



# Measure What Matters

**A straightforward  
guide to measuring  
success for shippers**

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# How well is your team performing?

Seems like a straightforward question, but once you get into actually measuring success, it isn't always as easy to answer as it seems. To do this, you've got to have a stable of metrics you trust to guide the way. How else would you know if you're performing well?

This guide explores the importance of Key Performance Indicators (KPIs) in transportation logistics, the necessity for reliable data and market insights to inform those KPIs, and how benchmarking can drive positive organizational change.

**By understanding and viewing your business through the lens of the correct metrics, logistics professionals can create smoother workflows, reduce inefficient processes, and lower costs.**



# What are KPIs?

# Why do they matter?

**Key Performance Indicators (KPIs) are metrics used to evaluate the success of an organization or a specific activity in achieving its goals.**

For transportation logistics and procurement, KPIs are critical as they provide measurable values that can help track performance, identify areas for improvement, and align efforts with overarching business objectives.

Your business has goals. You know what those are. The way you track progress toward those goals is by carefully curating a set of KPIs you feel best represent that progress. Keep in mind, what you measure, you can manage. Without KPIs, you lose clarity on how you're tracking against those goals. You're just walking around in the dark.

## KPIs

### Drive performance

They help set clear objectives and track progress towards achievement.

### Inform decisions

Reliable data enables informed decisions, leading to better strategic planning and execution.

### Keep teams accountable

They provide a basis for performance reviews and accountability within teams and across departments. Set a cadence and agreed-upon routine of accountability that keeps your team in check.

# A day in the life of transportation management and procurement teams

Expectations for specific roles vary across companies, but one thing seems to remain true: This cost-center is subject to a high level of scrutiny. The ability to effectively plan, track, and report on budget is critical. Here's a few examples of the priorities and KPIs different team members may focus on in a typical day to ensure they're driving success.

## Decision-makers & leaders

### Strategy, long-term planners

**Role:** Manages distribution, logistics, transportation, and supply chain operations for industries with multiple locations across their footprint.

**Typical titles:** Director of Transportation, Senior Manager of Carrier Relations & Sourcing, etc.

### Priorities & Objectives:

- **Cost & capacity management:** Reduce cost/find savings; Maintain reasonable rates; Budget planning, management, and justification
- **Operations:** Maximize efficiency; Adequate staffing levels; Flexible & nimble supply chain; Drive improved processes and tech adoption
- **Carrier relations & partnerships:** Building relationships and establishing trust through mutually beneficial action
- **Excellent service:** Deliver on customer expectations; Balance cost, capacity, and service

## Analysts & execution teams

### Day-to-day operations

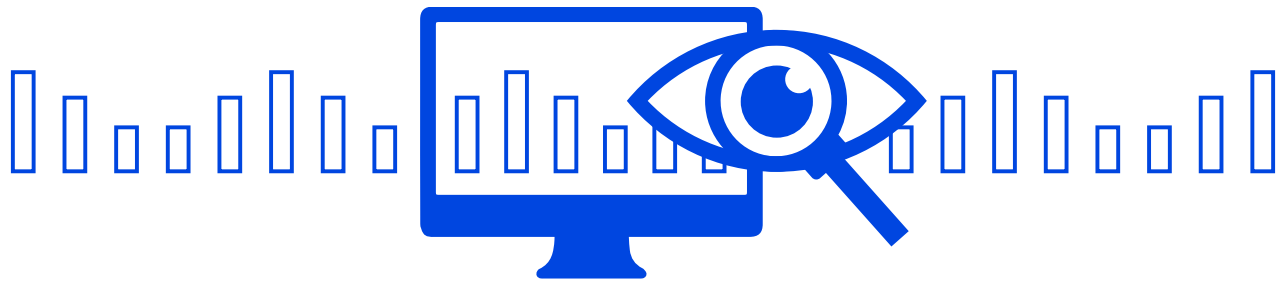
**Role:** Coordinates day-to-day procurement, data analytics, and/or freight management for the transportation, logistics, and/or supply chain teams.

