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How to stay competitive amid US trucking sector turmoil

Ryan Abbott, director, ground transport solutions, American Global Logistics | Mar 30, 2018 4:00PM EDT

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With 2018 shaping up to be the year of the [US trucking capacity crunch](https://www.joc.com/trucking-logistics/truckload-freight/analysis-eld-means-shippers-should-prepare-higher-rates-tight-capacity_20180326.html) (https://www.joc.com/trucking-logistics/truckload-freight/analysis-eld-means-shippers-should-prepare-higher-rates-tight-capacity_20180326.html), smart planning around ground transport is essential for businesses to keep their supply chains running.

The trucking industry is already facing a historic shortage of 50,000 drivers and sky-high labor turnover rates, and the April 1 [electronic logging device](https://www.joc.com/special-topics/electronic-logging-device-mandate) (<https://www.joc.com/special-topics/electronic-logging-device-mandate>) (ELD) mandate threatens to squeeze trucking capacity further. As of March 26, nearly 10 percent of drivers still hadn't installed the logging devices, potentially putting thousands of vehicles out of service soon.

These factors are not only creating uncertainty in trucking inventory, they're wreaking havoc in other areas of the logistics industry, too. For example, many [ocean carriers](https://www.joc.com/special-topics/top-40-container-carriers) (<https://www.joc.com/special-topics/top-40-container-carriers>) are being forced to sit longer at port while they wait for trucks to pick up goods, prompting some to [impose emergency intermodal fees](https://www.joc.com/maritime-news/container-lines/ocean-carriers-levy-emergency-surface-fees-restrict-door-delivery_20180320.html) (https://www.joc.com/maritime-news/container-lines/ocean-carriers-levy-emergency-surface-fees-restrict-door-delivery_20180320.html) or stop door delivery in response. At the same time, stronger US consumer spending is contributing to an uptick in US manufacturing – which means even more freight competing for a precious pool of trucks. To ensure they can access the capacity they need at reasonable rates, shippers need the right supply chain technology and resources to drive information accessibility, visibility and efficiency.

Forging ahead with a TMS

For businesses with complex supply chains, a transportation management system (TMS) can unlock new levels of efficiency by managing ground transportation milestones, documentation, billing and other data. These systems organize and simplify vast amounts of domestic shipping information, helping businesses spot inefficiencies, react quickly when shipments go astray and allocate fewer resources to management.

As organizations face a tightening trucking market, a TMS can give them an advantage in sourcing and managing ground transport. While the [occasional weather](https://www.joc.com/special-topics/us-hurricanes) (<https://www.joc.com/special-topics/us-hurricanes>) or traffic-related delay is inevitable, businesses don't have to get caught in a game of telephone between store, [distribution center](https://www.joc.com/international-logistics/distribution-centers) (<https://www.joc.com/international-logistics/distribution-centers>) and carrier each time to track down missing loads. A TMS can alert businesses proactively when a load is running late, allowing them to adjust timelines or inform customers as needed.

With countless TMS solutions on the market, the options can start to blur together as businesses review one slick software interface after another. The true value of a TMS lies not in its user interface, however, but in its ability to streamline workflows by integrating seamlessly with existing systems and processes. While many TMS systems house shipping information, they still require a lot of manual labor to actually build a shipment – and that's time most organizations don't have as they compete for scarce trucking capacity.

Know your partner

When choosing a TMS solution, a knowledgeable partner is also essential for getting the most out of your investment. Many TMS solution providers have their roots in technology, not logistics, making it difficult for them to empower shippers to use the technology to solve their unique issues. A deep dive into existing business



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processes, systems and requirements before launch is key for implementing a TMS that will make shipping easier, not harder.

As they weigh their technology options, organizations should consider these factors in a potential TMS purchase.

-The ability to manage any type of freight. Some TMS solutions only offer information on one freight type, such as flatbed or intermodal, leaving businesses to piece together the puzzle themselves. A TMS that captures key information on all ground shipping processes in a single platform improves opportunities for automation, efficiency and data consistency.

-Integration with existing systems. A main goal of a TMS is to eliminate unnecessary steps in the shipping process. By connecting their TMS with their ERP, product or shipment management systems and establishing rules based on business requirements, shippers can slash the time needed to handle the transportation process. For example, once a shipment is created, a TMS can search automatically for the best carrier based on cost or timing and tender the freight. Once the carrier accepts, that shipping information is automatically communicated back into the system without requiring the shipper to lift a finger.

-Built for your business. A TMS should adapt to your shipping preferences, not the other way around. For one major furniture retailer with five distribution centers, a TMS customized with each center's business rules provided the autonomy they needed while standardizing and streamlining companywide processes. As a result, the retailer was able to reassign five corporate employees previously focused on ground transit, while reducing domestic spending between 5 and 15 percent a year.

-The right carrier relationships. A TMS is at its most powerful when paired with a supply chain partner who understands both ground transport and the shipper's organization. While many businesses already have preferred domestic carriers, a strong partner can provide recommendations to build a more-stable carrier base or find capacity quickly when disruptions arise.

Businesses should buckle in for a bumpy ride as [trucking industry changes](https://www.joc.com/trucking-logistics/truckload-freight) (<https://www.joc.com/trucking-logistics/truckload-freight>) create a ripple effect across the transportation landscape. By establishing a TMS built around their shipping preferences, rules and needs, organizations will be better-equipped to face these uncertainties while keeping service levels and their bottom lines strong.

Ryan Abbott is director, ground transport solutions, [American Global Logistics](http://americangloballogistics.com) (<http://americangloballogistics.com>).

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