

OWN YOUR SUPPLY CHAIN:

Ocean Shipping Best Practices

Shippabo

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Our Approach to Shipping

Shippabo is a company of shippers, logistics consultants, and technologists helping businesses ship on their terms. We approach shipping with a commitment to bring greater transparency, collaboration, and actionable data to the world of shipping and logistics.

I founded Shippabo because I'd experienced the frustrations of shipping first hand. Managing inventory accurately in order to plan for the future felt nearly impossible: Sorting through hundreds of emails simply to find an arrival estimate. Deciding on marked-up quotes that had no context or explanation. Trying to measure progress with sub-par data. Operating a business with a clear measurement of success and progress felt nearly impossible.

I was fed up. I wanted streamlined collaboration and clarity in my quotes. Partners I could trust. Real-time data. Intuitive reporting. I wanted to plan for the future and grow a business without my supply chain holding me back. So I set out to change the way shipping is done.

We now help clients gain control over their shipping processes and feel empowered to optimize their supply chains. Shippabo is built from the ground up by shippers and logistics experts. We've learned what we believe works best when operating with transparency, clarity, and simplicity in mind.

As such, we've crafted this eBook with Shippabo's best practices in mind — but remember, our best practices are not a one-size-fits-all way to approach shipping. Every business employs different processes and builds different operations based on its own set of values. It's what makes companies unique and uniquely advantaged. Take these and make them your own; it's time to own your supply chain from end to end.



— Nina Luu, CEO of Shippabo

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Establishing A Successful Supply Chain

“Variability is the No. 1 killer of the supply chain.”

Kendall Trainor, Wal-Mart senior director of operations support and supplier collaboration

‘Peace of mind’ is often a foreign concept in shipping. There are just too many ‘ifs, ands, and buts’ to account for across the supply chain to ensure smoothly achieving on time and in-full deliveries (OTIF). Even the U.S.’s largest corporations struggle to achieve OTIF: Wal-Mart’s top 75 suppliers have had OTIF scores as low as 10%, and none have reached Wal-Mart’s OTIF target of 95%.

The average inventory accuracy threshold for retail operations is just 63%.

As a result, shippers become less trusting and put layers and buffers into their processes. But an ideal shipping process should free you to book a shipment as soon as you place a purchase order. You can anticipate when the shipment arrives at your warehouse. And you can start selling when you book a shipment, rather than buffering for all the variables.

Every supply chain should help businesses achieve efficiency in their inventory turn and pre-planning capabilities. In achieving those two objectives, businesses can more accurately plan for the future and prosper.

79% of companies with high-performing supply chains achieve revenue growth greater than the average within their industries.

Supply chains often have three common pain points:

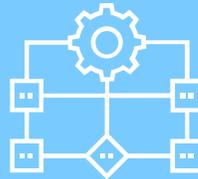
- 1 Visibility.** So you always know where your containers are and can plan accordingly.
- 2 Reporting.** So you can pull meaningful reports that help you make data-based decisions
- 3 Simple Contract Management:** So you can access multiple rates, match your options against your schedules and budget.

To solve these pain points, every supply chain needs to possess three core competencies:

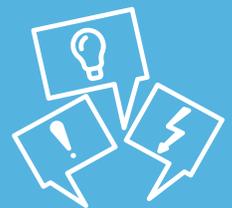
Collaboration



A Trusted Network



Accurate and Real-Time Data



¹ Bloomberg BusinessWeek, Wal-Mart Will Punish Its Suppliers For Delivering Early "<https://www.bloomberg.com/news/articles/2017-07-12/fined-for-arriving-early-wal-mart-puts-its-suppliers-on-notice>"

² CYBRA, 5 Surprising Statistics About America's Supply Chain "<https://cybra.com/5-surprising-statistics-about-americas-supply-chain/>"

³ Logistics Bureau, 7 Reasons Why The Supply Chain Matters to Business Success "<http://www.logisticsbureau.com/7-reasons-why-the-supply-chain-matters-to-business-success/>"

8 Tips for Optimizing Your Supply Chain

Follow these eight best practices in order to optimize your supply chain with collaboration, trust, and accuracy in mind.

