

5 Quick Tips

to Optimize
Your Transportation
and Logistics Network

Is your network feeling the pains of disruption? While planning for a return to “normal” may still seem impossible, now is the ideal time to optimize.

Many shippers made structural changes to deal with shortages and shutdowns. Besides sourcing materials from new vendors, many also strengthened carrier relationships to meet capacity needs.

But there are more ways to add predictability and flexibility to your network. Since Q1 traditionally sees the lowest freight volumes, now is the best time to implement strategic measures to lower costs, increase service levels and minimize the risk of disruptions.

Below are 5 quick tips for using data and analytics to take the guesswork out of your strategy.

1. Identify problem areas in your network

Benchmark your transportation rates against the broader market to focus your planning efforts. While you assess what worked and what didn't, you may find instances where you paid above-market rates but did not see improved service levels. You may find opportunities to increase capacity and service levels by adjusting rates.

2. Create a single source of truth

Break the silos within your organization by unifying the business's supply chain and transportation datasets. Aggregating, centralizing and validating the data takes focused leadership, but the result will be a single source of truth that allows you to discuss trends with cross-functional team members to produce better business outcomes.

3. Refine new routing guides

As new rates and carriers from the annual bid get added to routing guides in Q1, you'll need to monitor early churn and costs. Comparing rates and performance in certain lanes to prior periods can indicate where ongoing change management is needed. You can continuously optimize by renegotiating rates, finding new carriers and conducting mini-bids to source capacity with shorter-term contracts.

4. Fortify your network for market changes

Some of the changes made to your transportation network during the past year were stopgap measures. Others were permanent. More changes will come as you adapt to market volatility. Moving forward, transportation will play an integral advisory role with supply chain, network design, finance, sales and other departments. If more vendors, DCs or warehouses are needed, you'll be adding new lanes and rates. Transportation can help achieve optimal results by operationalizing the new designs and by pre-empting problems.

5. Modify your fleet and modal mix

When conducting an RFP, your original strategy for dedicated, contract or dynamic (spot market) capacity might have differed from your current strategy. Pricing and benchmarking tools can compare the costs of those strategies.

Look for opportunities to create dedicated loops for private or dedicated fleets, or identify where a different modal mix (truckload, LTL, intermodal, etc.) might be more cost effective.

Optimizing a transportation network does not have to be a long, drawn-out process reserved for engineers and advanced technology. Data analytics can inform business decisions at all levels and help elevate transportation planning to a strategic level.