

What are you willing to pay for?

It would appear that we need to redefine the "carrier", a company that moves commodities with their own equipment, shared equipment or non asset (no equipment);

1. From point A to Point B in some form of container, envelope, box, pallet, LD3, trailer, plane
2. Is time definite, same day, next day AM, PM, 2 day AM, PM, 3 day or 3 to 5 day.
3. Have no insurance, insurance for specific item or SKU, and an agreed upon SKU, commodity insurance value.

This "carrier" now looks at load factor which is usually dollars per mile, dollars per trip, dollars per hundredweight, or dollars per pound as the way to keep score of what return they will have to make a profit. The common dominator is "Space Occupied" "It is almost universally agreed that the **space occupied** by merchandise should be the predominating factor in the fixing of a classification, and also **the value** of the article should have some weight" 1897 ICC Annual report.

A Solution for Shippers and Carriers

Space is a finite commodity, even on the ground. Cube Base Pricing™ is a process that allows carriers and shippers of any size shipments to eliminate unnecessary cost and process out of their system. It has been designed to:

1. Eliminate freight bill auditing by outside firms.
2. Generate a rated CSD (cube shipping document) to replace the old bill of lading. The CSD document eliminates "incorporated by reference" legal traps while adding a host of features that are web friendly.
3. Automatic advanced shipment notices on inbound/outbound.
4. Shop lane segments/weight breaks/best cost by day to ship.
5. Purchased insurance only on items needed, or reduced amounts.
6. Offer the ability to custom select delivery times and dates.
7. Offers multi payment options to carriers.
8. Offers fuel surcharge reduction based on region and total shipment count.

Shippers will now have a way to move parcel packages or any size shipment via LTL or Truckload to avoid the cost impact from dimensional weight pricing, NMFC Classification and high cost of next day early AM and standard express next day shipments that move 500 miles or less on the ground, but are billed as expensive air express rates. (This accounts for over 40% of UPS, FedEx shipments, many billions of dollars)

Shippers are also able to compare and divert as many hundredweight shipments as possible to LTL, and TL carriers until the parcel carriers are willing to be more competitive in this service offering. This could help eliminate differences between express and ground services in pricing and accessorial, which would make obvious the way to a single mileage-based, LTL, TL and Parcel service without a variation between ground services and express in this transit time and mileage choice based on Cube Base Pricing™.

A scarcity of freight and shorter trips lengths has led to a run up in deadhead or empty miles for truckload carriers. **The % of empty miles reported by large truckload carriers (over \$30 million in TL revenue) increased to 21.6% of total miles in Feb. from 17.6% in the same month a year ago (ATA reported figures). Small TL (less than \$30 million) reported empty miles 28.9% in Feb. v 24.9% in Feb. of 2007.** "No one is paying for these empty miles". To offset the general higher empty miles and extra time associated with handling regional freight, long haul carriers may need to rethink how they measure equipment productivity. You can't just measure productivity in miles; you also have to measure in hours.

Could/should we measure mileage and then space used per hour? (Think early A.M. next day air shipments v standard overnight service, a difference of 0 hours to 2 1/2 hours. Shipment mileage less than 500 miles.

Class	Weight	Transit Time	Total Landed Cost
100	500 lbs.	1 Day	\$184.29
NDA* AM	500 lbs.	1 Day	\$2,254.70
NDA	500 lbs.	1 Day	\$1,889.90
NDA Saver	500 lbs.	1 Day	\$1,834.90
<hr/> *NDA Next Day Air <hr/>			

“Ask not what the “Carriers” will charge for all their services, but what services you are willing to pay for without any extras.” Hank Mullen The Visibility Group 2009.

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