1 Record Keep Diligently

While some aspects of your supply chain will remain out of your control without a solution, you can maintain some form of control by maintaining scrupulous records via spreadsheets and reporting inputs.

Other simple ways to keep track of all the details:

- ◆ Request information as early as possible along each stage of your shipment
- ◆ Set a turnaround time for updating info into your internal systems (for example, two business days from obtaining new information).
- ◆ Keep records in a shared system of some sort, so your team isn't constantly swapping the most recent version

2 Report on What Matters To You

At a bare minimum, we recommend that shippers and importers regularly report on:

- ◆ OTIF rate, ideally by vendor
- ◆ Inventory turn
- ◆ Cost of goods sold broken down by product cost, shipping cost, and any increases or decreases
- ◆ Revenue, broken down by each container's revenue

3 Keep Open Communication With Your Suppliers

Maintaining close communication with your suppliers is imperative. It may be easy to assume that every business has a standard way of operating that suppliers can predict.

But every business has different needs, operates a different way, and has different measures of success. And suppliers can't predict your business's needs until you clarify your requirements and expectations.

Set your expectations upfront. Otherwise shippers won't know how to give you what you need. Here are four ways to do so:

- ◆ **Set Expectations.** Make sure vendor guidelines are put in place for your suppliers to reference.
- ◆ **Ask For a Production Schedule.** This is outside of shipping, but is very helpful. Ask suppliers for the production schedule ahead of time and set up a check-in process.
- ◆ **Say What Works For You.** Set guidelines for QC and provide a booking process that asks for advanced shipment notifications.
- ◆ **Train Your Vendors.** Set up regular training and onboarding sessions with your vendors.

4 Invest Time In Building a Vendor Manual

Vendor manuals act as a guideline for your vendors and can serve as a point of reference if miscommunications arise. Building your vendor manuals helps set expectations for a healthy relationship.

Pro Tip: Everyone operates on a different time zone. A good manual can answer questions without waiting for email responses.

We recommend that, at the very least, your vendor manual include:

- Packaging instructions
- Sampling instructions
- Testing instructions
- Contact list: Who to contact and when
- Booking instructions: How to book containers, air shipment, ocean shipments, etc.
- The process for getting paid and submitting necessary documentation
- How to use the product (include information on specs, labeling, and brands)

5 Don't Underestimate the ASN

Advanced Shipment Notification (ASN) allows recipients to pre-plan their inventory. Invest as much time as you can to gather or request all information on your shipment at this stage. Doing so will ensure everyone is on the same page throughout the process. And when things go awry, you can pinpoint where something went awry.

What is ASN?

Advanced shipping notice (ASN) is a document that provides detailed information about a pending delivery. The purpose of an ASN is to notify the customer when shipping occurs and provide physical characteristics about the shipment so the customer can be prepared to accept delivery.

Some important details to include in your ASN:

- Bill of Lading (BOL) number
- Estimated In-DC date
- Shipping method
- Shipment contents
- Purchase order information
- Contact information for shipping parties
- Transit schedule
- Shipment dimension and weight

6 Cross Your T-s and Dot Your I-s Before Going to Customs

Remember that government entities are here to support businesses and help them grow. U.S. Customs & Border Protection (CBP) is here to help; it's in their best interest to generate more tax revenue and bring in more products.

Above all else, remember that CBP cares about following the best practices they have set. So to avoid having issues and delaying your shipment, double and triple check that you have the right info in the right manner.

Ask yourself:

- ◆ Is my invoicing correct?
- ◆ Do my cartons match what I'm shipping?
- ◆ Am I packing my products with the correct packaging?
- ◆ Is my container well organized?
- ◆ Have I classified my product correctly?

This recommendation may seem simple. But there are so many moving parts in your shipments — double checking everything will save you time down the road.

Pro Tip: Access quite a bit of knowledge around CBP expectations and best practices on www.cbp.gov.