**Typical titles:** Procurement Manager, Senior Manager of Transportation, Freight Analyst, Senior Transportation Analyst, etc.

### Priorities & Objectives:

- **Cost savings & budget performance:** Maintain contract pricing; Negotiate more favorable agreements
- **Freight management & capacity sourcing:** Secure sufficient capacity; Meet/exceed customer expectations; Manage freight efficiently to avoid stockouts
- **Benchmark reporting & data analysis:** Evaluate performance relative to market; Inform stakeholders of any variance to expected performance
- **Improve sustainability:** Ensure company meets sustainability initiatives

# KPIs to monitor



**So what should you be measuring? Here's what we see the nation's top shippers use for their KPIs.**

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## Service-level Metrics

- **Examples:** Delivery accuracy, customer satisfaction and partnership health, carrier performance.
- **Purpose:** Maintain high standards of service and strengthen relationships.
- **Explanation:** Service metrics ensure that goods are delivered intact and on time, fostering strong, dependable, and mutually beneficial relationships with both carriers and customers.

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## Internal Time and Resource Utilization Metrics

- **Examples:** Data aggregation time, personnel efficiency, internal alignment and decision-making with cross-functional teams and exec leaders.
- **Purpose:** Enhance internal operational efficiency and efficacy.
- **Explanation:** By leveraging technology and streamlining data management and procurement processes, shippers can make quicker, more informed decisions, saving time and reducing the need for additional personnel. Upfront investment can seem daunting, but measuring the (potential) ROI and trade-offs can clarify value in the medium/long-term.

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## Operational Metrics

- **Examples:** On-time delivery, transit times, load utilization, lane costs, fuel efficiency, spot/contract mix percentage, carrier compliance
- **Purpose:** Monitor and improve day-to-day logistics performance.
- **Explanation:** These metrics track the efficiency and effectiveness of your transportation processes, ensuring timely and reliable delivery of goods.

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## Financial Metrics

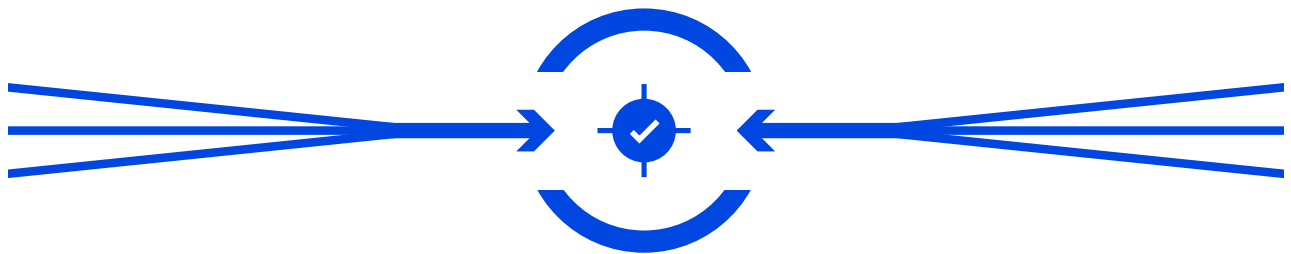
- **Examples:** Freight spend, cost per mile, YoY inflation, overall % to benchmark
- **Purpose:** Manage and optimize transportation costs.
- **Explanation:** These metrics help shippers understand and control their spending, identifying opportunities for cost savings and budget improvements.



Once your organization has identified its core KPIs, you can start benchmarking to make sure you're on track toward those goals.

