

The Ultimate Guide
for Conducting a

Freight Audit



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Introduction

The freight industry is becoming more complex in recent years as customer expectations grow. This is driven by the changes in technology which has increased the options for B2B & B2C purchases.

As companies implement these modern advances such as omni channel marketing via ecommerce sites, drop shipping, and the dramatic increase in residential deliveries, they have increased complexity and put pressure on businesses to maintain, or increase, visibility on their freight activity and costs. The burgeoning services modes and assessorial surcharges that are the result of last mile delivery and re-deliveries, returns etc., have resulted in increased difficulty in interpreting freight invoice charges, forecasting budgets; having timely cost information for accruals, and just plain understanding what their freight costs are and if they're being overcharged.

At the same time, technological advances are part of the solution. Having drop shipping access to your freight data as well as the analytical tools to gain visibility of your costs, and what is driving them, is a critical part of managing this complexity.

This Guide on Freight Auditing has been developed to assist distribution and shipping organisations with gaining an in-depth understanding of Freight Auditing; including what's involved, the main benefits of implementing Freight Auditing, 'how to' best practice information, the system smarts that are available to automate this task and analyse the results, as well as the pros and cons of outsourcing this crucial freight management task vs. applying a DIY philosophy.



CHAPTER 1

What is a Freight Audit (and why should you conduct one)?

What is a Freight Audit?

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A Freight Audit is a project for checking whether there are any discrepancies between the consignment charges on your carrier invoice and the rate cards upon which those invoice calculations are based. Commonly the Audit is conducted after the fact, that is after the invoices have been paid, and usually covers a period of 6-12 months of carrier invoices. This is not to be confused with an ongoing Carrier Invoice Reconciliation process which happens weekly on carrier invoices that are yet to be paid.

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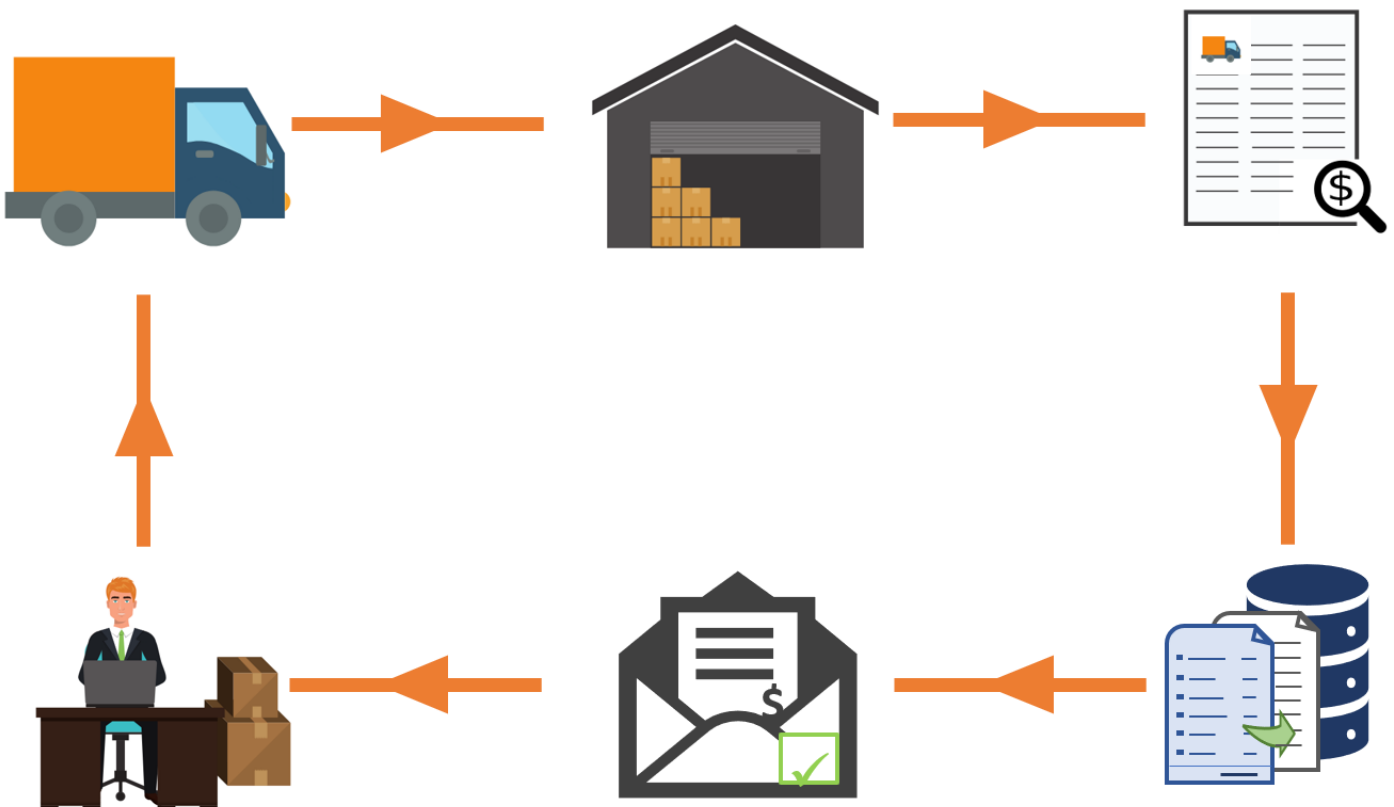
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The below basic Freight Audit Infographic outlines in broad strokes the way that a Freight Consultancy might conduct a Freight Audit:

