

How Freight Forwarders Help Solve Business Problems, Not Just Logistical Ones



Custom content for Approved Freight Forwarders by **Supply Chain Dive's Brand Studio**



avigating the shipping industry is more complex than ever, thanks to growing disruption from forces such as just-in-time manufacturing and delivery and new options from transportation providers.

These forces pose challenges and opportunities for manufacturers, retailers and other companies that ship products around the globe. This can get confusing even for companies with long experience in shipping and supply chain, and it can be daunting to determine the best ways to ship your products.

How can companies learn to anticipate hidden fees and surcharges, unexpected new contract terms, or the effects of packaging options on shipping costs? How can they gain transparency into a shipping process, including all the agents involved and what they do, so they can better evaluate the likely ripple effects of various options? How can they grasp unique considerations of specific shipping lanes and apply those lessons more broadly across their supply chain? Such matters require a broader perspective on shipping than most companies achieve. Without this perspective, though, the risk of strategic and tactical errors grows.



The business risks of modern shipping often are not obvious. For instance, reliability is essential for just-in-time manufacturing, distribution and retail. Early deliveries can cause as many problems as late ones when a recipient lacks immediate space or resources to store, deconsolidate or move a shipment. Despite the wealth of real-time data available about most shipments, too often communication complexity means that clients and recipients still get little or no warning of schedule changes. In particular, when shippers or receivers hand off a shipment to local agents, it can be challenging to get complete, timely updates about the shipment progress. A shipment might be delayed, accelerated or rerouted without warning or explanation, and it might not be clear who to contact for clarification.

Ultimately, problems in shipping reliability are customer-satisfaction problems—and thus, business problems. One option to address shipping-related business problems is to partner with companies steeped in the nuances of the shipping industry, such as established freight forwarders or consolidators. The big-picture perspective spanning many industries, modes, routes and types of goods that these partners tend to have provides access to strategic insight that can not only cut costs but also help a business grow.



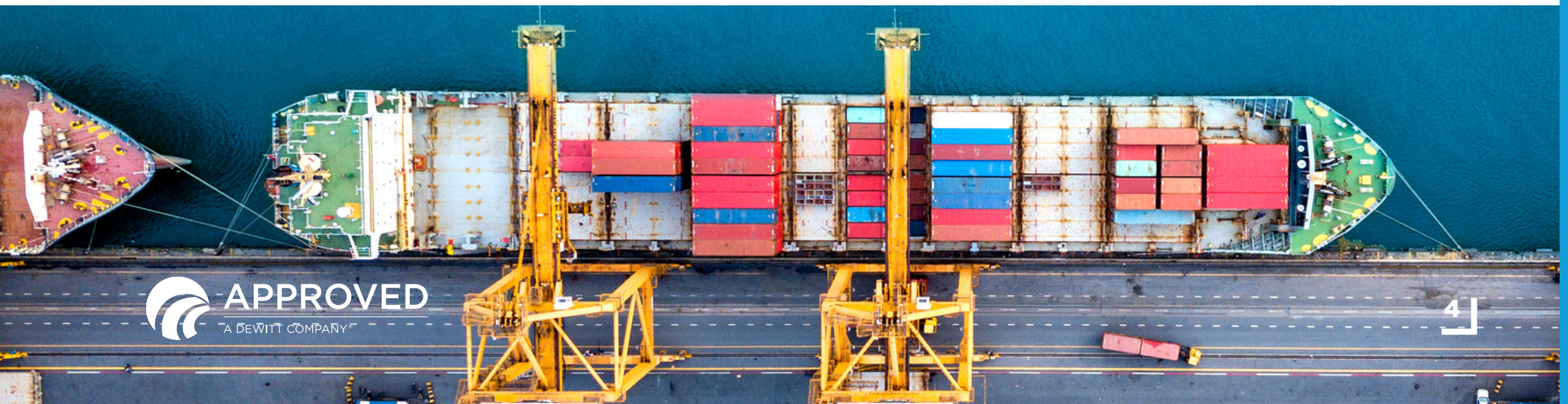
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“When optimizing your supply chain, some companies might be wondering, why are we even using freight forwarders?” said Charlie Wilgus, general manager of manufacturing and supply chain practice at Lucas Group. “But to make the best decisions, you really need to talk to people who have a cradle-to-grave knowledge base for all the different options, so you can get the lowest cost and highest profitability. Many freight forwarders really know that well.”