# What is benchmarking and why is it critical?

**A benchmark serves as a standard or reference point against which performance can be measured.**



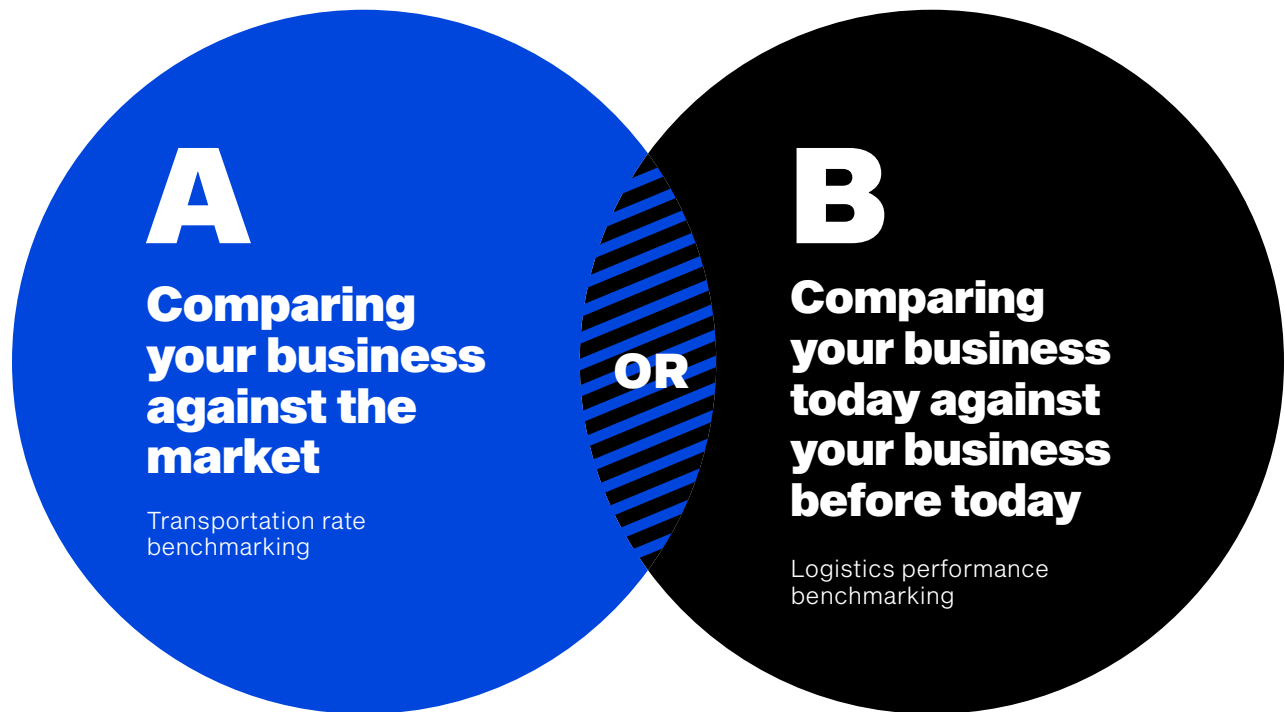
For shippers, benchmarking is crucial for evaluating transportation procurement and contextualizing performance effectively. Without benchmarking, it's challenging to gauge performance accurately or identify areas for improvement. Your job is to predict your budget, perform to it, and then explain the differences. Benchmarking makes predicting and performing easier. The more those things fall into place, the less you have to worry about explaining discrepancies in budgets.

**Transportation benchmarking encompasses two primary categories: transportation rate benchmarking and logistics performance benchmarking.**

While rate benchmarking compares transportation rates against the market, performance benchmarking evaluates logistics performance based on key KPIs or metrics. Both types of benchmarking offer valuable insights for shippers to enhance their operations and competitiveness.



**For shippers, at the end of the day,  
benchmarking is as simple as either:**



## **That's where DAT iQ comes in**

DAT iQ Benchmark provides a valuable benchmark derived from aggregated data, allowing shippers to compare their transportation rates with the broader market and drive enhancements in efficiency and cost-effectiveness. And we can back it up with hard data: Half of our shipper iQ Benchmark customers report at least 5% transportation cost savings – and a fifth of customers report 10-15% savings.

*Results of a customer poll in May 2024 about cost avoidance/  
savings over the past 12 months using DAT iQ Benchmark.*

# So why and how do shippers rely on benchmarking?

**While shippers use benchmarking in countless ways, we typically find this practice most impactful for a few key use cases:**

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## **Rate comparison and communication**

Communicate performance and rate competitiveness to senior management and executives with a compelling, confident rationale.

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## **Strategic planning and procurement**

Set your team up for success with accurate budget expectations months ahead of time. You can use this same data to proactively handle RFPs and carrier reviews.

