



LOGISTICS STRATEGIES

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NOVEL APPROACH TO AVOID PAYING CLAIMS

Everyone knows that the goal of the freight carriers' claims department is not to pay claims unless they are completely justified. Shippers sitting on the other side of the fence need to realize that any claims they file must be legitimate and prove carrier liability before they can expect their carriers to pay freight loss and damage claims. Having said this, sometimes shippers and sometime carriers try to take advantage of the other party. Here is one example that has recently been brought to our attention.

One of our clients has reported that UPS, one of the their major carriers may be trying a new approach to avoid paying claims. Apparently the shipper has been filing tracers and claim requests with the parcel carrier because packages have been lost in transit. Instead of the carrier providing a proof of delivery to substantiate that the entire shipment was delivered without exception, the parcel carrier calls the recipient and asks the person answering the phone if there were any problems with a particular delivery. When the recipient's reply is "no" the carrier cancels the tracer or claim stating, "consignee has acknowledged receipt."

The person answering the phone at say a retail store or other consignee location may have no clue as to whether there was a problem with the initial delivery or not. How can the carrier just accept a statement made over the telephone that no specific shortage exists? The reality in many of these scenarios is that the customer is actually missing the goods. It is incumbent upon the carrier to prove complete delivery when the initial delivery is short. And, the claim is obviously valid and should be paid until the proof of delivery has been supplied validating a complete delivery.

This new approach to avoid paying claims is obviously creating a stir among shippers affected by this policy. The shipper obviously has to re-open the tracer and/or claim and insist the parcel carrier address the real issue that it has not proven delivery with just a courtesy telephone call to the recipient. Wouldn't it be easier to supply a proof of delivery for the missing packages? Oh, I see, they may not have one! What will they think of next?

Please take a moment to check out ICC's Blog @ <http://www.logisticsstrategies.com> to check out previous articles.

AUDITING THE AUDITOR!

Freight bill auditing has been around ever since the railroads initially came under economic regulation way back in 1887 and were required to ONLY charge the rates they had published in their tariffs. Well a lot has changed since then but the concept of freight bill auditing remains an important, viable and cost efficient process.

For many companies, the process of auditing has been outsourced to service organizations that specialize in freight bill auditing and perhaps more importantly, data management and reporting. Others prefer to audit their invoices in house with their own staff.

Regardless of which approach a company takes it always makes sense to seek a post audit firm to audit the in house auditors or the external audit firm. Typically post audit firms work on contingency percentages of recoveries they actually receive. If they find nothing, there is usually no cost for the audit service. The good news in that scenario is that the customer now has a validation that their primary auditor whether in house or external, is doing the job they should be doing. If on the other hand the secondary auditor does find overcharges the initial audit function missed the company will be able to recover a portion of those overcharges. There is really no down side to this process and everybody wins.


BUSINESS PARTNERSHIPS – IS THERE REALLY SUCH A THING?

For decades we have been hearing this phrase and while some embrace it, others say it is outdated and over-used. The reality is for those that not only embrace the concept but practice it, the benefits can be staggering.

So what does it take to have a “real” partnership? It takes business partners with a vision for greatness within their corporate structure and a strong desire to see the business partner succeed as well.

A great way for logistics partners to promote these business partnerships is to prepare a Business Partnership Guide for distribution to all company suppliers and customers. The Business Partnership Guide must include a variety of disciplines that the partners agree to work on to achieve unparalleled success. Here are some suggestions so you can get started on building your partnerships:

- How to create additional profit opportunities for all business partners, as well as better service to customers in a true Win-Win-Win supply chain relationship.
- How to increase sales and market share through aggressive marketing programs.
- How to reduce inventory levels by sharing product demand information in order to meet customer demand requirements.
- How to reduce transaction costs through electronic commerce alternatives.
- Optimizing logistics performance with cost efficient transportation.
- Eliminating redundancies in each side's operation to drive down supply chain operating costs.
- And most importantly, be sure to include a Business Partner's Scorecard. If business partners take the first step in developing a business partnership philosophy, they must be sure to consistently measure how each partner is performing.



It's time for business partner's to put their money where their mouth is. By establishing a strong Business Partnership philosophy that clearly defines the goals and objectives in the partnering arrangement, there will be no question as to the success of the program. What are you waiting for?

MEET ME IN ST. LOUIE!

It's that time of year again when the Transportation and Logistics Council to hold its 2011 Annual Conference. This year the conference will be in St. Louis from April 3-6, at The Sheraton Westport Lakeside Chalet.

This year promises to be well attended by hundreds of transportation and logistics professionals from all over the world eager to learn from dozens of industry professionals in such inspiring sessions as Contracting for Transportation and Logistics Services; Freight Claims in Plain English; Transportation, Logistics and the Law; Trading with Canada and Mexico; as well as the ever popular, Law of the Land, Law of the Jungle, and many other informative sessions. For more information or to register for the conference, please visit the T&LC website at www.TLCouncil.org. We look forward to seeing you there.