Too often, clients pigeonhole freight forwarders as service providers. However, treating them as partners that can offer mentoring and consulting (as well as logistics services) can reveal new opportunities to keep your business moving forward. This can empower your company to continuously capitalize on emerging shipping options to better serve your customers today and tomorrow.

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Just-in-Time Mentoring

When companies realize they need to update and optimize their shipping strategy, they often turn to logistics consultants. Consultants can provide useful guidance for long-term strategic planning, but typically, companies also have a more immediate need for advice about the shipping choices they're making today. This is where in-depth conversations with freight forwarders or consolidators can prove especially helpful—perhaps leading to more of a partner relationship.

“We tend to initiate these conversations early, to help clients learn from our expertise. That tends to lead to a much better working relationship,” said Randy Tutor, vice

president for Approved Freight Forwarders. “We often work with our clients on details that can change how all of their shipping works: packaging, freight tendering, communicating shipment details, etc. We help our clients gain clarity and definition in their shipping process. That sounds simple in concept, but there are a lot of touches in between.”

“Definitely ask the people who arrange your shipping about whether minor changes to your packaging might increase shipping efficiency,” Wilgus said. “It’s all about size. If a small change lets you fit 100 more boxes onto a truck, that can add up to considerable savings.”



Highly experienced freight forwarders and consolidators often are uniquely positioned to provide on-the-fly guidance because they sit in the middle of all involved parties. Plus, they usually have personal experience with many shippers and agents, serving many kinds of clients and industries, transporting many types of goods. In consultative conversations, they often can answer questions quickly and suggest more, and more relevant, options.

Even when such conversations concern a single shipment or lane, they can benefit a company's global shipping strategy and practices. For example, Approved Freight Forwarders focuses primarily on shipments from the U.S. mainland to Hawaii and Guam and back. While these are usually not a client's highest-volume destinations, Approved Freight Forwarders frequently advises clients on options to increase reliability and flexibility, and to decrease costs, that can be applied more broadly.

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In particular, Hawaii can serve as an object lesson in what kind of middlemen it might make more sense to eliminate when optimizing your supply chain. Over time, Approved Freight Forwarders has amassed considerable assets that it owns and operates in Honolulu and on all the major islands: warehouses, trucking and more. Typically, shipping lines and freight forwarders rely on local agents to provide these services. This often creates inefficiency, increases cost and complexity, and reduces the reliability of delivery times and communication.

“We receive over 300 shipments a day on the U.S. mainland and consolidate them into full container loads,” Tutor explained. “We can put dozens of clients’ shipments in the same container, going to dozens of final customers from the receiving port. We also can handle the deconsolidation of those shipments and ship them to their final destination, rather than relying primarily on local agents. Expanding our business to encompass these roles has broadened our knowledge of what it really takes to optimize the many steps between the port and the last mile. So we can offer advice about what happens after your goods arrive at port, which can apply regardless of which port you’re shipping to.”

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“Between the receiving port and the last mile, transparency into shipments is often lacking, since it’s not always clear who’s really involved every step of the way. With RFID [radio-frequency identification] tracking technology, you might see that a box is sitting in a warehouse for a day extra—but no one can tell you why it’s not moving,” Wilgus said. “Forwarders who control their own storage, distribution and transportation assets probably can tell you exactly what’s happening and what to expect. That means fewer mysteries and surprises.”

Understanding the common similarities in the processes of many shippers and local agents supports better negotiation on terms of sale, who pays for freight, shipment frequency and volume, and more. This insight helps companies predict and compare prices more accurately, as well as understand what can adversely affect reliability. Learning these skills while working with a highly skilled and experienced freight forwarder on specific shipments is especially effective—like the difference between learning via hands-on exercises rather than reading about high-level theory.