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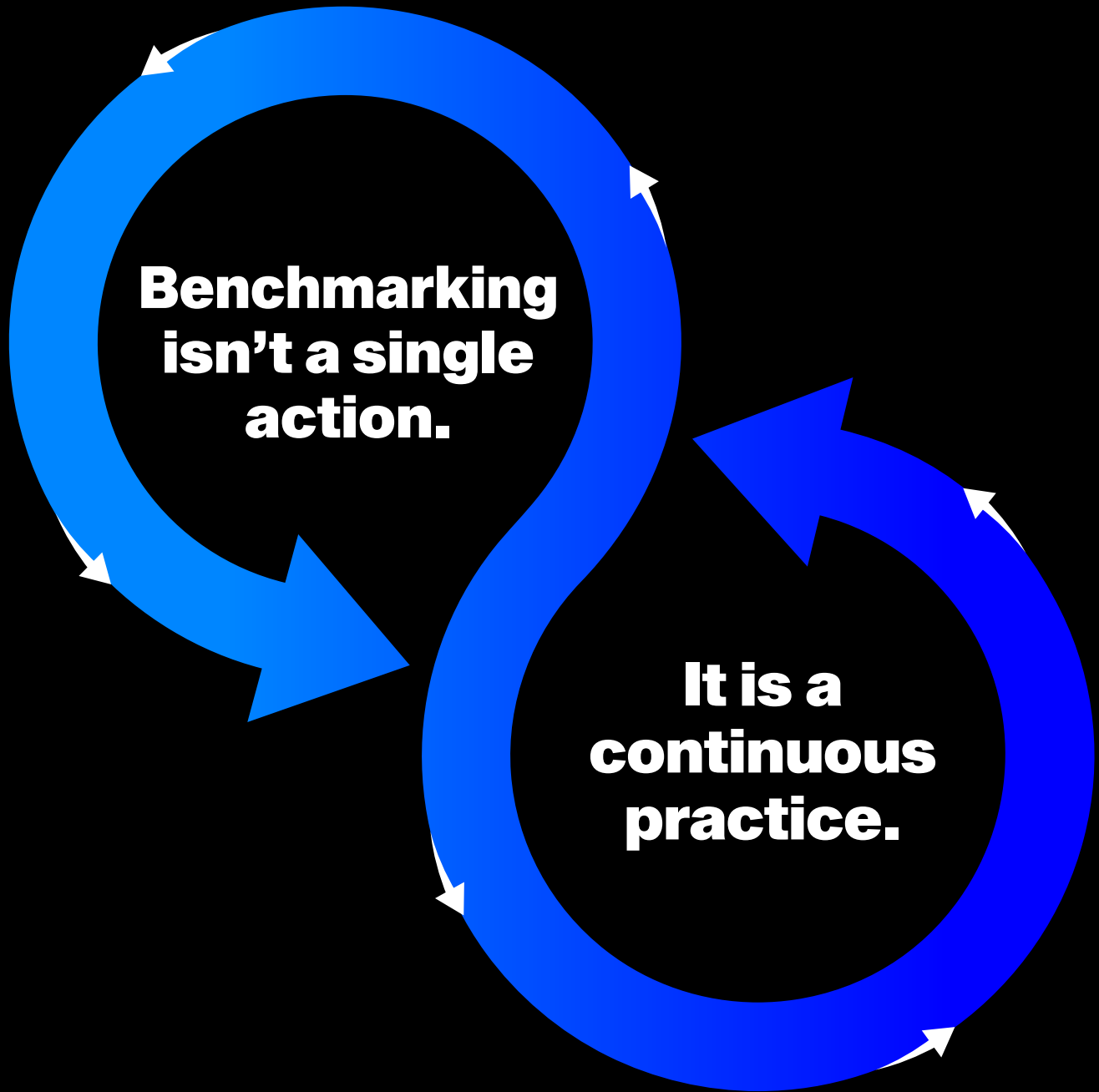
## **Operational efficiency and optimization**

Find insights that make your day-to-day operations smooth and simple. Identify new opportunities at the lane or carrier level.

