Uber Freight

# Inbound transportation management:

## Key tactics for logistics teams to uplevel their processes

From material flow to inventory management to supplier collaboration, inbound logistics processes are vital to successful supply chain management, requiring a high level of visibility into inbound movements and costs. But today, many supply chain teams still rely on manual workflows. Delayed deliveries, volatile production rates, higher shipping and delivery costs, and poor inventory management are just a few of the obstacles that often disrupt operations.

A managed transportation partner, with the support of a next-generation transportation management system (TMS), can help companies move beyond these challenges and streamline inbound operations, providing greater visibility and control, while optimizing processes and costs with static and dynamic planning that adapts to shipper's needs.

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## Addressing inbound challenges: Visibility and control

Most companies manage varying levels of complexity across their supply base, creating a decentralized system and making it difficult to have complete visibility and control.

This lack of visibility and control can be detrimental to efficient inbound logistics, and it particularly impacts three core components:

- Cost management: A bulk of freight expenses are likely hidden if a shipper doesn't have access to real-time data, and it can become difficult to understand what's contributing to costs, such as shipment volumes, fuel prices, or carrier rates.
- Inventory management: Suppliers often maximize order increment volumes by shipping as much material as possible in a single truckload, leading to high inventory levels and reduced order frequency, and creating warehouse bottlenecks.
- Production management: A lack of visibility can also lead to production downtime and delays, which can negatively impact cost and service.

With the right TMS solution, shippers can enhance their visibility into inbound operations and costs, and improve communication with their suppliers. Uber Freight's TMS improves efficiencies by automating manual tasks and providing real-time visibility into shipment status, helping teams to be more agile and proactive. This visibility also allows shippers to better manage elements, like lead times, inventory carrying costs, working capital, and manufacturing capacity.

Another functionality of Uber Freight's TMS allows customers to utilize part-level invoice-matching processes to identify and manage exceptions while showing predictable freight spend and accrual.

## Building a plan: Upleveling data management and network productivity

Companies choosing to invest in a TMS will have a much easier time navigating the new system with a transportation partner—one that can streamline onboarding, help manage TMS utilization, and help logistics teams pinpoint which data points to access and monitor.

For example, industry experts at Uber Freight work with shippers to create a plan for every part (PFEP) strategy. This begins with performing SKU-level data collection and analysis, focusing on every relevant data input that needs to be better monitored. For each SKU, shippers gather information including how large the item is and how it's packaged, transported, and delivered.

From there, Uber Freight's experts can create an ideal network design for customers at any stage—whether it's a hybrid model containing in- and out-of-scope suppliers or one encompassing all operations. Uber Freight then compares that model to its current state of operations and builds a roadmap to achieve that network design with the support of its TMS—which uses data to connect planning with manufacturing and warehouse activities to create more proactive decision making. This includes starting with static route planning for each pickup, stop location, and mode. The static plan determines a set routing path, while dynamically adapting to changing conditions in real time, all depending on the needs of the shipper and their supply chain. Typically, this process can happen in implementation phases that could include:

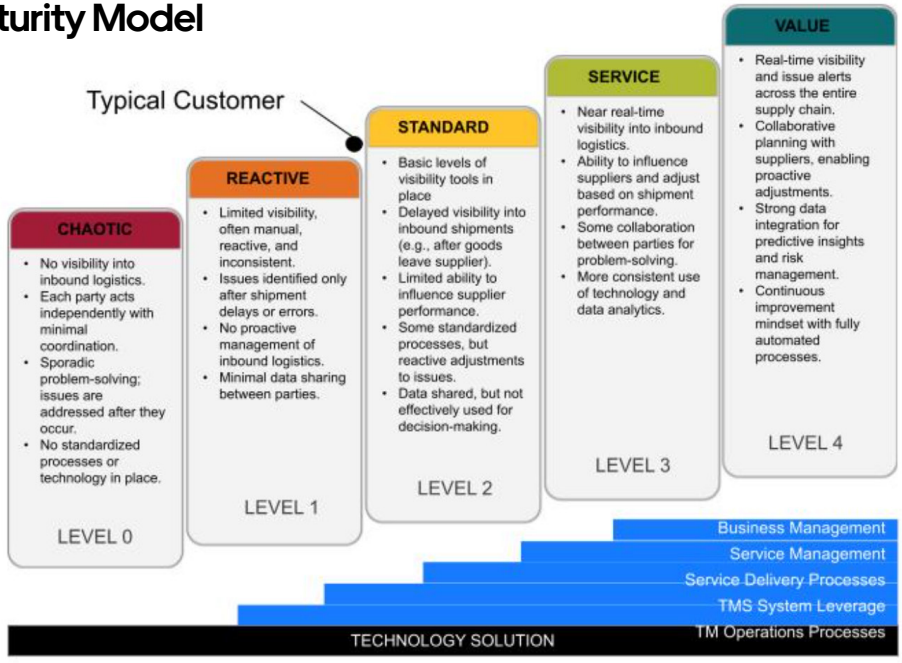
1. Detailed reporting and KPI usage and DIFOT (Delivery In-Full, On-Time) accuracy.
2. Shipment planning, scheduling, execution, and optimization.
3. Identifying all freight costs and potential operational changes that could drive savings.
4. Pinpointing order process inefficiencies and developing strategies to correct those processes.
5. Spotlighting inventory management issues that can be revisited once order processes are corrected.

## Inbound Logistics Maturity Model

### Standard Customer

| KEY ELEMENTS | SCORE |
|---|---|
| PEOPLE | 2.0 |
| PROCESS | 1.5 |
| TECHNOLOGY | 1.0 |
| OVERALL | 1.5 |

- Maturity model used by Uber freight consulting to benchmark operations across End-to-End supply chain, facility operations, and transportation strategy and execution
- Scope for this exercise includes sampling of US and Mexico shippers, cross-border, and managed transportation operations.