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1. Your carrier
2. Picks up your customers orders (consignments) from your warehouse
3. This order is added to any others for the week on your carrier invoice
4. This is imported into the Freight Audit consultancy's systems and checked against your current rate cards with the carrier & manifest file
5. A Detailed and Summary Report is provided to show any potential discrepancies between what has been charged and what the audit believes you should have paid.
6. Your accounts and logistics executives receive the reports; the Freight Audit consultant works with you to obtain any rebates and fix process errors uncovered from the audit



Why should shippers conduct a Freight Audit?

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There are several reasons why you should conduct a Freight Audit:

1. Freight Cost Reductions

Outbound freight costs can be a very significant portion of organisations' costs and in many cases as much or even more than 10% of an organisation's cost base. Uncovering the errors and overcharges through an audit enables you to drive down these costs. Credits or future savings from a Freight Audit can be invested back into the organization's optimization goals.

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2. Omni Channel and B2C Shipping

The growing trend toward Omnichannel and B2C marketing impacts operations processes by moving toward freight profiles that are more complex, with higher volume of orders / consignments, of often smaller number of items. Rather than B2B pallets deliveries, these days we have B2C carton freight, often of one item, or even split deliveries for 2 or more consignments.

Online Consumer deliveries also lead to issues with more re-deliveries, the issue to compete with offering free deliveries, constantly adding new address details and those details often include errors. Shippers need to have a laser focus on their costs and reporting and implement any processes that mitigate these changes to the delivery landscape.

3. Complex Distribution Patterns

The above trends also impact complexity of deliveries; increase in laneways; increase packaging options; increase in transport service requirements leading to a need to understand multiple modes of transportation, have multiple carriers and to the need to decipher their sometimes unique fee structures.

4. Expertise in Freight

This order and delivery complexity flows through to complexities in fuel charges, accessorial charges, to unclear contracts with missing data in complex rate structures. Combine this with internal staff who have limited understanding of rate structures and silo issues across departments i.e., Logistics to Finance and Accounts, Operations and you have a recipe for increased hidden freight costs.

5. Supply Chain Technology

Changes in Carrier's systems, changes to the shipper's system, can lead to discrepancies; lost and inaccurate data. For example, many carriers are upgrading their warehousing systems which has led to new manual surcharges for those items that cannot be accommodated.