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## **Performance evaluation and monitoring**

Monitor your performance over time, in relation to your benchmarks and target budgets so you're never caught off guard. When things need fixing, use benchmarking data for root cause analysis.



**When savvy shippers treat  
benchmarking as a constant,  
continuous process, they remain  
competitive and responsive.**

# How should shippers approach benchmarking?

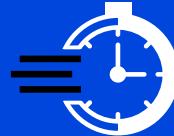
## It starts with the right metrics

Effective benchmarking begins with identifying relevant metrics and KPIs aligned with organizational objectives. If you haven't done so already, get aligned internally on the metrics you'll use to measure performance and the target KPIs you're aiming towards.

Here's what the top shippers keep eyes on:



**Transportation costs**



**Time**



**Human resources/personnel**



**Service level**

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## Transportation costs

These are measured in multiple dimensions – over time, in aggregate, per mile, and more (total cost, rate per mile, etc).

Benchmarking gives these costs context – costs aren't always going down or up. In a down market you're driving savings and in an up market you're mitigating overages. The context benchmarking provides adds layers of insights to these numbers.

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## Time

We know the adage 'time is money,' and that rings true here. Aggregating and manually analyzing all the data isn't necessary anymore. Benchmarking makes this work faster, more accurate, and simpler, giving you shorter pathways to decision-making.

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## Human resources/personnel

Every dollar counts, and a software investment is often cheaper than increasing headcount. Smart shippers outsource mundane routine tasks such as aggregating and cleansing transport data.

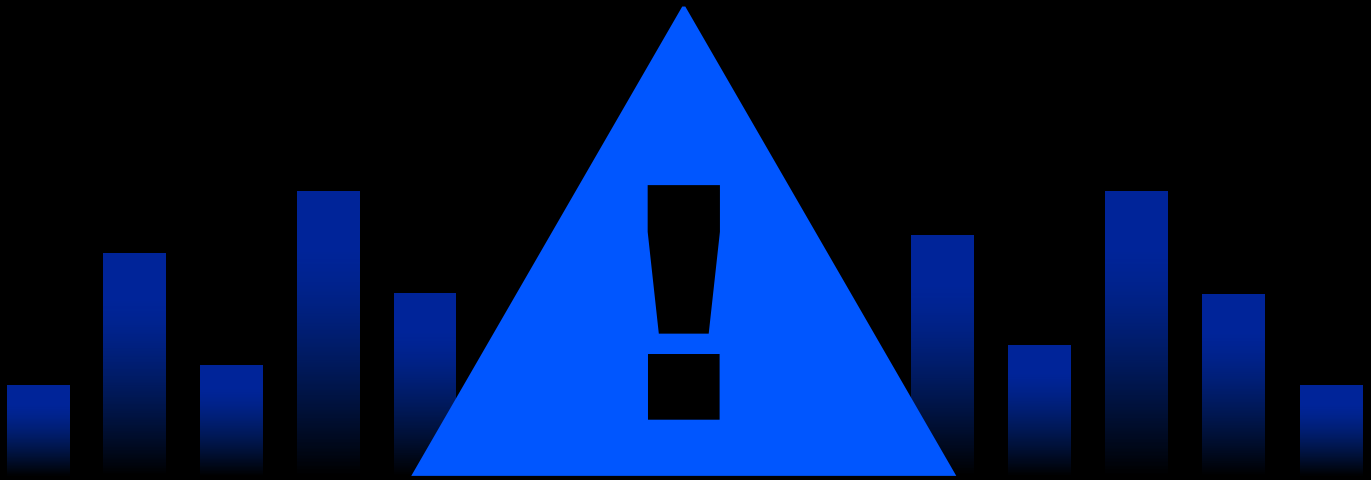
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## Service level

You're only as good as your carrier relationships. Benchmarking helps guide smart network design and operations that ensure on-time, intact deliveries, keeping those relationships strong and profitable.



Costs are often the primary focus when we're talking about benchmarking – it's what most transportation managers are on the hook for at their organizations. But it's important to keep in mind that costs should be balanced with service levels, which are just as, if not more so, important when transporting goods.