7 Choose Containers With Your Timeline In Mind

Because CBP exams happen at random, there's not much you can do to avoid being selected for one. Choosing your container types is one way to try and avoid being stuck in an exam — and helping to keep your shipment on track.

If you're shipping anything that is 60% or more of the container size, consider shipping via FCL instead of LCL.

FCL: Full-Container Load

LCL: Less-Than Container Load

With FCL, you have full control over what's in the container. How you label, pack, and classify the container's cargo is entirely within your control, because the container only contains your cargo.

With LCL, you mix various company's products and so you lose some level of control. Other businesses may not have labeled, packed, or classified their cargo correctly. And so, if they get flagged for an exam, your cargo is delayed too.

FCL may come with a higher cost, so weigh the cost against the possible delays when making your decision.

8 Pay Your Shippers Before Getting Your Shipment

If your shipments are late, the first thing to check is whether you paid your vendor on time — or even early.

We recommend implementing a best practice to pay your shipper three to five days before your shipment arrives, rather than waiting for your arrival notice. While many businesses wait to make a payment, we recommend paying earlier to give your vendor time to process the release.

Common Shipping FAQs, Answered



What can I do internally to help ensure my shipment arrives on time?

We recommend implementing two internal best practices:

1. Pre-book shipments as soon as you can.

Don't wait until your shipments are ready to start booking. Instead, try to access carrier schedules and pre-book wherever you can. Companies are often unaware that pre-booking is an option; the idea of having a schedule for booking isn't the norm.

Here at Shippabo, we recommend our clients pre-book whenever they can — within a system like ours, doing so is just a matter of reviewing our network's schedules and making your decision. If you're booking your shipment on your own, pre-booking may be a little challenging and you'll likely need an agent. They'll give you a few carrier schedules to review and choose from.

2. Set requirements for In-DC dates.

When you have a specific In-DC date to work backwards from, you're managing expectations upfront for your end goal.

In-DC: In-Distribution Center Date or, the date at which your shipment arrives



How can I leverage my intelligence to help my business scale?

Reduce your inventory holdings. Doing so will help your supply chain teams worry less and, instead, focus on planning how to turn your inventory most effectively. Your sales teams can more confidently communicate with customers and earn commitments sooner.

If you pre-book and set requirements for In-DC dates, you'll go a long way towards reducing inventory holdings.



How can I best improve SKU-level visibility across my team?

Having a streamlined way to share shipping progress across your entire network is the best way to improve SKU-level visibility. That way, everyone from your logistics team to your sales or accounting teams have similarity in their data. This could be a solution like Shippabo, or a combination of shared documents and consistent communication between teams.

SKU-level visibility also gives you a better picture on what you're spending, so you can make better purchasing decisions down the road.



How can I improve my quotes and rates?

Always understand all your options, in order to keep your quotes and rates competitive. Don't just rely on the specific vendor you're familiar with. Take a critical eye to how and what your business is doing. And re-organize to optimize accordingly. At Shippabo, we've found that many businesses with successful supply chains will negotiate their own contracts and utilize market rates to create an optimized cost savings for their supply chain.

Most companies that do over 1,000 containers will do BCO contracts, while companies with fewer than 1,000 containers won't utilize that option and instead rely on freight forwarders. That reliance on freight forwarders becomes a challenge for those companies. Many, when looking at rates, have a hard time understanding what is a real cost versus a fee.

BCO Contracts: Beneficial Cargo Owner or, the importer of record who takes possession of cargo at the destination.

How Shippabo Can Help

We built Shippabo to empower everyone along the supply chain — internally and externally — to work with greater transparency, collaboration, and actionable data.

Our platform helps shippers:

- ◆ Access every shipment detail with just a few clicks
- ◆ Bring everyone in your supply chain onto the same page
- ◆ Stay competitive with instant quoting and contract management
- ◆ Operate in real time with intuitive analytics and inventory optimizations

Own your supply chain with **Shippabo**.
Reach out to the team at info@shippabo.com