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KNOW**

# **Six Keys to Effective Supply Chain Management**



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Managing a supply chain means solving a new puzzle every day. With broken routing guides, volatile freight rates, and economic and regulatory uncertainties, supply chain and logistics professionals are tasked with overcoming constant disruptions in order to support their organization's overarching business goals.

And that's *before* hurricanes or Polar Vortexes force you to reroute your entire supply chain.

You need flexibility to navigate these disruptions, but the lack of predictability makes transportation procurement and budgeting all the more difficult.

Striking that balance has been a strategic priority for top shipping organizations. At a recent roundtable discussion hosted by DAT iQ, a group of leading transportation experts identified two focus areas for their transportation procurement and supply chain planning.

## **Variable budgets to solve for uncertainty**

Unexpected events like the COVID-19 pandemic, erratic weather patterns, and fluctuations in supply and demand create highly volatile, imbalanced freight markets, highlighting the importance of a sophisticated and variable transportation budget.

These budgets can be based on expected shipping volume, where the primary carrier rates are applied to forecasted volumes. For added flexibility, those prices can be adjusted based on historical rejection rates – either by carrier or lane – and include estimates of what the alternative or spot market costs on those lanes would be.

## **“Mini-bids” for continuous procurement**

The use of “mini-bids” – procurement events for a smaller subset of challenging lanes in your network – was a growing trend even before the pandemic. Capacity crunches caused by market volatility can break routing guides, ultimately accelerating the adoption of this more dynamic and continuous procurement strategy.

Mini-bids can also be put to use when adding new trucking lanes to your network or testing out new carriers. And in times of pricing volatility, they can produce savings by lowering your transportation spend.

**These strategies require accurate and timely market intelligence.**

## A checklist of essential considerations for a more flexible and efficient supply chain



### 1. Rate and performance benchmarks

Comparing costs across the broader market allows you to pinpoint network inefficiencies. Identify carriers, lanes and other opportunities to keep costs aligned with budget.



### 2. Accurate rate forecasts

Know where freight rates are heading with predictive models like those from DAT iQ, which are over 95% accurate across more than 7 million daily predictions.



### 3. Network insights

Understanding the seasonal and time-based demand in your supply chain – rather than just historical volumes – is critical to forecasting new volumes and lanes.



### 4. Continuous procurement

With real-time insights on the broader market and lane-specific trends, shippers can employ mini-bid strategies to address problematic lanes, reduce costs and/or improve service levels.



### 5. Flexible capacity

When the market is tight, you need to mitigate spot market risks. With granular lane-level data on carrier truck posts and search activity, you can identify savings opportunities and new sources of capacity while avoiding service failures.



### 6. Streamlined reports

Last year brought extra attention to transportation and logistics. Save time and resources with clear, easy-to-understand reports based on real market conditions.

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