

Executive Guide: Top Tips To Navigate Logistics Challenges in 2023-2024



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INTRODUCTION

In the fast-paced world of logistics, the landscape is constantly shifting, presenting shippers with both opportunities and challenges. Currently, it's a shippers market which is why there has been a massive surge in the number of Request for Proposals (RFPs), as shippers look to lock in the lowest rates possible.

As contracts get signed, shippers will be covered until the freight market bounces back. When it does, shippers will start to experience declines in tender acceptance rates, and a new cycle will begin.... over, and over again. This is precisely why shippers should focus on obtaining true market cost, because once contracted rates are locked in they become obsolete in 30 days, and that does not solve the long term problem.

In this guide, we outline 4 strategic pillars that shippers must consider to navigate these changing tides, including understanding market dynamics and maintaining vigilance over rate fluctuations, addressing carrier capacity reduction, revising strategic processes, leveraging data analytics, and exploring technological advancements.

These pillars serve as a blueprint for not only an agile transportation strategy, but a more resilient supply chain.

PILLAR #1

Be Vigilant About Rate Fluctuations

Although low freight rates may initially appear favorable, they present potential long-term issues. As rates start to rebound, there is a risk of unexpected cost hikes, and contracted carrier unreliability. To avoid financial pitfalls, shippers must adopt a vigilant approach when negotiating contracts to keep operational costs within predictable parameters.

FACT

Most shippers don't realize that a single-minded approach focused on reducing truckload costs will temporarily shrink the transportation budget, but also expose the company to increased risk, especially when the freight market snaps back.

PILLAR #2

Address The Impact of Decreasing Carrier Capacity

A concerning industry trend is the dwindling number of carriers. Numerous factors, including low rates, slim profit margins, and escalating operational costs, have compelled many to exit the industry. This reduction in carrier capacity could lead to lower acceptance rates and a supply-demand imbalance, consequently

driving up freight rates. Shippers should focus on building solid relationships with carriers directly, opposed to working with 3rd-party middlemen that control cost for both shippers and carriers. By eliminating the middlemen, and establishing real-time truckload rates based on current supply and demand, both shippers and carriers take back control.

FACT

As carriers close their doors, less capacity is available. Between January and May 2023, 31 companies with 100+ trucks have been forced to leave the industry, with current truck utilization at 88%.



"With Sleek, there are no more games. I'm always paid a fair market price for loads, which has aided my business survival. Unfortunately, many other small carriers have had to shut down operations due to subpar truckload rates amidst rising operating costs."
- Andrzej Krynski, owner of Junior Cartage Inc.

PILLAR #3

Explore Technological Advancements

Successful shippers have moved beyond traditional, manual

processes to manage logistics because they waste time and money. Technological advancements, such as autonomous freight procurement, have served as an effective buffer against rising rates and dwindling capacity. Shippers who embrace digitization will be more resilient and prepared to tackle industry challenges. While shippers who continue to utilize the same static process won't have the foundation for long term sustainability. Executing with what is comfortable can no longer be the answer because unprecedented disruption no longer allows for it.

FACT

Autonomous freight procurement software places control in the shippers hands- always. It dynamically finds, vets & transacts with compliant carriers in minutes. And with real-time pricing, the truckload cost is always aligned with current market conditions which leads to world-class service levels.

PILLAR #4

Adopt A Strategic, Data-Driven Approach

Shippers deserve to know and understand every facet of their transportation spend. Up until now, shippers have been forced to rely on historical data, or market averages on "similar" lanes, to make important transportation decisions. 100% transparency from transportation partners allows for quick corrective actions to

optimize the entire carrier network. Shippers who are proactive, strategic, and grounded in data-driven decision-making are more likely to successfully weather the fluctuating market conditions.

FACT

When partners provide 100% data transparency, shippers finally understand every facet of your transportation spend so they can easily level-set pricing and service levels across their entire carrier network.

CLOSING

In conclusion, the logistics industry is currently facing a myriad of challenges, from rate fluctuations and carrier capacity reduction, to the ongoing need for technological innovation. By understanding these dynamic elements, shippers can take a proactive approach.

The ability to anticipate changes, adapt quickly, and embrace innovation will be the key differentiator for success. It's essential for shippers to remain agile, strategic, and data-driven in their logistics decision-making. The unique blend of market vigilance, technological readiness, and strategic foresight will equip shippers to thrive in the face of uncertainty and to transform these challenges into opportunities for growth and success.