

# FINDING THE RIGHT TRANSPORTATION MANAGEMENT PARTNER

FLEET LEASING & MAINTENANCE | DEDICATED TRANSPORTATION | SUPPLY CHAIN SOLUTIONS



Transportation managers face a litany of challenges in today's logistics environment. Driver safety and productivity, cost-cutting initiatives, capacity variability, regulatory changes, fuel price volatility, and the need to get shipments to their final destinations quickly are all key concerns making the job more complex than ever.

To make matters even more complex, disruptive forces such as the coronavirus pandemic, innovative technology, strict regulations, talent shortages, and infrastructure bottlenecks continue to be the prime focus for every logistics management professional. Coupled with meeting the rising demands of customers from both a tradition and e-commerce fulfillment aspect, the logistics landscape is evolving at an exponential rate.

Over the next decade, the logistics industry will enter a new era, where these and other disruptive forces threaten to fundamentally change the rules of the game. The companies that adapt to beat these disruptions will create a bigger competitive advantage for themselves today and in the future.

For logistics professionals, it is time for transformational thinking. Customers want their products immediately - the days of bulky shipments once or twice a week have been replaced with smaller, more frequent shipments.

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This reality has created complexities for supply chains and has also made a substantial impact on the transportation industry as a whole. To achieve success, supply chains need a "perfectly integrated" transportation network that's designed to meet consumer expectations in a world where e-commerce, omni-channel, last mile challenges, and evolving regulations are all changing the supply chain landscape.

Planning and executing the implementation of a "perfectly integrated" transportation network requires an approach that's not only efficient, but that's also in perfect tune with the dynamic nature of your business. However, managing a transportation network can be time consuming and costly.

What do outsourced providers do differently that individual shippers can't typically handle on their own? There's no "one-size-fits-all" answer, but in nearly all cases an experienced third party will utilize best practices, engineering, analytics and other tools to identify cost savings, identify areas that need improvement, and implement an end-to-end transportation strategy that's efficient, safe, secure, and cost-effective.



# The Benefits of the Right Transportation Management Partner

Companies first started outsourcing logistical functions to third parties in the mid-1970s. Throughout the 80s—as information technology (IT) advanced—the number of third-party logistics (3PL) providers ballooned. These 3PL providers started leveraging new technology to better manage the transportation and warehousing of freight, attracting shippers looking for a simple and relatively inexpensive way to integrate new technology into their supply chains.

More recently, full-fledged transportation service providers emerged and began helping shippers reduce the cost of freight transportation while also increasing the overall service delivery quality. As part of that value proposition, companies are able to focus on what they do best—run their core businesses—instead of spending time and money trying to navigate the ins and outs of the current transportation environment.

When companies outsource transportation management, they can also improve performance across every mode of transportation, get more value from transportation partners, gain more visibility into their operation, and take control of their logistics operations.

From network design and optimization to planning, procurement, and tracking shipments, transportation management providers such as Ryder offer network insights, management expertise, purchasing power, and standard operating practices necessary to improve visibility, make better use of assets, reduce costs, and improve customer service.

When structuring the outsourced arrangement, an experienced sourcing team develops multi-modal, domestic, and international carrier portfolios to meet the business requirements in concert with its corporate cost and service objectives.

## FROM THE RELATIONSHIP, SHIPPERS GAIN:

Expertise in all modes, enabling strategic partnerships and total cost of ownership with carriers, customers and your outsourced transportation provider

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Leveraged buying power

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Rate negotiation and carrier relationship management

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Contract administration and insurance compliance

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Carrier performance management and scorecards

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Market intelligence and freight rate benchmarking

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Bid management and technology for analysis and other constraints customized for the company

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Knowing that discipline and control are critical in managing financial transactions, outsourced transportation providers also manage freight bill/audit and payment with industry-leading accuracy, overcharge protection, and duplicate payment elimination. This ensures the right carrier is paid the right amount every time, while providing companies visibility to the financial cycle. Additionally, the information captured throughout settlement enables faster cash-to-cash cycles, financial reporting, freight accruals, account coding, consolidated invoicing and network business intelligence. The financial settlement process closes the loop for a complete end-to-end shipment transaction.

The benefits to turning to an outsourced transportation management strategy are immense including reduced costs, improved service levels, better shipment tracking and visibility, and more time to focus on core business strategies. An integrated solution can improve operational efficiencies, reduce empty miles, right-size fleets, minimize costs and ensure a steady workload for dedicated drivers. In the end, both the shipper and the provider achieve their goals.

# Optimizing an Effective, Competitive Transportation Strategy

In today's competitive business world, your transportation network should be flexible, efficient, and perfectly in tune with the dynamic nature of your business.

But as you've read throughout this report, managing a transportation network on your own is time consuming and costly. Like many shippers, you're probably constantly seeking out ways to reduce freight costs, improve service levels, and drive efficiencies.