# **Bad data = bad decisions**

**Shippers must prioritize reliable data sources and consider factors such as transportation costs over time and service levels.**

If you're not using third-party data, how can you determine the integrity of your internal data? Without unbiased data, you may lean too hard on intuition, habits, or "the way we've always done it." It doesn't have to be that way. Unbiased, neutral data gives you the scale and accuracy required to identify patterns and opportunities. Collaboration with reliable data providers, like DAT, ensures access to accurate and unbiased benchmarking data. DAT's data is powered by billions of dollars in real customer transaction data. It's democratized, unbiased data, built by customers like you.

# Benchmarking in action

## Let's look at the nuts and bolts of DAT iQ Benchmark and dive into the process.

Before we get going, it's hard to sift through business intelligence options. As you shop, look for these features:

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### Dedicated support teams

Data and customer success teams to support day-to-day needs, onboarding, and data management (e.g. aggregating, cleaning, and verifying/validating data).

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### Interactive and customizable data visualizations

One size doesn't fit all, so it's important to consider how much you're able to specify views to fit your business needs.

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### High-level snapshots

Ability to get a pulse on performance for a quick gut-check or reporting to executives and cross-functional teams.

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### Time-to-value

Typically when transportation professionals are ready to put this kind of solution in place, it's a pressing need. Get clear on your internal capacity to implement and adopt new technology, and look for a partner that will fit as seamlessly as possible into your operations and add value quickly.

# Navigating DAT iQ Benchmark

**DAT iQ Benchmark is a powerful Business Intelligence (BI) tool that contextualizes performance relative to the market.**

It helps shippers validate and analyze transportation procurement metrics, enabling them to identify key business drivers and optimization opportunities within their supply chain network.

Shippers can easily stay on the pulse of market trends, analyze real-time insights, and optimize their operations.

With iQ Benchmark, businesses can gain the confidence of senior management, mitigate risk, drill into root causes, and confidently and efficiently make informed decisions using features and functionality that support a range of needs and use cases:

**Executive-level reporting**



**Deep-dive root-cause analysis**



**Proactive planning**



**Procurement process management**

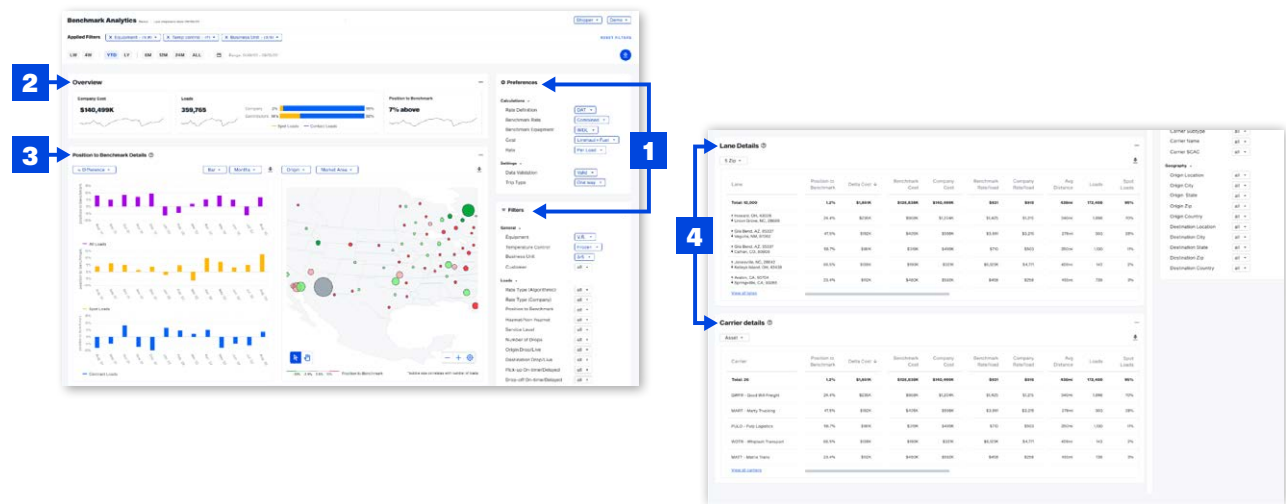


**Tactical day-to-day operations**





**A key function of iQ Benchmark's interface is that all data visualizations are presented in a single pane application (SPA) to streamline a user's workflow. No menu-diving or searching for the info you need.**



## 1. Customizable preferences and filters

Users have 26 different dimensions to customize their view. Toggling preferences and applying filters can help you narrow down into specific scenarios or analyses.