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Types of Freight Costing Errors

There are a few ways in which freight cost might be higher than they should be (or expected), such as:

- Human errors on behalf of the carrier's accounting department, e.g., 'fat fingers' errors, e.g., on dimension or weight (which affect freight calculations for pricing).
- Human errors on behalf of the shipper, e.g., warehouse staff incorrectly measuring packing; incorrectly typing in address details of receiver.
- If using an independent dispatching system, the rates may not be current.
- A carrier's systems may have an error; such as an accidental change to rates.
- Or a carrier system may have had an upgrade or rebuild but there is a bug; e.g., instead of charging customer 1 x 5kg satchel, charging customer 5 x 1kg satchel.
- Unauthorised changes to rate cards by carrier such as increased cubic conversion leading to a 25% increase in costs.

So, the fault can lie with systems and with people, with both the carrier and the shipper. In any situation it is important to find out why the problem(s) has occurred and to fix the problem(s) so you have high visibility on your freight costs and can budget for them appropriately.

At Freight Controller we have found many scenarios working with our customers as per those outlined and you can read about some of them in our [Freight Audit Case Studies](#).

It is easy to see how visibility and accuracy of freight costs can slip away from you; leading to increased freight costs, eroded margins and poor decision making based on out of date, and therefore dangerous data.

The imperative then to avoid or disentangle your business from these issues is to undertake a Freight Audit; update your procedures, freight pricing data etc., and we recommend that you follow through with an ongoing Carrier Invoice Reconciliation process to ensure you are alerted to any errors before freight costs start to incrementally increase week by week, and so that you are always dealing with accurate freight data and costs moving forward.



CHAPTER 2

Freight Audit Checklist - 10 Steps for a DIY Freight Audit

Freight Audit Checklist - 10 Steps for DIY Freight Audit

1 If you are wanting to complete a Freight Audit without external help from a freight consultancy, this is our step-by-step guideline for this process.

2 **Step 1. Request detailed Excel invoices from your Carriers**

- 3 • If you don't have them, request them from your carrier, pdf invoices are used as a reference where they may have some additional information that the Excel copy does not.
- 4 • No summary invoices e.g., you sent 25 3kg satchels this week at \$X; itemised per consignment / order invoices with charge weight if cents per kilo rate structure.

5 **Step 2. Establish a general scope & timeframe for the Freight Audit**

- 6 • 6 – 12 months should suffice
- Are you doing all carriers, all sites?
 - Or one carrier first?
 - If you are aware of a problem with a particular site or carrier maybe focus on that first

Step 3. Collate your Freight Invoices to match the Scope

Have a process to save all invoices by carrier and month; per site, so it is easy to collate the relevant invoices for the Freight Audit project.

Step 4. Carrier, Service Ex Location Rate Cards

- Now you need the rate card files that are affected by the Freight Audit
- Again csv / excel is easier to manage; if you don't have them liaise with your carrier
- Take note if there was any rate increases over the time period you are reviewing;
 - If there is, you need the old rate cards and the new rate cards and to note carefully when the invoices cross over to the new ones
 - Where the new rate cards signed and agreed upon?
 - What are the contract details, is there anything not covered off in the new rates?

Step 5. Matching Zones & Postcode files to Rate Cards

- Most rate cards need a matching Zone and postcode file to allow for accurate consignment estimates.
- Carriers will have unique zones e.g. NSW Zone 1 – 5 that match to different postcodes and town names.
- These rate zones will have different prices ex the sending location that form a big part of the costing of each consignment Csv / Excel again is the preference for easy management.
- Your Account Manager should be able to supply one; otherwise you will need a consultant to build one for you.