Historically, companies have outsourced primarily to cut costs. Today, it is about optimizing the network and stretching each dollar, and reaping the benefits of strategic outsourcing such as accessing skilled expertise, reducing overhead, flexible staffing, and increasing efficiency, reducing turnaround time and eventually generating more profit. Also, when a shipper can lower its costs and focus more of its collective energies on its core competencies by enlisting the help of outside experts, for instance, it maximizes its strengths and preserves the financial resources necessary to maximize those strengths.

That's where Ryder can help. From network design and optimization to planning, procurement, and tracking shipments, we offer the insight, management expertise, purchasing power, and standard operating practices it takes to improve visibility, make better use of assets, reduce costs and improve customer service.

## WITH RYDER TRANSPORTATION SERVICES, YOU ALSO GET:

Freight Bill Audit & Payment

Price benchmarking

Carrier sourcing and contracting

Transportation Management System (TMS)

Shipment planning and execution

Mode optimization

On-time performance reporting

Assured capacity

## THE 5 CORE BENEFITS OF OUTSOURCED TRANSPORTATION MANAGEMENT

### FLEXIBILITY

An integrated solution provides a foundation for core capacity and allows customers, through their provider, to better match transportation resources with procurement capabilities during fluctuations in demand.

### COST SAVINGS

Making as-needed adjustments to lanes and other variables, fleet, and common carriers can cut 5% to 10% from transportation costs.

### TRANSPARENCY

Providers that rely on innovative technology gain more in-depth understanding, resulting in increased visibility and anticipation of disruptions. The realization that no one-size-fits-all supply chain remedy exists means centralized route planning and engineering can simplify decision-making and yield efficiencies in pursuit of the best possible solution.

### WASTE REDUCTION

With route optimization comes reduction in miles driven, carbon emissions footprint, lower fuel consumption, and improved utilization of resources.

### COLLABORATION

As with any change to "the way things have always been," success in an integrated solution requires a commitment to collaboration across all groups involved – from purchasing to the shipping dock. Embracing this collaboration can transcend carrier network operations and private fleet management concerns.

Now, it can be tempting to view outsourcing as “giving up control” to a service provider, particularly for functions such as delivery and distribution, which involve customer interaction and play a significant role in customer satisfaction.

If you’re just starting down the outsourced transportation management road, start with a careful network optimization analysis to identify your needs and a strategy—in fact, Ryder helps its customers with this part of the process. Incorporate other factors into the equation, such as distance traveled, number of stops, types of equipment, returns and/or vendor pickups, issues with empty miles, and customer delivery requirements.

Be sure to ask yourself questions like: How stable is my transportation network? How much flexibility do I have now? How much flexibility do I need? Are hiring and retaining good drivers growing concerns? Do my customers have fixed delivery windows or would they be willing to receive larger shipments less frequently – and save money?

Where a company begins the optimization process is not always in the same place as others. Everything depends on your current operations and where your pain points are. Once you’ve established an outsourced transportation management strategy with a strong partner, the results will be seen in the form of more efficient routing/scheduling, lower transportation costs, greater visibility, improvements in on-time delivery, and higher levels of customer satisfaction.

## **ARE YOU READY TO OUTSOURCE TRANSPORTATION MANAGEMENT?**

When considering a switch from a private fleet to a dedicated fleet, logistics managers should ask themselves these nine important questions:

- **Does my fleet have unique or complex distribution requirements?**
- **Does my freight require custom vehicle specifications or special handling?**
- **Do I have to coordinate multiple stops and complex routes?**
- **Would consolidating my operations and reducing empty miles improve revenue?**
- **Am I having issues finding or keeping drivers?**
- **Do I need additional services such as warehousing, yard management, or alternative fuels?**
- **Am I having issues finding backhauls?**
- **Are my trucks running a lot of empty miles?**
- **Is it difficult to adjust my drivers and vehicles as volumes change during seasonality?**

The answers to these questions will help you determine your key pain points and whether you need a new approach to transportation management—namely, one that’s supported by a reliable outsourced provider.

Discover how Ryder Transportation Services can make you *Ever better™* at [ryder.com/everbetter](https://ryder.com/everbetter).



## About Ryder

Ryder System, Inc. (NYSE: R) is a leading transportation and logistics company. It provides supply chain, dedicated transportation, and commercial fleet management solutions, including full service leasing, rental, and maintenance, used vehicle sales, professional drivers, transportation services, freight brokerage, warehousing and distribution, e-commerce fulfillment, and last mile delivery services, to some of the world's most-recognized brands. Ryder provides services throughout the United States, Mexico, Canada, and the United Kingdom. In addition, Ryder manages more than 290,000 commercial vehicles and operates more than 300 warehouses encompassing approximately 55 million square feet. Ryder is regularly recognized for its industry-leading practices in third-party logistics, technology-driven innovations, commercial vehicle maintenance, environmentally friendly solutions, corporate social responsibility, world-class safety and security programs, military veteran recruitment initiatives, and the hiring of a diverse workforce.

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