

Raise Your Hand If You Like “Found Money”

By Ron Lee, Pacejet

With the price of gas pushing above \$4 per gallon, we’re talking to many more manufacturers and distributors interested in better tools and methods for managing freight expense. While businesses often pass along most or all of their outbound freight expense directly to customers, many operations struggle with process issues that allow freight costs to “leak” back onto their GL. It’s actually quite common to hear from companies who find individual process gaps which can add up to hundreds or thousands of dollars per week in avoidable costs. Take a fresh look at your shipping processes and you might be surprised to see how much “found money” you can re-capture simply by plugging holes in your existing freight management processes with tools available from Pacejet.

Some of the most avoidable freight costs are those you inadvertently pay because of manual freight terms management. Maybe handwritten notes on the order verification were interpreted incorrectly, perhaps the customer’s carrier account number was entered wrong, or maybe the freight cost was available too late to include on the original product invoice. Whatever the reason for the mistakes, the results can be hundreds of dollars per week in extra costs that are often quite difficult to trace back to their root cause.

Because freight terms management is so important and use of mixed-terms (e.g. Prepaid, Prepaid+Add, ...) in shipping is so common, Pacejet provides an integrated set of tools to automate freight cost capture and manage freight terms. Default settings per ship-to allow customer preferences and carrier account numbers to be recorded once and then applied consistently for each order.

Consignee Carrier Coverage

Map ID: Corporate
Consignor Type: Facility
Consignor Site: Demo
Consignor: MAIN
Consignee Type: Customer
Consignee Site: Customer
Consignee: 1-001
Carrier: RDWY - Roadway
Class of Service: Standard
Rank: 2
Transit Time: 2
 Do Not Use

DEMO000002	1-001	12/2/2008 5:00 PM	NPME CPU FEXF RDWY	Standard	348.6700
				Standard	0
				Standard	376.5636
				Standard	369.5902

Pacejet Carrier Selection defines maps that automate carrier use to comply with customer requirements and use your own best-price carriers for each shipment.

Pacejet provides Carrier Selection functionality that allows “coverage maps” to define eligible carriers for any shipment. Because the maps can be defined by zip/postal, country, state/province, consignee, the Pacejet system can help you ensure that each shipment follows the best carrier choice to achieve on-time delivery at the best price.

Order: RL00000002 Ship Release: Order Date: 5/28/2008
Cust PO: P0RL2 Order Type: Regular

Carrier: UPS
Class Of Service: 2nd Day Air
Freight Terms: Prepaid and Charge
Freight Acct: Z33123
Ship To PO:
Onward Carrier:
Onward Class Of Service:

Consignee Ship Type:
Intermediate Consignee:
Consignee Cust Seq:
Service 1:
Service 2:
Priority: 2
LRM Status:

Packing List Notes:
Instructions for picking-packing paperwork

Bill of Lading Notes:
Instructions for bill of lading or export paperwork

Pacejet provides Freight Terms control at the order header and line level in your ERP to help you capture and consistently invoice freight costs.

and line level allow customer service to correctly specify who will pay the freight on each type of shipment for an order. And finally, automated freight rating and rate-capture functionality records the cost of each shipment, calculates a price based on your business rules, and then ensures freight is automatically added to orders rapidly enough that it can be included on the product invoice.

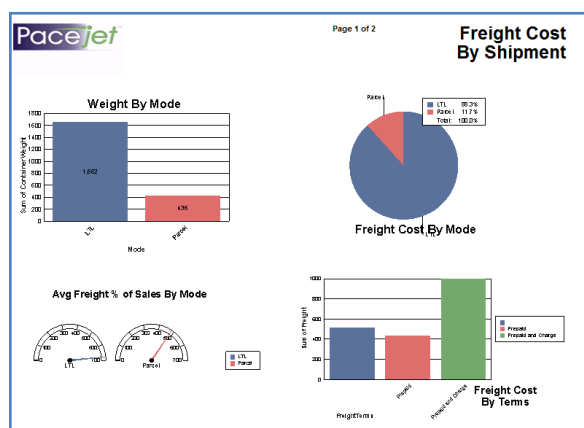
Another set of “hot spots” for freight management involve charge-backs that occur when customer-designated carriers are not used during shipping AND increased freight cost caused by using non-preferred carriers. To reduce these extra costs,