Step 6. Manifest File Data

- Some type of Manifest file data is needed to confirm your historic freight activity against what the carrier says (in invoice) you sent; typically sourced from:
 - EDI file transfer to carrier billing systems
 - Your TMS or FMS system

Freight Audit Checklist - 10 Steps for DIY Freight Audit

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Step 7. Cross Verify the data from the 3 data sets: freight invoices; rate cards (&zone postcode files) and manifest data

- By far the easiest way to manage this process is via a niche system provided by a Third-Party Freight Auditing consultancy
- An FMS system may have an invoice reconciliation reporting function;
 - But that is best used on a regular basis moving forward
 - It still requires a trained resource who can commit up to an hour per invoice each week to run
 - FMS reconciliation process may not include post dispatching fees such as manual handling surcharges check your provider's SLA for the scope of the task

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Step 8. Consignment Verification

- Compare Freight activity from manifest file to invoice file looking for:
 - Consignment (tracking) numbers that are not on your manifest file; error: not your consignment (another customer of the carrier's consignment)
 - Consignment (tracking) numbers that are duplicated; error: double charge
- Disparity in Freight Charge:
 - Freight Invoice Charge vs. Estimated Charge from current (relevant) rate card as compared to the manifest file
- Highlight any overcharges in the invoice
- Look for reason for different charge, such as:
 - Correct rate applied? Look at:
 - Per kgs and any weight breaks
 - Per item rates e.g., per satchel or per pallet
 - Service match: Priority, road express, General, etc.
 - Different Zone assigned to Receiver's Destination suburb/postcode
 - Charge weight (cubic or 'dead' weight) is different; any overlength surcharges applied?
 - Wrong item applied, wrong number of items?
 - Is the Fuel Charge accurate for the time period e.g., month of May?
 - Is there a Surcharge applied that accounts for discrepancy?

Step 9. Create a Credit Request

- Add a column at the end of reconciliation report that has the dollar amount over charge and auto sum at the bottom the results
- Apply a note column after the overcharge amount that notes the reason for the overcharge, such as:
 - Wrong Zone should be Zone 1 NSW not Zone 2
 - Not our consignment
 - Length should be 20cms in length not 200cms; Charge weight = 0.04cm; plus, no Over-Length Surcharge applicable
- Summarise Credits for each carrier; each week; and connect with your Reconciliation Report
- You should let your carrier know beforehand to expect these reports rather than surprise them; perhaps when you are liaising with your Account Manager for latest rate cards, or to start receiving Excel invoices

Freight Audit Checklist - 10 Steps for DIY Freight Audit

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Step 10. Create a Credit Request

- Phone your Carrier Account Manager to get assistance with liaising with their Accounts team to start claiming your Credits
- Send Reports through and have a teleconference if needed
- Longer term overcharges may need negotiation of a process for payment i.e., carrier might discount upcoming invoices for a time
- period to pay back the overcharges if the amount is considerable

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CHAPTER 3

Why an Outsourced Freight Audit Optimises your Results

Why an Outsourced Freight Audit Optimises your Results

1 Organisations with freight shipments can conduct a Freight Audit internally, or externally with assistance from a freight consultancy that specialises in this service. The benefits of outsourcing are generally the same as any outsourcing of specialist work to, for example, an IT specialist, or Marketing Agency. It is typically a faster service, more cost-efficient process using superior systems to maximise automation and to leverage niche system smarts that go beyond what internal resources can access, e.g., an FMS system and / or use of spreadsheets.

2 **Inhouse Freight Audits**

3 Conducting a Freight Audit internally would of course be quicker to implement and may initially seem like a low-cost option. There are however many pitfalls that can reduce their impact such as:

- 4 • No niche Auditing Software; not all cost & system discrepancies are uncovered
 - 5 • SAP, FMS systems, Excel is inferior for levels of accuracy and efficiency
- 6 • Insufficient strategy deployed; lack of process
- Difficult to scale across all locations, divisions, carriers, and systems
- A lower level of automation cannot capture all potential savings and some errors will continue moving forward costing the business and watering down the impact of the Freight Audit
- Staff turnover, promotions, leave leads to a drawn out, inconsistent process, an inherent lack of communication and a 'stopgap' approach
- A limited understanding by all stakeholders on carrier systems and processes and inability to connect with the right person within the carrier organization may negatively impact any rebate negotiations and system improvements moving forward

Outsourcing

Opportunity Costs

Outsourcing extends the capacity of your Logistics, IT, and Accounting departments at a fraction of the cost of hiring staff, and also allows your internal team to focus on core responsibilities; leveraging their skills & experience to drive your business goals.

