

Regional Carriers



“An inside look”

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What is a Regional Carrier?

- A.K.A. Last Mile, 3PL, Carrier, etc...
- Multi City/State Geography
- Annual Revenue \$100M to several hundred Million
- Provides various services:
 - » On-demand delivery
 - » Scheduled delivery
 - » Sortation
 - » Store Replenishment
 - » Postal insertion
 - » Cross-docking
 - » Warehousing

Who Uses Regional Carriers and Why?

Internet sales are surpassing brick & mortar and price competition is fierce. While retailers carefully watch Walmart's pricing and trends, Online sellers watch Amazon who very aggressively price their shipping.

Regional Carriers can usually deliver your offerings to your end users at a lower cost than other big shippers or internal fleets. They have less overhead and an existing distribution network suitable for the intended delivery areas. They are flexible operations and regularly implement customer specific service solutions.

Retailers, ecommerce, Pharmaceuticals, Publishers, Food Distributors and Financials are just some industries that use Regional Carriers.

Businesses need to find ways to reduce the consumer's portion of shipping costs and still meet desired delivery times in order to remain relevant online.



Facilities

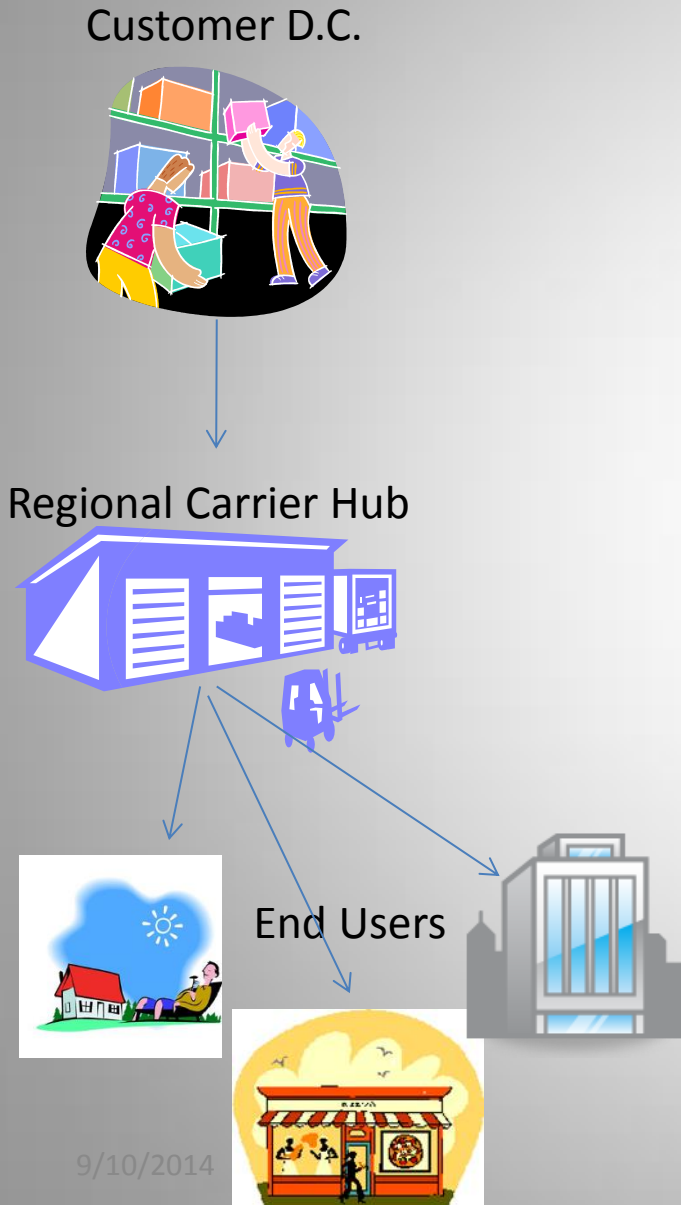
- Typically 10,000 - 30,000 sqr ft
- 2-10 dock doors; 1-2 drive-in doors
- Inside loading; Some dock loading
- Rarely automated
- Economically located
- A few to dozens of Hubs
- Customer dock direct

