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New Rules for Shippers

A Quick Guide to Staying Competitive

These new rules aren't just suggestions or trends – they make up the playbook top shippers are using to navigate change. Adaptation is the name of the game. We've built everything you need to play by these rules – all that's left is for you to get in the game.

1

Data and tech are non-negotiable

Embrace advanced analytics for more informed decision-making, efficient operations, and hyper-strategic planning.

Transportation and logistics are now strategic executive-level issues, so transportation and logistics leaders have a greater responsibility in strategy and cost management. When you're engaging with leadership teams, be prepared to educate.

Your playbook:

- Embrace tech and automation**
It's time to invest in digital tools and automation to streamline the procurement processes and play at the competition's speed. That's not to say investing and implementing modern tools is easy or fast, far from it – it can be a long process. While it may be tempting to delay, sooner is better.
- Get transparent**
When you partner with a reliable data analytics provider, you gain a superpower: the ability to view historical, current, and future market rates. These pricing insights help you find the balance between service level and prices paid.
- Move beyond outdated processes**
Making a few updates to your spreadsheet from last year is not going to cut it. Look at the big picture and leverage advanced analytics to make smarter plans and make sure you're measuring cost or efficiency gains.

2

Your team must be prepared for the spotlight

Recognize the distinct characteristics of the freight market, including its cyclical nature and nuanced procurement process – and the importance of educating your C-suite.

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Your playbook:

- Understand the unique dynamics of the freight market**
Everyone is a price taker – nobody is a price maker. Remember that the freight market operates in a cyclical manner – it is always in flux, cycling between tight and loose conditions. It will continue cycling as long as the long tail exists (96% of TL carriers have less than 20 trucks, but the remaining 4% provide 64% of total capacity).
- Don't forget that routing guides are not set in stone**
The RFP creates the routing guide but doesn't necessarily define the budget; the purpose of an RFP is not to find the market rate, but to align service needs with carrier capacity. A best practice is to budget for a percentage of cost more than the rates in the routing guide. Contracts are binding in price, but not in shipment volume or carrier capacity.

3

Agility and risk management are your new top priorities

Flexible strategies and risk management frameworks will help you navigate market uncertainties, geopolitical factors, and changing consumer expectations while ensuring long-term efficiency.

The freight market is changing rapidly – but you know that. You see it every day. It requires a focus, maybe an obsession, with resilience and agility to navigate uncertainty. Cost savings and service levels remain primary metrics, of course, but achieving them requires proactive risk mitigation and operational flexibility.

Your playbook:

- Embrace structure to enable flexibility**
It may sound counterintuitive, but structure allows for flexibility. When your operation is grounded, stability allows for forays into change. With a strong base, you can adopt agile contracting models that can handle rapid market changes.
- Get proactive about planning and alignment on your team**
Depending on what it means for your business, expand your focus from short-term cost-cutting to include long-term resilience. Once your focus is set on the long-term, start evaluating your performance and don't stop – it's a continuous process. In time, you'll be able to build padding to handle market shifts with much less stress.

4

Procurement has evolved – and so should you

Adopt an ongoing approach to procurement that goes beyond annual RFPs to get agile and resilient. Consider mini-bids, diverse carrier networks, and data-driven negotiations to optimize costs and service levels.

The procurement process used to be a relatively static event that happened at a predictable time each year. Not the case, now. In the new era, procurement is an ongoing, dynamic cycle without a start and end date.

Your playbook:

- Take a more strategic approach to the procurement process**
Remember the 80/20 rule: 80% of the volume is on 20% of lanes, so prioritize high-impact lanes where additional flexibility will improve cost and service the most (but don't forget to implement a low-volume lane strategy as well).
- Evaluate and optimize fleet and modal mixtures**
If it's a good fit for your business, consider private or dedicated fleets for consistent, predictable lanes. Then look at multi-modal options to balance service levels, cost, and flexibility. Keep an eye on how these changes benefit you.