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HIDDEN CHARGES FOR PARCEL SHIPMENTS COULD BE COSTLY

Today's economic downturn makes it incumbent on all shippers to thoroughly analyze their transportation and logistics costs to see if there are any PROFIT LEAKS. One such area of huge potential is the audit and more importantly the analysis of their costs for parcel shipments. This has become extremely important due to the tremendous growth of Internet shopping

We are all aware of the audit function to recover refunds for late deliveries. The major parcel carriers GUARANTEE certain services and if they deliver late they are usually willing to provide you with a refund. Unfortunately, this avenue of recovery is becoming much more difficult to obtain as the parcel carriers are seeking waivers from their shipper customers to agree not to file for these recoveries in exchange for an additional incentive. One word of caution to shippers analyzing this "GREAT DEAL"...make sure the added incentive is at least comparable to the refunds the shipper would have received without the waiver. Sounds logical, but we can assure you many shippers have not done their homework.

There are other charges that parcel shippers are constantly hit with that greatly increase their costs. One such area is address correction fees. The shipper sends the package out to its customer at the address in its customer master file. However, the parcel carrier has its own address details for that customer and there are often subtle differences between the two addresses. So what happens? The shipper gets hit with an ADDRESS CORRECTION FEE of \$6.00 for every ground carton address correction and \$10.00 for every express (air) carton, adding huge costs to the shipper. So what's a shipper to do? Just accept these fees without question? Absolutely not! There are several avenues of approach. First and foremost is to update the client master file to ensure the addresses utilized are correct and match the address the parcel carrier has determined. Secondly and more importantly, is to look into obtaining Address Correction Software that will eliminate these address correction fees once and for all. The cost for the software is usually much less than the fees the

shipper would pay to the parcel carrier for the address corrections. The real question is to first determine how much the shipper is paying in address correction fees. One shipper we know was spending in excess of \$150,000 annually in address correction fees. They installed Address Correction Software to cure the problem. An example is address correction software from Innovative Mailing and Shipping Systems which costs anywhere from \$350.00 per month or could be purchased outright. The shipper mentioned above opted to purchase the software outright at a cost of \$12,000 thereby saving the company almost \$140,000 annually. In addition, the software has a residential delivery indicator to clearly discern what is actually a residential delivery and therefore subject to the added fees of anywhere from \$1.95 to \$4.16 per package.

Another area that shippers often overlook in the area of parcel cost management concerns charge-backs by the parcel carriers for shipment costs which were originally billed to the receiver of the goods, but charged back to the shipper because of non-payment. Often these charges come back to haunt shippers many weeks and even months after the shipments have been paid for. Too late for the shipper to do anything about but absorb the added costs.

The real problem is that many shippers do not even know they are getting hit with these charges because they have no reconciliation between what they calculate the shipping costs should be to what they actually pay. THE DEVIL IS IN THE DETAILS! And, if you think the carriers cannot charge you for these fees just go online and download their rules tariffs for a complete list of terms and conditions. You may be surprised at what you find.

More importantly, if your company does not have a parcel audit program in place now, stop what you are doing and call us here at ICC Logistics and let us tell you how successful not only the audit programs are, but the real benefit of Business Intelligence Software capabilities to help your company track and ultimately eliminate these costs forever.

Note: For information on Address Correction Software and other parcel shipping solutions contact James Spates at Innovative Mailing and Shipping Systems at 631 435-9100.

CONCEALED DAMAGE CLAIMS - WHAT YOU NEED TO KNOW

Most people are under the impression that when a freight carrier damages their product while in transit, the carrier would be fully liable and reimburse the shipper for the actual loss it incurred. Nothing could be further from the truth. Today, many freight carriers have limited their liability and the sad fact is that many shippers do not know what their freight carriers' liability limitations are. It is easy however to find out, just ask the carrier to provide you with their liability limitations BEFORE you tender your freight to them.

There is another area of carrier liability that is also totally misunderstood. And that is the area of concealed loss or damage claims. What do we mean by concealed loss or damage? The bottom

line is that the receiver has signed for the receipt of the shipment WITHOUT EXCEPTION, but finds out at some time after delivery the product is damaged, or that some of the product is missing.

The first line of defense, which we cannot stress enough, is for the receiver of the goods to THOROUGHLY inspect the shipment at time of delivery to make sure there is no damage and that all packaging is intact. This fact is often overlooked and many companies bear the loss of their oversight. And, we might add at great expense.

Once the shipment has been received "in apparent good order" without any exceptions noted, the burden of proof shifts to the receiver to PROVE beyond a reasonable doubt that the loss or damage occurred while in the possession of the carrier. Let us be so bold as to say, that is IMPOSSIBLE to prove. Under the very best circumstances the owner of the goods might receive a compromise settlement from the carrier for a portion of the loss usually less than 50%.

The first step for any receiver of a concealed damage or concealed shortage shipment is to immediately notify the freight carrier after the driver leaves. The unpacking should immediately cease and all product and packing material should remain in tact at original point of receipt. The receiver should immediately request an inspection of the goods by the freight carrier or their agent and this must be requested no later than 15 days after delivery. If notification is received after 15 days you can kiss your claim goodbye. That is not to say that if you call and receive the inspection within 15 days after delivery that your claim will be fully paid.

The inspection itself creates additional challenges for the receiver or owner of the goods. A report will be completed by the inspection agent and the terms of that report will clearly establish where liability rests, at least as far as the carrier is concerned.


So what are some of the questions the inspector will ask the receiver and what impact will the receiver's response have on the settlement of the claim?

- *When was shipment received at your location?* The longer the delay between received date and inspection date the greater the burden on the receiver to prove the loss or damage occurred while in the carrier's possession.

- *What protection was shipment given while in possession of carrier?* How could the receiver possibly answer this question?

- *How was package protected against abstraction of or damage to contents?* Now the receiver is asked to be a packaging engineer to detail how the shipment was protected.

- *Was packaging examined before opening?* Either a yes or no answer will jeopardize the claim. If it was examined and damage and/or shortage found, the receiver should have noted the loss or damage on the delivery receipt. If it was not inspected the carrier assumes the damage or loss occurred after the carrier delivered the shipment and therefore it would not be liable.



- *What condition of container, or interior packaging at time of such examination indicated cause of loss or damage, explain fully.* If there was cause for concern, why wasn't that fact noted on the delivery receipt?

- *What condition of container or contents indicated that loss or damage occurred while in possession of the carrier?* Be careful what you say .. it WILL be held against you.

All of these provisions of the inspection report clearly indicate that comments made by the receiver of the goods, which very often is the ultimate consumer of the product, will often preclude the owner of the goods from receiving any compensation from a freight carrier for concealed loss or damage. It is incumbent on shippers, especially in today's Internet buying frenzy, to educate their customers on the proper procedures to follow when receiving goods or they will bear fully the burden of such losses.