

WHITE PAPER

A Monthly Tip: The Implementation Process

By Thomas Andersen

Just as important as the negotiation of a new agreement, is the implementation process. After spending many weeks negotiating a new agreement with their carrier, people often miss the following critical step, to ensure that negotiated components are applied: The decision to apply the Prior History, or Not To. It's important to decide if the prior shipping volume should remain intact, reset, or if a ramp-up period should be applied, when implementing a new agreement.

Typically, it is recommended that prior history is utilized. It keeps the prior 52 weeks' history intact, so there is less concern about dropping into a lower revenue qualifier. There may be situations that would warrant otherwise, though, where resetting the history and/or applying a ramp-up period, is recommended, whether it's heading into the peak of one's seasonality, growth through acquisitions or through other means, or a shift from multiple to fewer carriers.

Before making any such decision, gain visibility to your shipping characteristics and seasonality and always request a "Prior History" (UPS) or "Earned Discount" (FedEx) report, to determine the volume, in relation to achieving anticipated volume incentives.

Finally, make your request, prior to awarding your business, as it's a component of the negotiation process.

Thomas Andersen, MBA, is the Director of Pricing for Logica (www.logicacorp.com) Logica, is ranked number 1,866 on the Inc. 5000 list in 2010, and is one of the world's leading logistics consulting firms, specializing in reporting and analytics, audit and recovery, and transportation consulting services for all modes, including Small Parcel, LTL, TL, Air & Ocean Freight. Thomas Andersen can be reached at 800.930.8543 x 726 or at tandersen@logicacorp.com.

