

Four Obstacles to Maximum Transportation Management Savings

**So your TMS delivers great visibility.
 But do you know what you're looking at?
 And what do you do with the perspective
 you've gained through TMS?**

TMS systems are great tools for providing control and visibility into logistics and transportation data across your entire supply chain. However, TMS alone does not ensure:

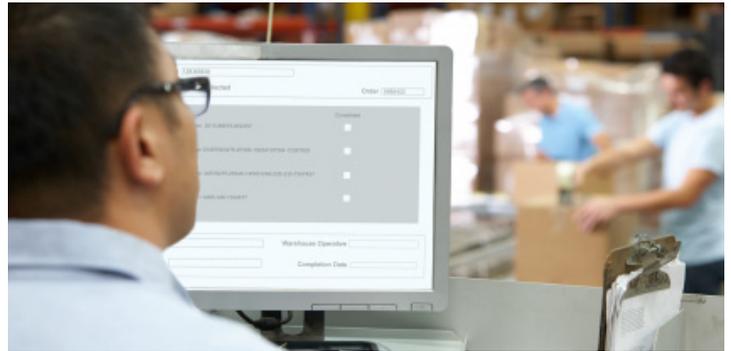
- Orders are optimized for most efficient load planning;
- Orders are optimized for most cost efficient and/or expedient routes/lanes;
- Transportation is as cost-effective and efficient as it can be within the supply chain.

You certainly cannot achieve the above without a TMS, but to really wring the savings and efficiencies out of your software implementation, you'll need a robust optimization tool. An optimizer is not simply another module of your TMS either. It is a powerful business decision engine using cutting edge technology to yield actionable decision support.

Transportation management is not the same as transportation optimization. You'll want to engage in both practices if you want the best possible results.

Give transportation planners all the tools they need to capture the savings and efficiencies promised by TMS. Give

them an optimizer tool and help them overcome the following four obstacles.



OBSTACLE 1: CREATING A PRACTICAL PLAN

Typically, transportation planners consider dozens of business rules, regulations and timetables to identify a practical plan. The problem is that often, there is more than one viable plan that meets with the specified rules and regulations. Which plan adds the most value? Which is the optimal plan? The planner in many cases does not have access to current transportation rates and is unable to calculate the cost impact of decisions they are making. For example, creating schedules that adhere to new hours of service regulations is a obstacle in itself. Asking planners to consider HOS rules at the same time as trying to determine least cost, optimal routes and loads is probably not a reasonable expectation.

OBSTACLE 2: RECOGNIZING THE DIFFERENCE BETWEEN ANY PLAN AND AN EXCELLENT PLAN

Temperature control requirements; must arrive by dates (MABD) and other customer-specific scheduling and appointment requirements; weight restrictions on certain routes; one more item here. These are but a few of the myriad considerations that go into planning. Using a TMS alone, planners can certainly align the necessary service requirements and, if they can do so while maintaining a reasonable average shipment weight and number of additional stops, they are grateful to be able to do that. Given the short lead times they're often faced with, planners aren't likely to be focused on finding the very best plan.



OBSTACLE 3: MISSING OPPORTUNITIES FOR ON-THE-FLY SAVINGS

Changes to rules (like the current HOS changes under way), late posting POs and late breaking opportunities for load sharing are but a few of the on-the-fly changes that planners hate. Once they've completed a plan and moved on to the next in a never-ending stream of movements, planners don't like to go back to revise or revisit "closed" plans. Who could blame them? It's hard enough to get



a plan together in time to begin with. Yet, circumstances change without warning and with great regularity. In these cases, flexibility in the planning process can translate into significant savings and efficiencies. With an optimizer tool, planners can make any required changes and re-optimize quickly and easily. Without a tool, planners are far less likely to be able to take advantage of late-breaking opportunities.

Moreover, typical disruptions are not easily smoothed out in the absence of a optimization tool. If your planners can't easily flex their plans to address disruptions or last minute changes, it will be very difficult to achieve the kind of efficiency you desire from a TMS. Without an optimizer, planners can't game out hypothetical changes to plans quickly or easily. With an optimizer, they can quickly and easily ask and answer such questions as, how will adding or removing a stop effect the overall landed cost or will adding a stop cause other deliveries on this shipment to be late?"

OBSTACLE 4: OVERCOMING TRIBAL KNOWLEDGE IN FAVOR OF DATA-DRIVEN PLANNING

Often, reasonable assumptions are the basis of planning decisions. But these "reasonable" assumptions may not be so reasonable when measured against the data driven assumptions enabled by optimization. "We've always built plans that minimize waiting time" says the veteran transportation manager. Yet, that tribal knowledge, while perhaps useful before the advent of optimization technology,



may be more of a hindrance than a help. If waiting at a customer site results in an opportunity to combine deliveries, then the wait is more than offset by miles saved by using less equipment to complete the moves.

"Always maximize trailer weight," says the conventional wisdom of tribal knowledge. Whereas the optimizer looks at number of stops and cost per stop based on relevant information like customer orders, actual freight rates, ship-

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ment sku's, temperature settings location of trucks, equipment specifications and of course, cost. Which strategy for fulfillment do you think will be more effective? Being able to view each hypothetical scenario in the tool helps fully assess the quality of each decision and chart the most effective course.

THE TAKEAWAY

If you're experiencing any or all of the obstacles above, you are likely missing out on significant savings in spite of your TMS. Moreover, you're not likely delivering the maximum value to your own customers. But don't fret! With a TMS in place, you're nine tenths of the way there. Transportation optimization is the missing element required to fully unlock the value and benefits you set out to achieve with your TMS in the first place.

In the end, there is no "silver bullet"; no magic wand or secret ingredient that results in effective transportation optimization. But there are tools and practices to bridge the gaps between the transportation expertise of your planners and the practical requirements of the business environment.

Armed with their deep domain knowledge and these proven tools and best practices, your transportation management and planners can:

MAKE GOOD PLANNING GREAT

For example, in circumstances where some deliveries will be late, your personnel (but not the optimizer) will know which customers are willing to accept late deliveries and which are not. A good optimizer lets your personnel fine tune the routes to get best in class results

EFFECTIVELY RESPOND TO DISRUPTIONS

Transportation planners who use an optimizer can react more swiftly to unforeseeable events and, using the optimizer to quickly model several alternative plans, minimize the impact of disruptions. Additionally tribal knowledge leaves for vacations and sick days, optimizers do not.

ADAPTTOCHANGINGSITUATIONS/CONDITIONS

An optimizer like LoadFusion from UltraShipTMS can be configured to isolate and address changing priorities. E.g. the user can weigh the value of on-time delivery versus the expense of distance travelled.

Ultimately, a best-in-class optimization tool is flexible and avoids the often rigid limitations imposed by many planning tools available in the market. Don't be constrained by tools that limit planning to static, generic rules. Seek a solution, like the LoadFusion optimization engine built into UltraShipTMS, which captures all the relevant rules and accommodates the creation of new rules in real time.



UltraShipTMS is a respected provider of supply chain management technologies, services and consultation, helping Fortune 1000 organizations optimize and transform their transportation networks from opaque and rigid cost centers to strategic and responsive value drivers. UltraShipTMS provides a single-source solution for optimization, transportation and settlement for in- and out-bound shipping across all modes of transport. Delivered in the flexible, affordable Software-as-a-Service (SaaS) model, the UltraShipTMS suite offers proven tools for reengineering supply chain processes while unlocking complete transportation network visibility, improved collaboration and accountability. Built and supported by the same team of transportation industry veterans and software developers, UltraShipTMS is an emerging leader in the supply chain management industry.

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