Objectivity and Compliance

It is best practice to have external auditors spearheading the process to ensure objectivity and if the review is for a public company in particular, to make sure they have no ties (e.g., shares) with the company. Such is the case for larger scale audits, but principle holds true for this narrower focus on freight as well.

Expertise

Outsourced specialists will have a higher level of expertise and understanding of the market to optimise the results. They will also be conducting Freight Audits as part of their core work on a regular basis across all modes of transport and for a wide variety of industries.

Why an Outsourced Freight Audit Optimises your Results

Freight Auditing Software

Having great freight systems that support the whole process is important too. If the customer does not have software implemented at their warehouses that enables automation of the process via import of manifest file data for cross verifying with rate cards and carrier invoices, something must be put in place.

A Freight Auditing company that has this software capability therefore becomes a criteria of high importance. Freight systems that offer more features beyond just freight auditing, such as assisting with estimating freight for each consignment, least cost carrier selection, formatted label printing and API/EDI connections with carriers is the least of what is expected.

The Freight Auditing company should have an in-house system as well to receive the manifest data (whether from their own system, another third-party freight system, or from a manifest file), to complete the automation of the reconciliation.

These systems can then provide you with a comprehensive review of your freight invoice and costing data, to a granular level that captures all errors and overcharges, and ensures all potential savings from the auditing / invoice reconciliation processes are captured as efficiently and cost effectively as possible.

Network

A Freight Audit company should have in-depth knowledge of all carriers' processes and be able to gain access to key staff members for effective negotiations on any claims and for troubleshooting errors with them for improvements moving forward. This is key for getting the most out of this type of project.

Resources Issues

When you outsource you don't have to worry about missing the project's deadline or deterioration in the quality and outcome of the project due to internal resource issues. The specialist consultancy has the ability to scale, and the redundancies built into their resources due to the fact they are regularly operating multiple similar projects across their clientele.

Turnkey Freight Management Solutions

Freight Audit specialists may have a range of solutions that dovetail with the Freight Audit, like:

- Ongoing Carrier Invoice Reconciliation service; for continuous monitoring; an automated process that ensures for each invoice going forward you again, only pay what you should
- Business Intelligence Reporting; particularly helpful post reconciliation to ensure that the freight cost reports reflect your true costs; and so, you have accurate guidance on designing business goals; clearer visibility and control
- Freight Cost Recovery services and reporting to ensure you capture the freight cost component of your sales orders from your customers
- Freight Benchmarking to assess the strengths and weaknesses of your freight rates against industry standards
- Freight Profiling and Benchmarking can improve the results of future Freight RFPs or Tenders by providing your organization with a clearer picture of your freight costs and activity, and, how to improve with regard to service matching and obtaining the best freight rates, and reduction of freight costs to the consignment level.



CHAPTER 4

How to Source the Best Freight Audit Companies

How to Source the Best Freight Audit Companies

Tips on Sourcing the Right Freight Audit Provider

We hope you agree that Outsourcing your Freight Audit is the right way to go to ensure that you take all the money off the table in a cost efficient, streamlined and comprehensive manner. However, you're probably already aware that not all outsourcing consultants are created equal.

Most companies have tried outsourcing some aspects of their business such as IT or marketing, and many will have stories of how it went wrong, or didn't live up to expectations, leading to a hesitancy to outsource again. You may have even outsourced in the area of Freight & Logistics before and we have certainly heard from customers on moving away from freight forwarders & brokers (for example) to internalise their freight management as much as we have heard of a move in the opposite direction (moving from in-house management to outsourced). So how do you find the right Freight Audit Consultancy for your company?

Freight Business Goals

Most companies do learn from any initial problems and go on to make better decisions on consultants they nominate to work with. The key to outsourcing is creating a strategic relationship between your business and the consultancy. This is established through effective communication to ensure clear goals between the two companies in this business partnership.

