



Point to Point

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Logistics insights provided to you by **AVERITT**



TARIFFS, TRADE WARS & THE SUPPLY CHAINS IN THE MIDDLE

Few things make shippers more worried than threats of tariffs and trade wars. Almost daily, new tariffs are being announced by nearly every major economic power. With uncertainty on what will happen next, many businesses are entering uncharted waters.

WHY IS THIS HAPPENING NOW?

For many years the U.S. has held a large trade imbalance. In 2017, the U.S. exported \$566 billion less in goods and services than it imported. While that number is sharply down from a record high of \$762 billion in 2016, the gap is still very large.

With cheaper costs per labor and resources, outsourcing has made perfect sense for some businesses. Unfortunately, outsourcing has also led to a deterioration of the American manufacturing industry. Additionally, the national debt has continued to climb as a direct result of the imbalance.

Some view the U.S. efforts to impose tariffs as a bargaining chip to help level the playing field. Others have pinned it as a protectionist approach against globalization. Whatever side one falls on, business as usual may no longer be the case.

WHAT CAN INTERNATIONAL SHIPPERS DO?

Behind the public discourse and government negotiations, the state of supply chains is at the heart of the debate. Businesses and consumers alike have a stake in the outcome.

DON'T PANIC

Much of what we are hearing today is essentially negotiating tactics. Even with the anxiety being expressed by the media and businesses, international volumes have so far remained steady.

Drastic supply chain changes, such as switching suppliers on a whim, may do more harm than good in the long run. In the end, importers and exporters may even benefit from the outcome.

Visit
AverittInternational.com/Tariffs
For News And Updates
Regarding Trade Tariffs

DO YOUR RESEARCH

Avoid being reactionary. Instead, be proactive by staying abreast of what's happening.

In the event that tariffs are imposed on certain imported goods, foreign suppliers may reduce their costs. Remember, suppliers want to stay in business just as much as their buyers do. Moreover, domestic suppliers may become cheaper to deal with.

WORK CLOSELY WITH SERVICE PROVIDERS

Tariffs or no tariffs, importers and exporters should remain close to their supply chain service providers. Don't keep your concerns or questions to yourself. Your service providers should be an extension of your business because they have just as much to lose or gain as you do.

Identify partners that can be nimble and flexible to your company's needs. If you are looking to outsource to another supplier in a different country, or even nearshore or reshore, make sure your partners can help. **PtoP**

DRIVER SHORTAGE:

TAKING STEPS TO IMPROVE THE DRIVER EXPERIENCE

Buoyed by a host of factors, including an aging workforce, growing regulations and freight demand, the driver

shortage continues. However, your carriers can take steps to mitigate the fallout in order to improve hiring and retention.

AVERITT'S APPROACH

Averitt's approach to the challenge of hiring and retention has evolved. So far, our initiatives have reduced our turnover rate to nearly half the industry average. The approach is simple: Listen. Communicate. Nurture. Grow.

Listen: The foundation of our strategy is built upon listening to our drivers. Instituting an open-door policy, however, is not as easy in the trucking industry. To that note, Averitt utilizes new hire feedback surveys and an anonymous open line to ensure drivers are free to tell us what's working and what's not. Additionally, we take recommendations from our Driver Advisory Council that consists of veteran drivers.

Communicate: Long periods out on the road coupled with sparse interaction with co-workers can create a sense of isolation. To overcome this challenge, Averitt uses a variety of communication channels to keep drivers



informed and in the fold. Our steps to narrow the divide include offering an associate app, website, podcast and regular content to keep our drivers informed.

Nurture: The third pillar of our strategy is built around taking steps to improve life on the road. This includes providing access to amenities that people often take for

granted. Many of our facilities feature showers, washers and dryers, exercise equipment and wireless internet. Additionally, we use modern equipment and advanced safety technologies in our trucks to make driving as comfortable and safe as possible.

Grow: Beyond improving the daily life of our drivers, we strive to help them grow both professionally and personally. Aside from pay increases, we believe it's important to set goals and to receive appreciation for a job well done. To achieve this, we provide training and mentoring to new drivers, rewards programs when goals are met and cash awards for referring new hires. Additionally, we work with our drivers to enable them to move upward and into different positions within the company.

Through the four points of our hiring and retention strategy, we aim to make Averitt a carrier of choice for drivers. They are the backbone of everything we do.

Finally, shippers can also help improve the driver experience. From providing clean restrooms, fresh coffee, and air-conditioned and heated waiting areas, there is always room for improvement. Together, carriers and shippers can take steps and make changes that will have a positive impact. We have to remember that we all equally depend on our drivers. PtoP

HOW A TRANSPORTATION MANAGEMENT SYSTEM CAN BENEFIT SHIPPERS

Employing a transportation management system (TMS) into your business may sound like a daunting challenge to undertake. However, the potential return on investment can easily wash away the anxieties.

To better understand the benefits of utilizing a TMS program, ask yourself what your main shipping challenges are. Is it pricing, reliable service or capacity? Do you need a clearer picture of your entire supply chain from end to end? The right TMS can help you find solutions to these challenges and more.

