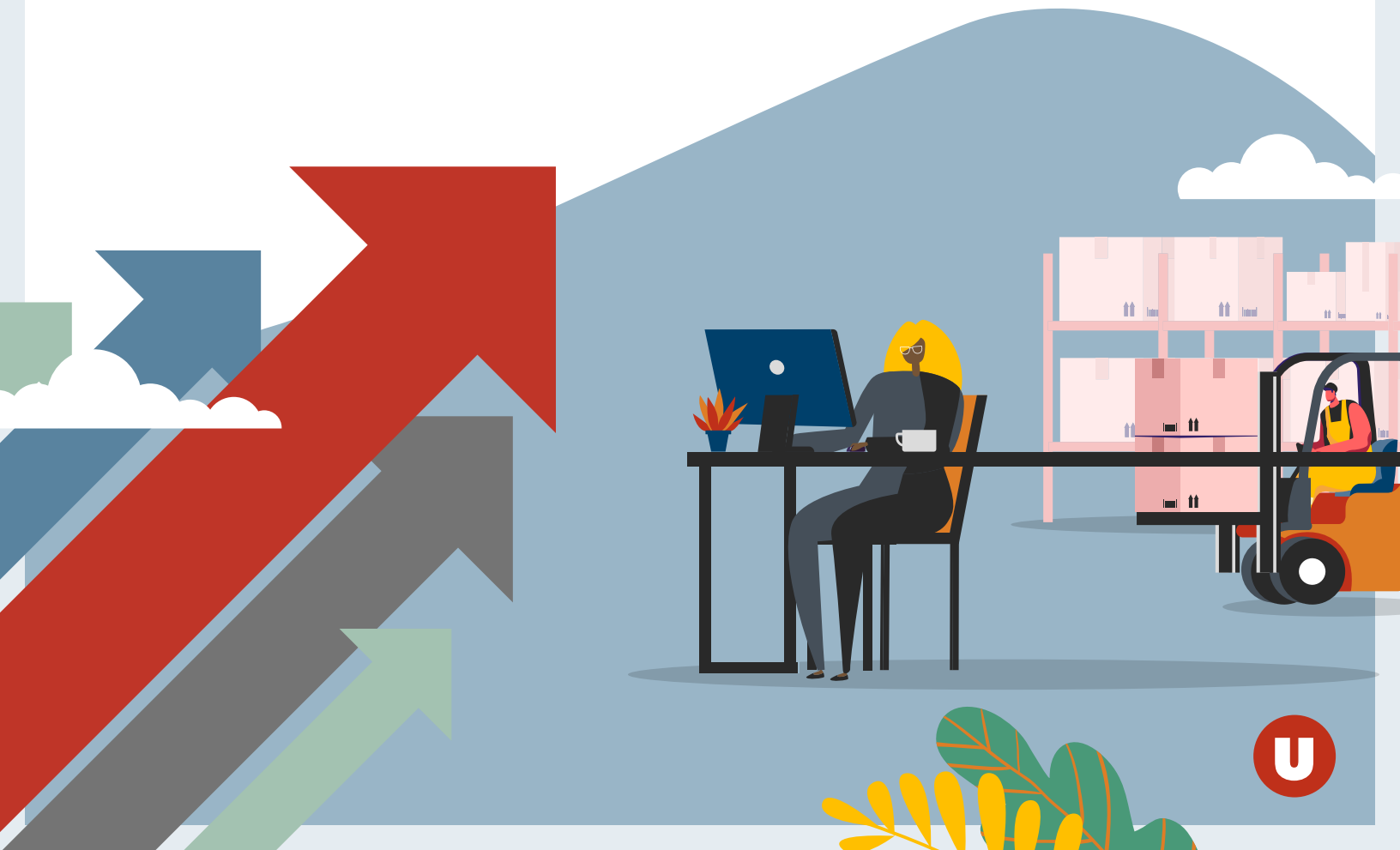
## Review & Analyze Your Data

**It's time to transform your raw data into meaningful insights about your freight logistics!**

You've collected your company's transportation data — now what? All of those numbers won't do you much good unless you analyze them in a meaningful, digestible way!