Look for a consultancy that will ask relevant, penetrating questions and be prepared to answer them fully and honestly; it can be tricky owning up to short-comings, but all companies have them. The more scoping upfront, the more likely they will meet your expectations.

Freight Industry Expertise

Make sure the company you partner with has extensive experience in the area you are outsourcing (in this case Freight Auditing). Look to their longevity in the industry and ensure they have deep rooted networks relevant to the market that they can bring to bear.

Consignment (Shipping) Manifest Data

Not all Freight Audit companies cross verify the three datasets of:

1. The carrier's freight invoice
2. The carrier's rate card(s) and Zone postcode file(s)
3. The consignment data created by the shipper

Some only compare the freight invoice to the rate card, making sure the appropriate rate was used. This is scratching the surface of what can be uncovered. Adding the manifest file data to the reconciliation process means you are checking a whole range of issues such as whether the charge weight is a mismatch because either the dimensions or weight do not align between shipper and carrier.

You can therefore do an in-depth audit that includes issues such as:

- Do the Zones & Rates match with the postcode?
- Is it actually your consignment?
- Do the items and numbers of items match?
- Does the Service match?

How to Source the Best Freight Audit Companies

1 In fact, we would go so far as to argue that merely checking that the internalize carrier has used the correct rate is simplistic and of minor benefit. This is especially the case if you wish to use
2 the analysis from the reconciled data to verify you are being charged correctly and that our
3 warehouse operators are consigning cargo properly. You would be far better served by a comprehensive reconciliation.

Freight Audit Return on Investment (ROI)

4 Query them on similar projects that they have conducted and the results (ROI) of the project. Most well-established Freight Auditors should have a range of testimonials and Freight Audit
5 Case Studies that they can refer you to. ROI might also include post Freight Audit analysis of data with some Auditors that provides another level of freight cost reductions.

Freight Auditing Software and Processes

6 The more cost-effective service providers that can meet your goals will typically have the right niche Freight Auditing Software and processes in place such as:

- In-house Freight Audit Software & FMS systems for the shipper Service Level Agreements (SLAs),
- Knowledgeable staff to who follow customised processes for your SLA and have extensive carrier networks
- Tailored Reporting and Analysis outputs.

Having the right tech to implement where needed ensures you get an efficient automated process with granular data analysis capturing all relevant cost savings possible in the most cost-effective way.

A good consultancy should be able to explain the technology and processes involved, provide reporting examples, explain workflows and provide details on timelines and implementation requirements.

Related Freight Management Services

It is always helpful if they have a range of expertise in related areas of freight management such as:

- Freight Management technology systems
- Freight Benchmarking Business Intelligence Reporting
- Request for Proposal (RFPs); Tenders

Such vendors can enhance the service offering and can also become a preferred partner who knows your business well for any future freight projects that may logically spring from the Freight Audit project (ongoing Carrier Invoice Reconciliation services, for one).

Australian Freight Audit Company

A key consideration is the difference between the Australian companies and those who operate in other markets such as the US. For one, they're operating in the same time zone.

How to Source the Best Freight Audit Companies

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Secondly, an Australian Freight Audit provider will obviously have an in-depth understanding of the market and relationships with carriers with which to assist their clients with troubleshooting of issues, negotiating payments and updating contracts if needed as part of the Freight Audit Process.

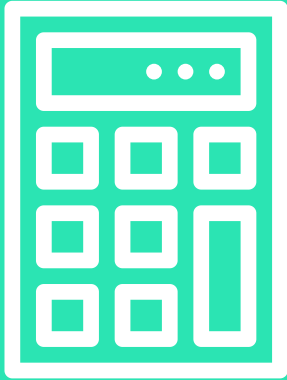
For example, someone without an intimate understanding of the services will see all airfreight as equal but there can be different operational decisions on two different air services with the one carrier that could lead to the warehouse operator making the wrong choice and paying more than they should. We've had customers who have overpaid when using an international Auditor for this type of reason.

