



Sourcing Bulk Freight Capacity:

7 steps shippers can take to keep their supply lines moving

SOURCING BULK FREIGHT CAPACITY

The combination of increased demand for tanker trucks and diminished capacity is creating a dangerous imbalance that threatens the supply lines of chemical companies and other bulk shippers. The risk is highest for smaller bulk shippers who lack the volume to attract carriers' business.

Scarce tanker truck capacity has created a new and different industry dynamic: the hunters (carriers pursuing freight) are now the hunted (carriers being pursued for scarce capacity).

Chances are, as a shipper, you've been asked time and again to rate carriers. Well, guess what? Now *carriers are rating shippers* – on Google, Yelp and newer apps like Dock 411. The tables have turned and, from where we sit, bulk shippers have been slow to respond to this new reality.

The unwillingness of bulk shippers to take the steps required to become “shippers of choice” is a danger sign in a seller's market, where transportation providers are more selective about the companies they haul for and the locations they visit. In the bulk freight world (where everyone seems to know everyone), shippers with a poor reputation among drivers and carriers will find it's a tough label to shake.

This paper offers 7 tips bulk shippers can take to make their freight more attractive and ensure their supply lines keep moving.



1 ASSESS THE DOWNSIDE RISK

Chemical companies spend a lot of time thinking about product-related risks (spills, explosions, fires) but precious little time thinking about the risk associated with unreliable supply chains caused by freight capacity shortages. Once you appreciate the risk, you're more likely to act urgently to prioritize "shipper of choice" initiatives.

What are some of the risks if lack of capacity leads to supply chain disruptions?
Below are just a few.

Production delays

Whether it's your plant or your customer's plant, material delays are devastating in process industries where line-down situations can cost tens of thousands of dollars.

Lost market share

Unless your product is unique, a supply chain disruption is the only excuse a customer may need to leave for another supplier. No transportation professional wants that hung around their neck.

Lost profits

Poor capacity planning likely means you'll need to scramble to cover loads and, inevitably, pay more. Over time, inflated freight rates take a toll on company profits and attract the kind of attention you don't want from the corner office.

Talent flight

Corporate transportation managers are stressed out. They are at their desks until 7 or 8 pm trying to cover loads that sales or production people say "have to get there." When the stress gets too much, they leave, taking years of valuable experience and industry contacts with them.

2 ESTABLISH SOPs FOR TANKER TRUCK LOADING AND UNLOADING

Walk into most process industry manufacturers – chemical, food, pulp & paper, etc. – and you’ll find stacks of binders with ISO-mandated procedures. So, why is it that these same companies lack well-thought-out, clearly documented processes for loading and unloading tanker trucks?

To start, think about documenting the following:

- **Who are the driver’s main contacts on campus and how can he contact them upon arrival?** Drivers want to get in and out as quickly as possible and become frustrated when they can’t talk to someone or get the runaround.
- **Where do drivers need to go?** Be specific. Some plants can be as big as college campuses.
- **What are the equipment needs?** Even companies that *do* have written SOPs often forget this important detail.
- **Detail the steps in the process and who is responsible.** Remember, drivers are not loaders, unloaders or quality assurance professionals. They drive. That’s it. In days past, you might have seen drivers jumping up on tanks and checking tank wash quality, but insurance companies have clamped down on such practices. Identify the people on your end who will monitor the loading/unloading process.
- **What is the back-up plan?** Is there a contingency if extra hoses are needed? What if storage tanks become full before unloading is finished? For these situations, many companies have extra totes or drums available to store the material left in the tank. This avoids high disposal costs.

3 BE FASTER

New hours of service (HOS) limits for drivers magnify the importance of faster turn times at your plant. If you regularly hold drivers up for hours, carriers are less likely to service you. Real simple.

Some shippers' policies are out of step with the reality of the current bulk freight market. For instance, many have a "first come, first served" policy for drivers on unloading, regardless of appointment time. That's frustrating for drivers who work hard to keep to a precise schedule.

These drivers dislike the policy because the resultant waits eat into their HOS. Carriers dislike the policy because it often means they have to pay drivers to sit and wait. More and more carriers, and the freight brokers who may use them, are choosing to avoid locations with "first come, first served" unloading.

Another annoyance for drivers is not being able to check in quickly. One company we know has a standing loading dock lunch break at

noon. If a driver arrives at 11:45, he's typically waiting until 1:15 to get someone's attention – and he's on the HOS clock the whole time.

These kinds of practices ignore the capacity constraints of the current bulk freight market. Perhaps the best first step is to start monitoring truck detention time at your plants, if you don't already. Then examine ways to speed the process. If you want a head start on the turn-time calculation, just ask your transportation providers. They are certainly keeping track of driver delays at your plant and sharing any frustrations they have with anyone who will listen.



4 BE MORE FLEXIBLE

Flexibility will score you major points with carriers and freight brokers, particularly with liquid bulk loads where a host of factors outside of the carrier's control – tank wash facility delays, loading delays, road construction – can impact arrival times.

In contrast, inflexible shippers can create enemies and land on the “shippers to avoid list” (yes, these lists really do exist). Take, for example, the mid-sized manufacturing company in the Northeast that strictly enforces appointment times for carriers – 15 minutes late and you might have to wait 1–2 days to get in. That company's suppliers don't have a choice – they *have to* figure out a way to deliver. But carriers don't, and some won't.

