



Executive Survival Guide:

**LOGISTICS HAS CHANGED. IT'S NOW [OR NEVER]
TIME TO RETHINK FREIGHT PROCUREMENT.**

A quick read on why shippers need to rethink freight procurement strategies, and how they can gain competitive advantage by uncovering resilience, sustainability and cost reduction opportunities.
Those that choose not to evolve, may very well become the next Blockbuster Video.



Freight Procurement **LANDSCAPE**

The last 24 months broke many new records, but unfortunately for transportation and logistics professionals most of those records were negative to business. COVID-19-related challenges resulted in all-time-low acceptance rates, all-time-high truckload costs, and all-time-low on-time delivery rates. Needless to say, many large shippers were not equipped with the tools, nor data, needed to effectively navigate these unprecedented waters. In fact, [***The 2022 State of Freight Procurement Report***](#) found that nearly 100% of shippers surveyed said they plan to increase freight procurement budgets to better manage capacity, increase agility, bolster cost management and deliver better overall results.

But before spending more money, shippers need to take the time to analyze the current tools and procedures used by those that manage transportation. They just might discover that the key procedures have not changed for years, and with the growth of AI-powered technology, the old way of doing things is no longer suitable for today's challenges and tomorrow's unknowns. Forward-thinking shippers have used Covid lessons-learned to take the bull by the horns and drastically rethink freight procurement so they are equipped to always deliver goods on time, and at a fair market price no matter market conditions, or unforeseen challenges.



This guide uncovers why shippers need to rethink freight procurement, and what forward-thinking shippers have done to uncover resilience, sustainability, and cost reduction opportunities.



Traditional Freight Procurement Procedures **"BUT IT'S BEEN THIS WAY FOR YEARS"**

Unfortunately, freight procurement was never deemed a company priority so it often flew under the radar. For decades now, shippers have relied on things like RFPs, routing guides, brokers, and a static waterfall tender process to ship company goods from point A to point B. Fast forward to 2022, and transportation management is now in the hot seat because of rising transportation costs that have eroded COGS and poor service levels that have negatively impacted company revenue.

So let's first dig into these traditional practices a bit more.

Process #1: Request for Proposals (RFPs) & Contracted Carriers

Although RFPs are slow and cumbersome, contracted rates are often viewed as a godsend for freight procurement teams because it gives them cost certainty. There are many flaws with this "traditional" process. For example, many billion dollar shippers only have access to less than 5-10% of the total US capacity through contracted providers. And these carriers are not exclusive to these shippers which means they don't guarantee acceptance.

So the key question for contracted carriers should be...

"WILL CAPACITY BE AVAILABLE AT THE RIGHT TIMES, IN THE RIGHT LOCATIONS, AND AT CURRENT MARKET RATES?"

UNFORTUNATELY, THE ANSWER IS NO!

Here are just a few of the many reasons why the RFP process, and contracted carriers, are flawed:



Small % of Total Capacity

Sourcing carriers through RFPs & contracted carriers is like “putting all your eggs in one basket” because the shipper is relying on a very small % of today’s total US truck capacity to ship goods. This process gives carriers and brokers the upper hand.

Fixed Rates

Because rates are fixed, they don’t reflect shifts in supply & demand. So when capacity is soft, shippers lose by overpaying. And when capacity is tight, shippers lose again when contracted carriers reject loads & potentially pick the same load up in spot at a higher rate.

Poor Service

RFPs disrupt supply chain operations. It’s a known fact that service declines in the 1st 60-90 days of RFP implementation, which increases OTIF & redelivery costs. Even worse, poor service puts a big strain on customer relationships.

Time Consuming

RFPs are tedious & time-consuming. Even newer technology that promises to automate the RFP process still takes time & attention away from important logistics efforts. And it doesn’t account for “putting all your eggs in one basket”.

Process #2: Linear Waterfall & Broker Middlemen

Believe it or not, most large shippers still use an antiquated linear waterfall process to source carriers, even though innovative technology has entered the space to help automate the freight procurement process, and eliminate waste such as brokers. So why does a linear, static waterfall process not work:



Rising Truckload Cost

As time ticks & available loads move through a linear waterfall process, truckload cost increases & service suffers.

Lack of Data

Brokers are renowned for lack of transparency & oftentimes taking advantage of both shippers & carriers by adding hefty, hidden margins (sometimes 30%+).

Not Sure If Your Transportation Team Is **STUCK IN THE PAST?**

Here are a few questions that can help shippers understand if they are still using antiquated processes to source carriers:

- #1. Does your company still perform transportation RFP?
- #2. Does your company still rely on brokers?
- #3. Was your transportation budget over budget these last two years?

If your company still believes RFPs and broker middlemen need to be part of the freight procurement equation [*because that is the way it has been for years*], it will be difficult to last another round of unprecedented challenges. Forward-thinking shippers have found ways to leverage technology, automation, and AI to replace antiquated procedures that waste valuable time and money, regardless if it is the way they have always done business.



Freight Procurement **REIMAGINED!**

Resilient shippers can successfully navigate the ebbs and flows of the freight market which results in always delivering goods on time, and at fair market price. But how do they do it?

In short, they have embraced a **hybrid approach that uses both contracted carriers and freight procurement automation technology**. Plus, they understand the value of actionable data to help make stronger, educated decisions.



Welcome to
**AUTOMATION
DOMINATION**

Powered by a free
freight marketplace.

With automation technology, shippers turn the linear waterfall process dynamic. After unique shipper attributes are configured, shippers loads are dynamically matched to compliant carriers through an AI-powered, self-regulated freight marketplace that eliminates the need for freight brokers and RFPs.



Just like Amazon, Shopify, and eBay have brought sellers and buyers together in a dynamic, real-time UX that serves as the pricing authority, our marketplace brings shippers and compliant small carriers, typically blocked by brokers, seamlessly together through TMS API connections.



With no broker middlemen, carriers control pricing (not a broker middleman) by bidding directly, and shippers gain understanding of real-time market cost with 100% data transparency that seamlessly flows back into the shipper's TMS.

More shippers are looking to adopt automated technology than ever before. For example, according to the same 2022 State of Freight Report mentioned above, 66% of shippers have said that embracing automation has become a "high priority". This means companies that do not shift towards a more automated approach will likely be left in the dust by more tech savvy companies...and in short order.

DATA

Not only does smart technology provide automation, but arguably more importantly, it provides DATA! With 100% data transparency, shippers are finally empowered to make smarter, data-driven decisions when it comes to optimizing their carrier network.

Here are a few questions that can help shippers understand if they have enhanced visibility on their transportation and truckload efforts.

#1. Do all your 3PL partners provide 100% data transparency?

For those who do not share insights, such as which carriers are hauling your loads, or the raw carrier cost, you need to ask why.

#2. Does your team rely on 3rd-party data? *1st party data is grounded in your unique transportation efforts and should trump external data sources whenever possible. 3rd party data should only be used for directional purposes because it may contain caveats that do not pertain to your business.*

#3. Does your team have real-time insights? *Relying on historical data may have big implications especially when there are extreme freight market changes.*



Now... **IMAGINE IF**

No matter the market condition, your transportation team was able to save 10-20% on truckload cost, while delivering on time service of 96% and higher.

Your transportation team had full truckload visibility to report upward, and easily optimize the carrier network because they know which carriers (big or small) to add, keep, or drop.

**IT'S NOW POSSIBLE, BY RETHINKING FREIGHT
PROCUREMENT!**





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