SHOP AROUND FOR RATES

The core benefit of a TMS for most shippers is the ability to shop multiple carrier rates in one place. Aside from the ability to check rates, a TMS can provide other helpful data. These points may include on-time performance, which is important when deciding whether to pay more or less for a particular carrier.

There are many inexpensive and even free TMS products that shippers can quickly take advantage of.

ENHANCED PLANNING AND EFFICIENCY

The capability of an advanced TMS improves over time. With each shipment, the program collects data that it analyzes and cross-references.

Many of these advanced systems provide access to additional service modes, including rail and air. With the ability to dissect a wealth of data to identify trends, you can easily improve your planning based on a variety of personalized criteria.

Aside from rate shopping and planning, some TMSs can link together with other supply chain operations. Averitt's ATOM System®, for example, can integrate with a warehouse management system to establish an even clearer overview of your inventory and supply chain.

MORE SATISFIED CUSTOMERS

Some systems have the ability to allow you and your customers to exchange data. For instance, a system could send a text message to notify your customer of a delivery that has just been scheduled or delayed.

Taking advantage of TMS data can help you ship better, and it can have a positive trickle-down effect for your customers! **PtoP**



UNDERSTANDING: NONTRADITIONAL DELIVERY & ACCESSORIAL CHARGES

POINT
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One of the most frustrating challenges that shippers face in their supply chain are accessorial charges.

These charges are the additional costs applied to a shipment that require extra services beyond standard pickup and delivery. These fees may include:

- **Inside delivery**
- **Use of liftgates**
- **Weight adjustments**
- **Handling of hazardous materials**
- **Residential or construction site delivery**

WHY CHARGES ARE APPLIED

Most carriers will work with you to make sure that everything is planned ahead for a seamless delivery. At Averitt, we will ask you questions such as whether or not you have a dock or need inside delivery. The charges will still apply, but they will be done so in a transparent manner and also show up on the initial invoice.

So why do accessorial charges exist to begin with?

DRIVERS HAVE TO KEEP MOVING

Carriers are not afraid to perform extra services when they are given a heads-up. A driver, however, has to keep his or her truck moving as much as possible. An LTL driver, for example, may be carrying freight for as many as 10-15 shippers at once. Freight is loaded and routes are drawn up to ensure that the driver can make deliveries on time.

Unfortunately, the unexpected needs of one customer can cause delays for everyone else when extra time is required to unload.

SAFETY IS THE PRIMARY GOAL

Safety is the most important reason that accessorial services and their charges exist. Any delivery to a location without a dock, for example, will require a trailer equipped with a liftgate to unload.

As you can imagine, making the decision to unload a 200-pound shipment by hand rather than incurring the accessorial fee can be dangerous. All too commonly, bypassing such precautions results in a fall from the trailer or damage to the freight.

Safety is a shared responsibility of both carriers and shippers!

HELP YOUR CARRIER AVOID THE UNEXPECTED

Accessorial charges are a fundamental part of the shipping and transportation industry. Carriers have to operate with time and safety in mind.

Help your carrier perform better by making it aware of your needs ahead of time. Carriers are not afraid to go the extra mile to help you succeed at operating your business timely and efficiently. Your carrier partner is just that - *your partner*. **PtoP**



SHIPPER ON POINT: DELIVERING LOCAL EXPERTISE IN THE WINDY CITY

Home to nearly 3 million people, Chicago is one of the busiest cities in the United States.

And with record-level congestion on the streets and limited freight capacity, it's also one of the most difficult markets to manage a complex logistics project.

For LynnCo Supply Chain Solutions Inc., a supply chain solutions provider based out of Tulsa, OK, finding the right asset-based partners is the key to success.

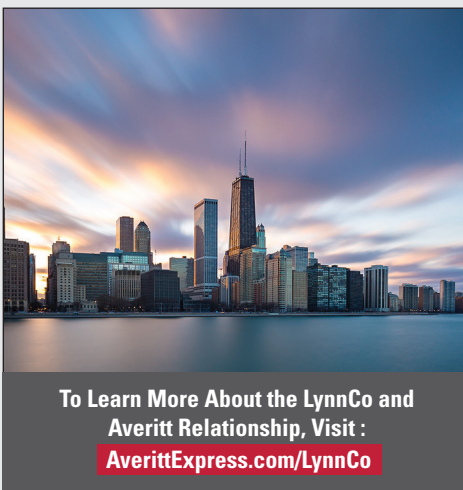
When LynnCo was tasked with managing the supply chain for a high-rise development in the city's bustling downtown, it knew the project's logistics would be particularly challenging.

One of the biggest challenges is the small delivery window that drivers have to make to a construction site, which often requires streets to be closed.

"You can't be late and you can't be too early," said LynnCo's vice president of supply chain solutions, Jae Whang. "If you miss that time slot, it could take you another week or two to get back there."

At first, the project relied on long-haul carriers to deliver glass and window installations to the construction site.