## 2. High-level overview

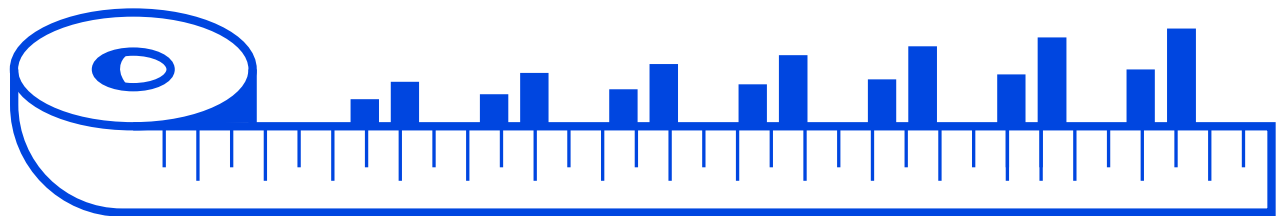
Your day-to-day is easier when you can get information quickly to share with executive or cross-functional teams. This section provides a high-level view of company-specific KPIs to contextualize the following sections. Shippers use this for quick performance check-ins and high-level reporting.

## 3-4. Dive deeper into your carriers and lanes

Manual processes are time-consuming. The data visualizations beyond the initial overview and high-level views allow for quick deep dives into business drivers, specifically for root cause analysis, and more efficient strategic analysis.

# How to start measuring the metrics that matter

**Ready to put analytics to work for your company? Here are the key considerations to keep in mind as you start your journey.**



## **Take inventory of your current infrastructure**

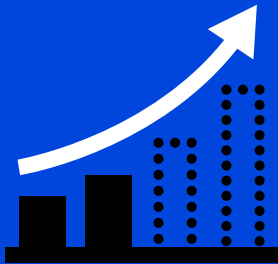
Freight analytics is exploding – which is a good thing. It’s a proven tool that empowers shippers to make informed operating decisions, reduce costs, and rise above competitors. In a volatile market, real-time visibility into rate fluctuations is worth its weight in gold.

Transportation and logistics leaders need to understand how to leverage freight analytics to ensure successful adoption and application. How ready is your organization? Assess your readiness for different levels of analysis (read [A Practical Framework for Leveraging Freight Market Intelligence](#) for more information) to ensure successful implementation and adoption of new analytics technology.

## Establish an operating model

To ensure progress and accountability in adopting new technologies and behaviors, it's crucial to align with leadership on a sustainable operating model. Start by setting clear goals and establishing both lead and lag metrics to measure success. Lead metrics (or leading indicators) predict future performance and guide proactive decision-making. For example, a lead metric might be reducing the number

of spot loads in a tight market from 100 per week to 80. Lag metrics (or lagging indicators) measure the outcomes of your efforts, such as whether you achieved a specific goal. A common lag metric for shippers might be the percentage of shipments priced to benchmark, which reflects your ability to pay a fair rate for good service.



By securing leadership buy-in and reviewing these metrics on a regular cadence, you create a framework that not only tracks performance but also drives continuous improvement and ensures that your team remains aligned with your strategic objectives.

# Take the first step

**You can't know how well you're doing without comparison and measurement. When KPIs and benchmarking are deployed in tandem, shippers save money, operate at higher levels, create smooth and agile workflows, and ultimately, move more goods.**

**It might seem like a tall task, but we can make it smooth and painless. Let us help.**

**For more information on how DAT iQ Benchmark can help you optimize your logistics operations, visit our [website](#) or schedule a demo [here](#).**



[www.DAT.com](http://www.DAT.com)