Probably one of the most widely know methods of reducing freight cost is the use of “rate-shopping” to choose between competing carriers for each shipment. PACEjet provides a simple pop-up workbench to compare alternatives across carriers for outbound and inbound shipments; including full detail on costs, prices, and transit-time/arrival information. While there is certainly a strong “appeal” to being able to choose the cheapest carrier for each shipment, many companies find they can reduce their shipping costs more by simply choosing services more carefully using the extra visibility of service cost and transit-time provided by PACEjet. Users might not always go with the cheapest carrier but choosing 2nd day air instead of next day could substantially reduce freight while still meeting customer needs.

	UPS	FedEx	LTL							
Select	Carrier	Service	Mode	Arrival Date	Service Fee	Fuel Surcharge	List Price	Freight Cost	Freight Price	Currency
<input type="radio"/>	FEDEX	Express Saver	Parcel	2008-03-12 / WED	17.78	0.00	33.83	33.83	33.83	USD
<input type="radio"/>	FEDEX	First Overnight	Parcel	2008-03-10 / MON	27.11	0.00	93.56	93.56	93.56	USD
<input type="radio"/>	FEDEX	Ground	Parcel	End of day (1 Business Days)	0.37	0.00	6.55	6.55	6.55	USD

Select Rate Cancel Inquiry

PACEjet’s Online Shipping Rates and Transit Time can help you compare shipping options for any type of outbound or inbound shipment to find the most cost-effective option.

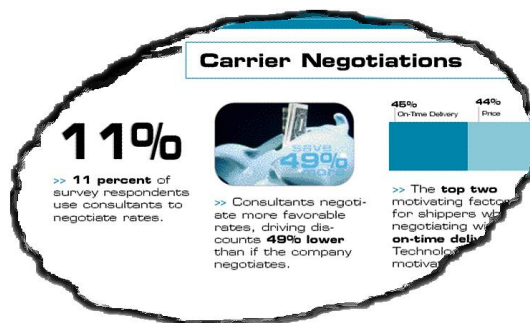


PACEjet Freight Rating and Analytics helps you record and analyze freight cost patterns and support carrier rate negotiations.

and other details. Building a good relationship and consistently sending business to key carriers will certainly play a key role in your negotiations, but you might be surprised to see how detailed shipping data can support an easier and more effective contract renewal process.

Given the importance of carrier contracts in freight cost, you might want to consider using an outside consultant to help in your negotiations. You may feel that you already have “a great relationship with your carrier rep and a great discount” but consider the results of a recent Morgan Stanley study that found companies who enlisted help --- did 49% better than on their own. At PACEjet, we’re so confident that we can help reduce your rates that our new Carrier Negotiation support service comes with a zero cost guarantee. Try out the PACEjet service and if it turns out we can’t help reduce costs for your situation, you’ll pay nothing for the service.

Carrier contracts are a critical part of any cost-saving efforts in freight and typically can reduce cost much more than rate-shopping (and most businesses have figured this out). While the bottom line in most contracts comes down to discounts, having good information on your volumes/types of shipments and your pattern of costs can help you establish a stronger negotiating position and help carriers know enough about your shipping patterns to suggest ways of saving you money. Given the importance of analytics, PACEjet provides a comprehensive database of shipping data including the cost and price of each shipment along with details on weights, products, classifications, containers/dimensions,



According to Morgan Stanley, only 11% of companies use a consultant to help them in UPS, FedEx, DHL rate negotiations. But, those companies receive discounts that are 49% better than negotiating on their own. PACEjet’s new Carrier Negotiation service can help you negotiate better parcel rates --- or you pay nothing for the service! Give it a try!

Now is a good time to reverse some of the impact of escalating fuel costs on your bottom line. Take a closer look at what you're spending on freight, where the money is going, and what techniques and process changes might have the greatest potential to reduce your costs. Give Pacejet a call at 877-PACEJET (877-722-3538) and we would be glad to talk through your situation and talk about some of our experiences, tools, software, and services that might help out. If you like to read more on your own, then check out the Pacejet website at <http://www.pacejet.com> for more information and articles.

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