Faced with challenges that could set the drivers back, including ELD regulations and unfamiliarity of the local streets, the project's on-time performance took a hit.



To Learn More About the LynnCo and Averitt Relationship, Visit :
AverittExpress.com/LynnCo

THE SOLUTION

To overcome the challenges, LynnCo reached out to Averitt to help devise a localized strategy. Forging a new partnership, a plan was built out utilizing Averitt's Chicago service center as a pool distribution point.

Outside carriers would handle the long haul of materials from manufacturers and drop the loaded trailers at Averitt's facility. Using the service center's parking lot for temporary storage, local Averitt drivers would make the final delivery to the construction site.

The benefit of using the local drivers was that they knew the city inside and out. Additionally, they could make the final delivery within a manageable time frame that wouldn't be as easy for a long-haul driver.

"Having drivers on the ground readily available that are familiar with the area is critical for ongoing projects like this," said Averitt's Chicago service center director, Clem Hollingsworth. "They're the ones that are on the frontline building relationships with the local foremen and managers. They get to know each other and work like a team together with the same goals."

THE RESULTS

Since the pool distribution strategy was initiated, Averitt has delivered more than 2,500 loads to the construction sites. On-time performance has been 100 percent, and the costs associated with turning away trucks that missed delivery windows have dropped by nearly 60 percent.

While the customized distribution strategy brings more efficiency to the project, it's the local men and women behind the wheel who keep it moving forward.

"I always say people do business with people - not companies..." said Whang. "What used to be a norm is now an exception." **PtoP**

HOW INLAND PORTS YIELD INTERNATIONAL SUPPLY CHAIN BENEFITS

The growth of the globalized economy has led to more supply chains that rely on importing and exporting

through the nation's busy seaports. This increase in international business, however, has also led to increased supply chain costs as a result of cargo congestion and capacity constraints around the seaports. Adding to the issue, fewer drivers are available to move containers long distances inland to shipper destinations, which can lead to delays.

HOW INLAND PORTS WORK

Many shippers that import or export goods and materials are now increasingly exploring the benefits of using inland ports. An inland port is typically an intermodal hub that supports the freight transportation needs of large markets. As trade between the U.S. and the rest of the world has grown, more of these inland ports are acting as direct extensions of seaports.

To illustrate how an inland port can be used, a company located in Knoxville TN may import a container of products from Shanghai, China, through the Port of Charleston. Rather than draying the container from Charleston to Knoxville or transloading the cargo to a trailer, the importer may take advantage of South Carolina's inland port in Greer.

Once the container is unloaded from the ship, it is then transported 212 miles inland to Greer by rail. In Greer, the container can be drayed a shorter distance to Knoxville or the cargo can be processed for delivery and wider distribution by a nearby carrier.

There are numerous inland ports supported by rail systems that connect with seaports around the country. For example, the Port of Wilmington in North Carolina is connected by rail to Charlotte, NC, and the Port of Virginia is linked to an inland port in Front Royal, VA. Additionally, southern states, including Georgia, Tennessee and Alabama, will find more inland support when the Appalachian Regional Port opens in northwest Georgia later this year to connect with the Port of Savannah.

Even farther inland, there are several distribution hubs supported by intermodal services, such as those in Chicago, Dallas and Memphis.



The Appalachian Regional Port, which will provide a direct, 388-mile rail route to the Port of Savannah, opens on Aug. 22, 2018. The location will offer an efficient transportation option for target markets in Georgia, Alabama, Tennessee and Kentucky. (Photo Credit: Georgia Ports Authority)

THE BENEFITS OF USING INLAND PORTS

There are several benefits that an inland port strategy can bring to your supply chain. Together, the following key points will enable you to save money and time on your import and export needs.

EFFICIENT INTERMODAL TRANSPORTATION

Shipping by rail has improved over the decades as a result of better technologies and infrastructural upgrades. Intermodal transportation is generally more fuel-efficient than shipping long-haul freight by road. At the same time, rail transit times have also become comparable to traditional over-the-road transportation.

MORE FREIGHT CAPACITY

The driver and equipment shortage near major seaports has led to higher transportation costs and longer delays in transit as shippers wait for available chassis to pick up containers. Shipping by rail from the coast to an inland port, however, gives you access to more readily available capacity. By moving containers farther inland,

you can avoid challenges along the coast and still meet your delivery targets.

VALUE-ADDED SERVICES

Tightening commercial warehousing and distribution space near seaports means that you will more likely pay higher supply chain costs along the coast. Processing and storage of imported cargo, for example, can have a considerably higher cost than if those services are performed in areas around an inland port.

PROXIMITY TO YOUR BUSINESS

If you're like many other international shippers, vital points in your supply chain are located farther inland away from the coast. By utilizing an inland port as your cargo's point of entry or exit, you can reduce the length of the connection between your warehouse or business with the global economy. An inland port can essentially become your gateway to international trade. At the same time, you'll be able to reduce the number of hands that touch your cargo while bringing your goods closer to your customers. **PtoP**

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