Throughout implementation, Uber Freight works to understand where customers are on the maturity model by focusing on people, processes, and technology. This helps identify the key areas for growth and improvement, ensuring logistic teams continue to progress through the model.

For example, a furniture company sought Uber Freight's expertise when it was looking to implement an inbound solution to reduce its costs and inventory, increase product velocity through the supply chain, and reduce the lead time to customers.

The Uber Freight team worked with the company to create a static route design that identified the best routes for suppliers to ship their materials together. Then, Uber Freight deployed a modifiable route optimization strategy for the company to reference during tendering and execution, which could dynamically route shipments before tendering.

With this approach, the furniture company was able to decrease transportation costs by as much as 11% through improved trailer utilization, while increasing the velocity of the product through its network.

In another instance, Uber Freight helped a large appliance manufacturer establish a report and process to recover transportation costs from non-compliant suppliers. Since the Uber Freight TMS can source data and integrate with additional reporting tools, customers can customize reports that target improvement initiatives.

With the help of the Uber Freight TMS, the appliance manufacturer was able to create a premium and billback report. This process involved defining different types of premium shipments, such as spot freight allocation tools—which remove the manual back-and-forth of traditional spot auction processes, driving load prices down—as well as short lead-time shipments and expedited shipment requests. A report was also run at the line level of detail. The output was a report showing each premium shipment and the SKUs on that route. Each planner then received the report and could select the reason code for the premium shipment and whether they wanted to bill the supplier back for it.

By working with Uber Freight, the shipper collected $70,000 in monthly supplier bill backs, and now has a process that helps suppliers and planners understand and resolve the root causes of unplanned freight.

## Inbound optimization: Inbound and inventory management

With an implementation plan, logistics teams can onboard and deploy their TMS solution with specific goals and use the data to capture and monitor them.

With the Uber Freight TMS, all inbound communication, ordering, and analytics processes move to a single, consolidated digital hub. This hub allows teams to streamline operations and unlock a comprehensive and centralized view of their inbound activity with capabilities that include:

- Customer order consolidation
- Confirmation of the materials being shipped and their quantities
- Uploading documentation such as bills of lading (BOL)
- The ability for shippers and suppliers to provide order updates with a few simple clicks
- Dashboards that offer real-time visibility into order journeys
- Discrepancy documentation that promotes smoother problem solving
- Measurement capabilities that help shippers understand how their costs and inventory tactics are performing against plan

Through the partnership with Uber Freight, a furniture company also utilizes the supplier order management solution within the TMS to efficiently confirm orders and manage exceptions throughout the order lifecycle to improve inventory management. This capability reduces the need for emails and increases visibility into the status of orders.

By implementing a robust supplier order management process, the company has streamlined the flow of information and improved its order fill rate from 64% to 86%, while reducing the human effort needed to manage the order life cycle.

Similarly, with the help of Uber Freight, an automotive manufacturer has implemented a rigorous standardized measurement and management process that puts pressure on problem solving at the root cause. Using Uber Freight's TMS to manage inventory and orders, the manufacturer has improved its fill rate from 44.5% to 87%.

## The KPIs to prioritize for measuring inbound success

With the proper TMS solutions, logistics teams can accelerate their productivity, measure it through automated reporting, and conduct regular performance check-ins with their logistics partners.

Shippers can work with their partners to map out a plan for continuous improvement by consistently monitoring KPIs that inform how inbound operations are performing against plan. These core metrics include:

- On time, in full (OTIF). This is one of the key supplier performance metrics for logistics teams, as it determines the amount of orders that are shipped as expected, at the expected quantity.
- Unplanned orders. A minimum amount of unexpected shipments is a sign of a stable inbound supply chain. Teams should monitor how many unplanned orders pop up in their queue and how it impacts process efficiency.
- Fill rates. The fill rate indicates the percentage of customer orders that are completely fulfilled from available stock without backorder or delay.
- Manufacturing throughputs. This KPI measures the rate at which a manufacturing process produces finished goods over a specific period. It's a metric that reflects the efficiency and productivity of the manufacturing process.
- Total logistics costs. For most teams, tracking transportation and inventory costs and savings will be key to determining the overall value of their TMS-powered programs.
- Additional KPIs that align with specific objectives. Logistics teams can work with their transportation partners to identify additional KPIs they need to measure depending on their particular inbound challenges. These could include lead times, inventory levels, trailer utilization, or reduction of miles.

A solution like Uber Freight can help logistics teams analyze these KPIs regularly, helping them better determine where they're succeeding, and where there's room for improvement.

Through regular Plan-Check-Do-Act (PDCA) cycles with industry experts and supporting lean toolkit, Uber Freight helps support teams to reach goals and keeps inbound operations and objectives running effectively. By utilizing network data and targeting KPIs and inbound challenges, Uber Freight can also help teams continuously improve. Instead of only focusing on reaching a singular goal, such as a '95% on time, in full target,' new goals are created as targets are met contributing to steady incremental improvement over time.

For example, if the '95% on time, in full target' is met, the next PDCA cycle would include a new goal to ensure progress isn't stagnant.

As we enter the new era of logistics, now is the time for companies to revitalize their inbound transportation management strategies. The key to success is leveraging a TMS grounded in cutting-edge technology that grants access to real-time data with the support of a logistics partner—one that can help teams effectively use its data to garner actionable insights that create more productive inbound logistics.

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Connect with an Uber Freight representative today to kickstart your inbound transportation management program.