



The 3 biggest challenges transportation and logistics managers need to face and overcome

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Introduction: What does the future hold for freight forwarders?

The supply chain changes constantly. Markets change, the needs of the clients change and so do the products. Logistics managers have to come up with flexible solutions, which are capable of acclimatizing to these changes.

Commonly associated with transportation, logistics is a quite complex management area. It involves the entire supply chain, including storage planning, circulation and distribution of the products.



Due to the high volatility of freight rates and oil prices, the freight forwarding market has been undergoing structural changes, and this uncertain global economic situation means that freight forwarders need to be attuned and responsive to macro-trends.

A lot of freight forwarders, even some of the largest, lack the tools that would give them the visibility and the agility to thrive in such a challenging market environment.

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The 3 biggest challenges transportation and logistics managers have to face and overcome!

The large urban centres with their mobility dilemmas, restrictions, in addition to bureaucracy, are new problems requiring innovative solutions from modern managers.

The advanced technology of transport equipment and initiatives, such as intermodality, multimodality (the integration of various modes of transport) and outsourcing of the activity to logistics operators, have played an important role in reducing transportation costs.

Old solutions are not enough to solve new problems, therefore, we must think in a different way.

Innovation makes all the difference when it comes to transportation and logistics, whenever and under whatever circumstances it may be.

Governmental laws and legislation

There are governmental laws and regulations that seek the "moralization" of transportation and create barriers to hinder international trade through the use of bureaucratic measures and the over taxation of logistic operations. When it comes to the transportation of goods that have a duty associated, and therefore are related to the revenues of a country, it is necessary to process declarations and meet compliance requirements, hence ensure the appropriate duties and taxes are paid.

However, in this aspect, some countries seem to be speeding up the movement of goods to member countries, either making the job of the freight forwarders easier or lowering trade barriers, which both make life easier for shipping companies.

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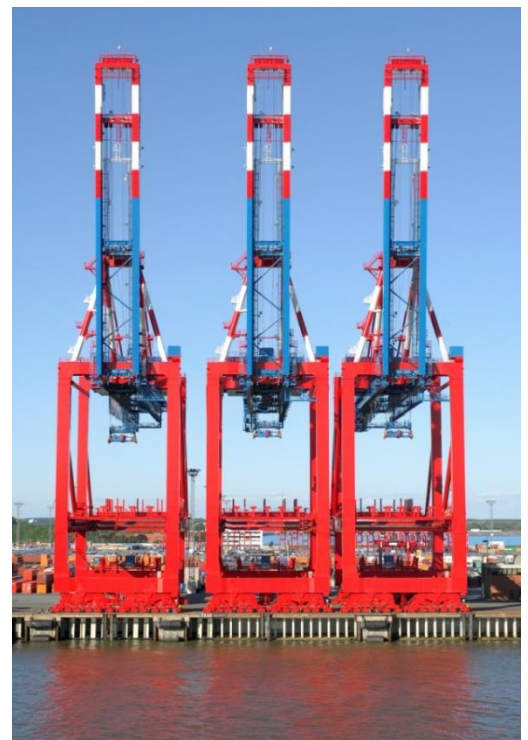


Governmental laws and legislation

Successful freight forwarders are aware of global challenges, such as adhering to international rules and regulations, using suitable shipping methods, considering supply chain visibility, and knowing when to turn to freight forwarding and broker specialists to get the job done.

It is essential to understand the constantly changing rules and regulations around the world in order to ship across borders. The most common problems in international transportation arise from documentation errors, because customs brokers lack adequate information about the items.

In order to avoid significant delays or additional transportation costs resulting from logistic negligence, it is crucial to collaborate with customs authorities at the origin and the destination, and to ensure that all information complies with country-specific regulations and procedures.



It does not matter how or how many shipments we deal with, it does not take much for international shipping to become complicated. It is important to know when to ask for help and **establish partnerships in order to alleviate difficulties, by relying on experts who have all the knowledge in regards to international transport regulations.**

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Investing into new information technologies

In addition to being valued by customers, new information technologies (IT) facilitate compliance with many regulations laid down by governments, more specifically, rules laid down by customs authorities.