### **Generate reports based on specific KPIs**

Before we take a look at the specific reports you may consider running, it's important to take a step back and consider what information is truly valuable to your specific business. Having access to huge amounts of accurate transportation data isn't helpful unless you analyze the data in meaningful ways. And what's meaningful for one business may not be to another! **Determine with your team which key performance indicators (KPIs) are most important to monitor for your business.** This will help guide which reports are necessary to run when analyzing your data in the next step.



## Analyze your transportation data

Now it's time to evaluate your transportation data and uncover opportunities for time and cost savings. While there are practically limitless reports you can run when analyzing your data, here are some things you might want to look at:

### Peak shipping times

Review your shipping history to determine the amount of shipments you make per month, quarter, etc. Are there times of year when you ship more or less often? This can help you better plan for peak shipping times in the future, or when to scale back on inventory.

### Shipment class

Calculate the number of shipments sent under each freight class. Since freight class helps determine the carrier's shipping charges, this will help you get a better idea of the typical costs associated with each commodity you ship.

### Carriers used

Review your most used carriers based on the total cost or shipment count per provider. This allows you to more thoroughly analyze the performance of your most used carriers.

### Carrier performance

How many deliveries are made without damage or mistake? How often do your carriers miss a delivery window? These metrics can give great insight into carrier performance.

### Cost per shipment

Regularly tracking your average cost per shipment can help you evaluate how your shipping decisions are impacting your profit margins — and establish a baseline for shipping costs going forward.

### Zone distribution

By looking at your shipment distribution — either on a regional, state or ZIP code level — you can better align your local, regional and super-regional carrier partners to take advantage of where you ship most.

### Accessorial fees

If you base your budget purely on contract rates and don't pay attention to charges for value-add services, you may find your shipping expenses are much higher than you projected. Keeping an eye on shipping surcharges will give you a much better idea of your true shipping costs over time.



## STEP FOUR

# Evaluate Your Findings

**Now it's time to dig into your freight shipping reports in order to determine key learnings about your transportation spending and processes.**

You've thoroughly analyzed your data, running reports to analyze all aspects of your freight logistics. But how do you turn your analysis into actionable information for your business?

**Consider these ways to pull out the most meaningful learnings about your shipping:**

### **Identify (and plan for) shipping trends**

Based on your analysis, you should now have a clear understanding of when, what and how you ship. Map out your most common patterns for your freight — where is it being delivered? What fees do you incur most often? When are your peak shipping times? With this information on hand, you can improve your forecasting efforts and identify areas of opportunity to improve the efficiency of your freight shipping.

### **Compare against industry benchmarks**

While every business has their own unique shipping requirements, comparing your shipping KPIs against industry standards is a good way to identify areas in need of improvement.

### **Find billing errors and invalid charges**

While we'd all like to assume that carrier invoices are always accurate, unfortunately, billing mistakes do happen. By regularly reviewing your shipping charges, you can start to more easily identify discrepancies between your initial quote and your final bill. If the additional cost is valid, you can use this information to better plan for shipping costs in the future. If the additional cost is not valid, you can [file a dispute with the carrier](#) and recoup some savings.





## Determine additional opportunities for savings

A freight shipping analysis can open your eyes to a whole host of time and cost-savings opportunities, if you know where to look. Taking a look at past carrier performance and fees may show you which carriers are least profitable for your business. Based on your most common shipment types, you may have new insights into the best, most affordable modes of transportation for your freight.

Armed with these new learnings about your freight logistics, you can now begin optimizing your processes for greater efficiency. **Remember to analyze and assess your freight processes regularly** – ideally annually or biennially. Since the shipping industry is always changing, it's important to keep a regular pulse on how your operations are performing. Not only does this help you respond to changes in the industry, but it also allows you to see how optimizations are impacting your profit margins and continue to make adjustments as needed.



## Don't Leave Savings Up To Chance

**Without monitoring your transportation costs – and optimizing your processes when necessary – you could be leaving savings on the table.**

Ensure your business continues to be profitable now and into the future by regularly assessing your freight shipping logistics.

Need help? When you partner with Unishippers, not only do you get access to our easy-to-use, online TMS, [myUnishippers™](#), but you also get access to a dedicated team of experts who can help assess and optimize your shipping logistics.

**Don't go it alone! Contact Unishippers today for a free freight shipping analysis and learn how you can optimize your logistics for greater success.**

We can even help you look at ways to expand into new areas of transportation – all from the same convenient partner and platform.

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