Here are some ideas to introduce more flexibility into your freight loading and receiving operations:

- Extend delivery windows to allow carriers more flexibility in scheduling – even night pickups and deliveries.
- Provide a secure parking lot, allowing a driver to drop his tank and take his break during loading.
- Ship on off-peak days when demand is lower.
- Confer with transportation partners on shipping schedules that could work for both of you. When you get closer to carriers, you learn how to make them more efficient, while getting your loads covered at the same time.

5 CREATE DRIVER FRIENDLY FACILITIES

The cold reality of today's bulk freight market is that, if freight is available from multiple companies in your area, carriers will choose the locations that provide rapid turnaround, are clean and safe, and treat drivers with respect.

Do an honest assessment of your own operation from a driver's point of view:
Is your location driver-friendly?

Here's a partial checklist to help answer the driver-friendly question:

- Check-in windows manned at all times
- Clear signage or instructions on where to load/unload
- Safe environment for driving, clear of barrels and debris, with load/unload locations that are easy to reach
- Clean bathroom facilities and break rooms
- Weigh scales on site or at a convenient off-site location
- Attitude of respect and helpfulness toward visiting drivers

Drivers know the locations that appreciate and respect the work they do – and those that do not. They are quick to share their assessment, directly or through social channels, with their employers and other drivers. By investing the time to become a driver-friendly plant, you can get on the right side of this discussion.



6 FORM CLOSER, STRATEGIC RELATIONSHIPS WITH TRANSPORTATION PROVIDERS

Some shippers are notorious for playing transportation providers (freight brokers, carriers) against each other to squeeze another nickel of profit from the rate. It's a purchasing tactic that simply doesn't work in a capacity-constrained market where providers don't have to sacrifice profit to stay loaded. Given a choice, they will choose to service shippers where a relationship of trust and mutual respect has been established.

Sure, it takes time to build these relationships, but there is a financial payback.

Here are some outcomes of a long-term partnership that can generate cost savings for you.

- **Network efficiency.** Longer-term contracts give providers time to mine for other customers in the area to keep trucks loaded and moving. This efficiency translates into better rates.
- **Better service.** When you work with the same carriers and drivers, relationships develop at pick-up and delivery points and drivers learn the unique requirements at each plant for faster, smoother visits.
- **Better rates.** Familiarity with the business helps. For instance, if a freight broker has managed loads going into your plant 100 times and knows that the process is smooth and payment is quick, it will factor less risk into the rate.
- **Ready capacity.** Your loyalty to freight brokers and carriers in good times may earn you preferred shipper status when capacity tightens.
- **Greater productivity.** There is no substitute for peace of mind and knowing that you are working with an experienced provider who will get the job done right. That frees you to focus on other, more strategic tasks.

7 PARTNER WITH A FREIGHT BROKER THAT SPECIALIZES IN BULK FREIGHT

The most profitable carriers keep their trucks loaded, continuously re-loading and moving from point to point and back to the terminal. They appreciate (and are loyal to) shippers and brokers that can help identify re-load opportunities. That's hard for smaller bulk shippers to do, and it's one of the reasons you should consider partnering with a freight broker that specializes in tanker capacity.

These specialist brokers work with all types of bulk shippers, so they can help their carrier partners re-load in a way that you, as an individual shipper, cannot. You can use freight brokers on an as-needed basis, such as for specific lanes, or you may choose to outsource your entire transportation operation.

Here are some of the advantages of outsourcing freight management:

- **Ongoing and surge capacity.** Brokers have relationships with hundreds of tanker truck carriers – relationships it would be tough for you to build on your own.
- **Expert, objective advice.** Brokers have access to carrier capacity with the added benefit of objectivity. Based on the region, lane, equipment, commodity, insurance and special service requirements, bulk freight brokers can advise on the delivery strategy and the best carrier for the job.
- **Freedom to focus on your business.** Your company's job is to make and market a quality product. A broker's job is to build relationships with carriers to create a large, reliable freight network. It's hard to do both.
- **Competitive rates.** Brokers can leverage their volumes across many shippers to negotiate better rates with carriers than you could get on your own.
- **One-stop shopping for multi-location operations.** A regional carrier may only be able to help in that region, but the right broker can handle your needs across North America.
- **Rapid scale.** If a weather issue or other significant event disrupts the flow of freight, it's not unusual for companies to need 10 trucks or more in a short time period. While individual carriers might not have the ready capacity to help, freight brokers can ramp up quickly and save the day.

YOUR CHALLENGE: TRANSFORM OPERATIONS TO KEEP SUPPLY LINES MOVING

The current market for bulk freight, where demand exceeds supply, is fraught with risk for bulk shippers. Your company's survival depends on your continued ability to source scarce freight capacity at an affordable price.

The winners will be the process industry manufacturers that completely transform corporate warehouse, freight and purchasing operations that, let's face it, have historically taken truck capacity for granted. Those companies – the true shippers of choice – will earn the loyalty of the carrier community, and the gratitude of their organizations.



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About Bulk Connection

Founded in 1987, Bulk Connection is a licensed, bonded and insured freight broker that gives shippers safe, reliable capacity for bulk freight and other shipments. We are bulk freight specialists, so you deal with experts, not order takers, who can advise you on the best shipping methods.

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