We need to come back to the necessity of keeping up with the ever-changing market, leaving no doubt that transport has gained a lot from the use of new scientific methods and technologies, which help the monitoring and resolution of many problems the industry is presented with.

In order to manage logistics, it is essential to obtain a management *software* that helps with, for example, the control of stocks. Its use is fundamental, since operations can hardly be controlled at the "tip of the pencil" or by a simple *software* like the Excel sheet.

Transportation and logistics companies, especially smaller ones, may experience some difficulties investing capital into software packages that at times integrate various solutions. However, after some resistance, these information systems usually end up being adopted by the companies, due to their **low cost compared to the benefits they generate.**

Investing into new information technologies

Shipping companies have been working with great difficulty in such a dispersed market. Traditionally, this interaction has been very manual, relying on the experience of the teams at both ends and the transfer of hard copy documents, the phone, fax and email.

The market is changing, but as always the bigger shipping companies and freight forwarders have led the change by moving most shipments to an electronic exchange of information. However, many *mid-market* players and most small operators in this space lack the IT and systems capability to leverage the direct connect options.



Qualified Human Resources

Since the concept of integrated logistics has spread across companies and become more sophisticated, the demand for well-prepared and more self-determined professionals has also increased.

There are still very few professionals specialized in the field of logistics in the country. The logistics and transportation managers need to have a holistic and macro vision of the industry, and be, above all, **excellent leaders and real masters, enwrapping all the departments of logistics.**

Having a prepared team that understands logistics and its singularities, and is able to handle the dynamics of the market, as well as to identify and implement solutions to the new challenges arising in the business, **requires preparation, investment of one's time, and financial resources.**

It is also important to address the issue of **ethics**: the preparation of people with values is extremely important, because in certain doubtful niches of the market, you need honest and incorruptible people.

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New challenges to freight forwarders in 2016

According to the [British International Freight Association \(BIFA\)](#), government policy and legislative changes will bring even greater challenges to freight forwarders, apart from economic issues.

The two main impacts of legislation will be the implementation of the Community Customs Code redenominated **Union Customs Code (UCC)** and an amendment to the **International Convention for the Safety of Life at Sea (SOLAS)**, according to the Director General of BIFA, Robert Keen.

The **Union Customs Code** is to be introduced throughout the European Union in May 2016, and will affect the rules on goods crossing the EU borders. It will include **guarantees required to cover potential customs fees, the need for all communications between customs authorities and economic operators are electronic, and the end of certain reliefs.**



The amendment to the International Convention for the Safety of Life at Sea, which will come into force in July, will require verification of the gross weight of the containers prior to loading.

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Conclusion

Freight forwarding and logistics are still considered a developing industry. However, transportation and logistics companies have to deal with numerous problems in the coming years. For example, as the trade routes of the shipping industry become more and more competitive and the freight rates plunge, the traditional bargaining power of the industry with its shipping companies will be challenged. One important strategy in order to counter this challenge is **to use balance sheet strength to acquire niche players in important trade routes and geographies, especially in the emerging markets.**



Another key to growth and profitability is the ability to analyse the needs of the customers, and respond quickly with differentiated and advanced logistics solutions. This requires **better IT tools in order to improve internal process efficiency and generate analyses that result in a deeper understanding of the industries of the customers and the ins and outs of the business.**

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According to a study conducted by Accenture, which analysed companies in the freight forwarding industry between 2008 and 2011, high performers owe their success to a combination of factors: dominance over profitable trade lanes; strategic growth in the main emerging markets; and business models that are accompanied by an excellent operational team and are designed to develop expertise in the industries of the customers, while empowering those customers with greater information and better service at the same time.



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About Multicargo

MULTICARGO was founded in October 2010 by an industry professional who has been in the logistics and forwarding business for more than 25 years, having the support of a strong, dynamic and experienced team. It also has a vast international network of agents, with offices worldwide.

We offer a multifaceted service, personalized and directed to the needs of our clients.

Thank you for your interest!



Zona Industrial de Aveleda
Travessa do Bairro, 92
4485-010 Vila do Conde
Portugal
+351 220 930 060