The Operation

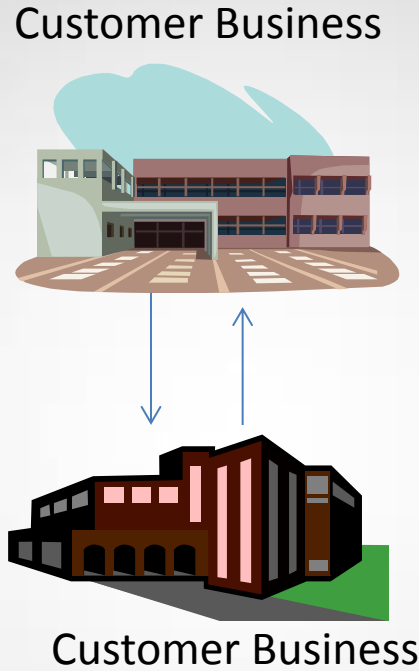
- Independent Contractors
- Fleet Contractors
- Sub Contractors
- Agency labor (temps)
- Hand scanner accountability
- Hub and spoke model
- Box trucks and cargo vans
- Dedicated vs Non-dedicated
- Jockeying real-estate

Let's now take a look at various delivery models...

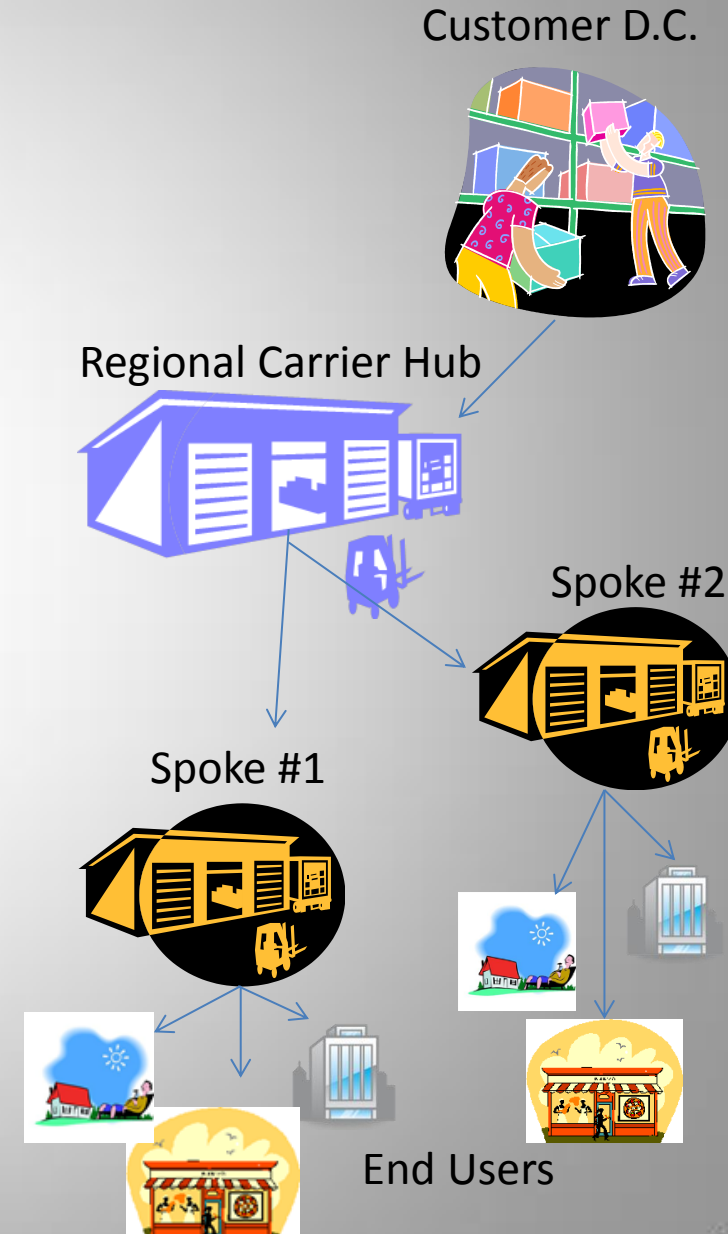
1) Basic Distribution



2) On Demand

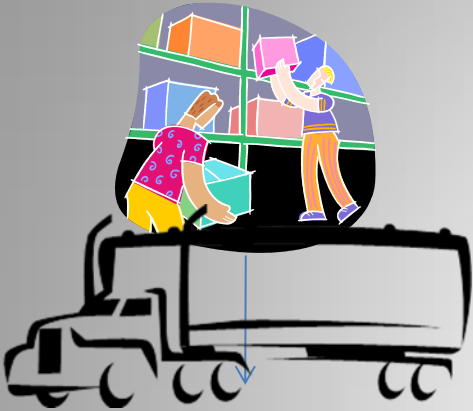


3) Hub & Spoke

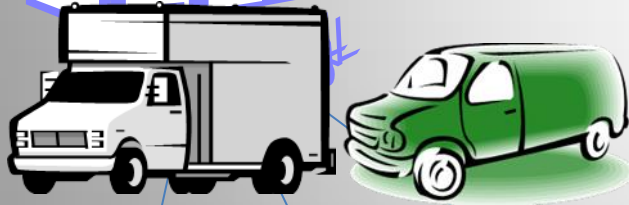


1) Basic Distribution

Customer D.C.



Regional Carrier Hub