Turning a Freight Forwarder into a Business Partner

How can companies find freight forwarders or consolidators capable of offering strategic consulting, mentoring or training? Pay attention to forwarders that proactively ask about your overall shipping process and business so they can handle your shipments with that holistic context in mind.

For instance, a partner-worthy forwarder might ask during initial conversations:

- What's the history of how you've handled shipping?
- What are the driving forces across your entire supply chain, and how are they evolving?
- When and how were your current shipping terms and conditions arranged?
- What are the end customers of your products expecting in terms of delivery?
- How predictable have your shipment schedules and costs been, and how well do you understand the causes of the reliability problems?



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Answering these questions may feel uncomfortable, especially when talking to a forwarder you have not previously worked with much, or at all. Thus, it’s important to remember that hearing these questions is a very good indication that a forwarder not only wants your business but is also trying to support the best interests of your business.

“Companies always want to get the most out of business and the supply chain, but they’re understandably wary of revealing sensitive information or discussing problems,” said Troy Plotkin, vice president of operations for Approved Freight Forwarders. “But if you’re not willing to talk about what your company is currently doing, and your obstacles, then it’s hard for other people to help you solve your challenges.”

If a forwarder asks the right questions about your business context and problems, choosing to engage in that discussion could yield benefits far more valuable than an on-time, damage-free shipment. If these questions feel outside your comfort zone, then you can reframe the discussion by asking the forwarder about its relevant experience.



“When working with a forwarder, it’s absolutely essential to build trust in that relationship,” Plotkin said. “We often help our clients get comfortable with these conversations by referring to work we’ve done for other clients, similar problems and opportunities that we’ve helped them address. Often, it’s a relief for them to learn that other businesses have run across the same challenges. It’s not just them, and it can be managed to good outcomes.”

Developing a trusting, mutually beneficial partnership with a capable freight forwarder can yield surprisingly creative or lucrative opportunities. For instance, many growing companies are interested in creating supply chain efficiencies by developing their own assets, such as warehouses. That might make it appropriate to consider a joint venture with a freight forwarder with complementary business goals.

“If a client told me that in the next 18 months they’d like to establish a distribution center in Oakland, we might say, ‘You know, we might like to do that, too!’ Then we could explore working together to establish a joint-use facility that saves everyone money,” Tutor said. “If I were a company shipping products around the world, I’d make sure to share with my most trusted forwarders the supply chain strategies we’re considering implementing, so we don’t overlook potential synergies in the short or long term.”

While any experienced freight forwarder can offer valuable insight, the smaller ones with more diverse experience might prove more willing to provide guidance. “Larger, global forwarders can be less personal and more rushed,” Plotkin said. “The small companies, even ones serving lower-volume lanes, might be more willing and able to take the time to talk through your goals and issues, to come up with real solutions rather than quick fixes.”

Ask the Right Questions to Open the Right Doors

When talking to current or prospective freight forwarders about your shipping needs, it can help to ask these questions:

- Here are our ideas for how we'd like to improve our shipping or supply chain. Do you have an example or case study of how you've helped another client with a similar issue?
- Do you value flexibility? Can you give examples of how customizing shipping solutions has benefited your other clients?
- What can you do to minimize the number of parties or touch points involved in your shipments, and what are the trade-offs for each of these options?
- What do you think are the root causes of our recurring shipping problems, and what solutions do you suggest?
- How can you help us satisfy our customers even better?





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Taking the initiative to open these conversations can be the fastest and best way to identify forwarders most able to serve as a partner and mentor.

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Since 1991, Approved Freight Forwarders has dedicated itself to the unique shipping needs of the Hawaii and Guam trades. We are a family-owned-and-operated company and the only freight forwarder in Hawaii to have its own trucks and warehouses on all four islands. We accommodate all types of commodities and all sizes of freight for both business and individual clients. Our highly trained logistics experts use advanced technology to tailor shipping solutions that fit your specific requirements. Because we hand-load your freight when needed, our damage and claims rate is one of the lowest in the industry.

At Approved Freight Forwarders, we work hard to ensure that your shipment arrives on time and intact, and we keep you updated every step of the way.

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