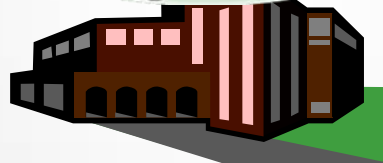


End Users



2) On Demand

Customer Business



Customer Business

3) Hub & Spoke

Customer D.C.



Regional Carrier Hub



Spoke #2



Spoke #1



End Users



Customer D.C.

4) Postal Insertion



Shipper

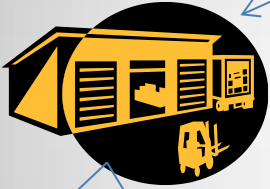


Carrier Hub



POST OFFICE

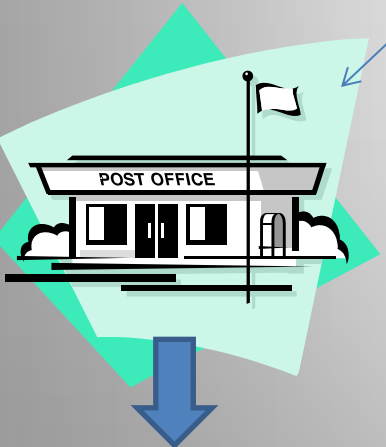
Spoke #1



Spoke #2



POST OFFICE



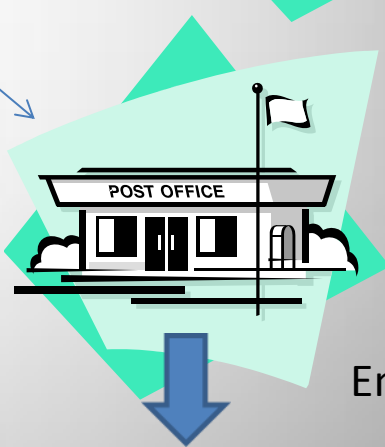
POST OFFICE



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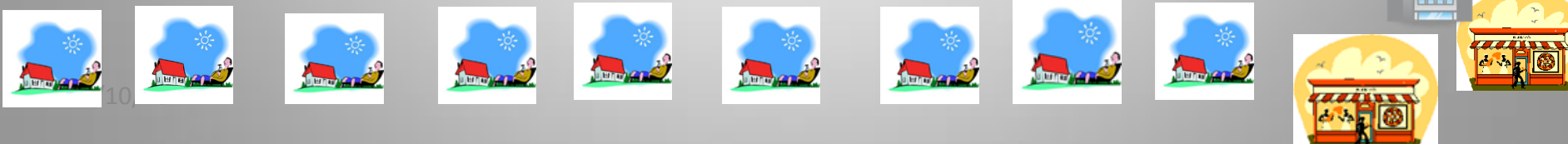


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POST OFFICE

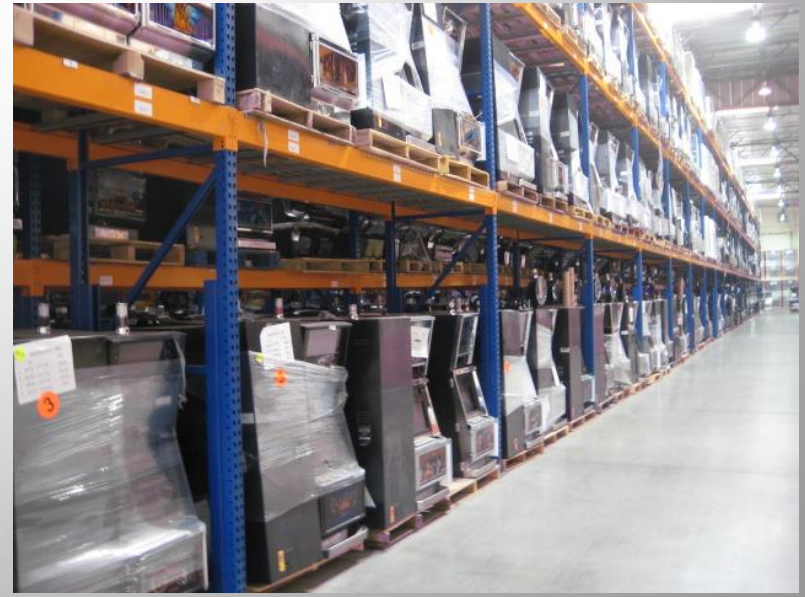
End Users



Single Package Accountability



Piece Accountability



Pallet Accountability



Gaylord Accountability



Sack Accountability



Tracking

Scan Data = Chain of Custody



1. Receive Scan

- ASN challenges

2. Load Scan

- Not Reported
- Warehouse vs Driver

3. Delivery Scan

- POD falsification
- Manually Closing vs Scans
- Consolidated Units (sack, pallet, gaylord)



A strong chain-of-custody minimizes loss/theft.

Lost Revenue

Carriers are very worried about failures. They can't afford to lose your business!

Failure #1 = Theft

Failure #2 = Lost

Failure #3 = Damaged

Failure #4 = Delays

Failure #5 = Misc. Service Failures



Tolerance level is set by the customer. Score cards and exception reports measure performance.

Concealed Shortages

- Customer responsibility to prove.
- QA audits
- Look for trends
- Before/After Pics
- Examine supplies used
- Detail receive

Seal Integrity



Driver Challenges

- Co-employment (Independent Contractors)
 - Training, Meetings and Policies
 - Fleet Contractors, Sub Contractors
- DQ files
- Varying settlement models (per piece, stop, route, day, mile)
- Broken chain-of-custody
- Seal and Padlocks
- PODs
- Driver Owned Vehicles (Searches, GPS, Recovery)

Investigation Short-Comings

- Omissions
- Staffed investigators unlikely
- Customer initiates
- Trend Investigations, not piece
- Deterrence vs apprehension
- Squeaky Wheel
- Communicate with other customers

Contracts & Pricing



- You get what you paid for
- Set up to fail
- Limited resources
- Expertise moving freight, not security
- Lack of training
- Loss Prevention controls after thought
- Who writes your business plan and contract?
- Security Requirements

Auditing & Compliance

- Unless contractual, Carriers don't audit themselves
- Require Driver Audits, Self Audits and Action Plans
- Visit each hub prior to start-up; Regularly Audit
- Establish penalties for repeat failures
- Don't over demand; Use Industry Standards
- Communicate with their other customers to monitor

Physical Security



Physical Security



Physical Security



Physical Security



Professional Standards



Access Control



Outside Loading



Congestion



Housekeeping



Product Handling



Delivery Vehicle Security



Cameras



Safety



Loss Prevention Influences

1. Contractual Security Requirements
2. Audits & Self-Audits (warehouse and drivers)
3. Investigative Standards
4. Claim Protocol
5. Sell the Loss Prevention role

Thank You!

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