Automation and Manual, Human Oversight

To expand on the above, another area of difference between Auditing services can be whether a company offers a completely manual service, or only automation, or a combination of both. What we believe is best practice is to combine the strengths of both areas. Automation will see thousands of con notes reconciled within minutes. Manual only is clearly going to take many man hours and is unsustainable. An expert with many years' experience in the industry, who can analyse the results of the niche software system for, for example, post dispatching issues i.e., materials handling surcharges, residential surcharges, will ensure you claw back all potential overcharges.

Freight and Logistics Industry Changes

Make sure you partner with a company that is on top of the fast-paced changes happening in the freight industry at the moment. Who can therefore guide you most effectively to stay in front of your competitors.



CHAPTER 5

Credit Notes, Payment Process & Logistics Troubleshooting

Credit Notes, Payment Process & Logistics Troubleshooting

1 **Tips on Sourcing the Right Freight Audit Provider**

2 So, the Freight Audit has been completed, (for this week, month or year; depending on the scope of what you are covering), and overcharges and errors have been found, now what?

3 **Credit Notes**

4 A good Freight Auditing process, with automation at its heart, should provide an output report, typically as an Excel file, that is a line-by-line or per consignment list of overcharge error amounts and should have the reason for the discrepancy stated, e.g., not our con note, duplicate con note, incorrect zone, etc.

5 This may, or may not, have also been reviewed by a freight clerk who will find those last nuggets of savings that automation cannot find e.g., redelivery surcharges; depending on the processes and capabilities of the provider, as well as the individual business's requirements.

6 It is then a matter of emailing the Credit requests to the appropriate carrier contact with a summary file that outlines the locations, service(s), invoice references covered and dollar amounts owing.

The back and forth of email and phone communications with various carriers and their relevant staff members takes a bit of time and organisation, and so some prefer to outsource this aspect of the project as well.

As mentioned in chapter 2: Freight Audit Checklist, you would want to have appraised the carrier's relevant staff of the imminent arrival of these requests for Credit well in advance to ensure negotiations go smoothly; particularly of course if this is going back several months in time, for invoices already paid.

Payment Process

Obviously the bigger the scope of the Freight Audit project in terms of months covered, the more effort required for negotiating payment of overcharges.

For larger amounts you may need to agree to payback in installments or payback through a discounting process of future invoices until complete. Whilst it's great that you've captured all your savings from this process and therefore retrospectively reduced your freight costs, the audit should also provide you with the information required to ensure the same issues do not repeat.

Troubleshoot Logistical Errors

Although technically finished with the Freight Audit you will need to take steps to ensure that lessons are learnt from the process, and improvements implemented.

Not all Freight Auditing services do this; they may simply provide a freight invoice auditing process; which could mean that the same errors keep cropping up again and again, keeping them in business of course, but not eliminating the errors and helping you to optimise and streamline your logistics processes.

Credit Notes, Payment Process & Logistics Troubleshooting

The Freight Audit process highlights issues with your carrier and data that are not systemic issues; patterns of issues that crop up consistently over the review time period.

Therefore, you should isolate the source of the error(s) and work through the errors in conjunction with your carrier. Errors may include:

- Zero rating for a postcode in your FMS system, requiring updated postcode files or a new quote that incorporates that town/suburb
- Unauthorised changes outside of the contract, e.g., change in cubic conversion or change to surcharge(s) will need to be discussed, and negotiated with new contracts and rate cards signed
- Re-syncing of data between systems could also be a requirement to ensure everyone is working with the same pricing current pricing data moving forward
- And many more issues that may be niche to a business's clientele or operating procedures

Freight Expertise

Finding these issues takes a highly trained expert to conduct the data analysis. The negotiation between carriers and shipper to get back to alignment on agreements and systems also requires a high level of knowledge on how each carrier operates and the right people to work with within that organisation.

Some Freight Audit providers might not go this extra step to hone-in on the cause of the errors, like a doctor diagnosing a disease correctly rather than just dealing with the symptoms. And so, if you're not careful in your scope, or defining the process, the same issues will crop up again and again, and you will just be putting a band-aid on them, if you miss this crucial step.

Warehouse Guidelines

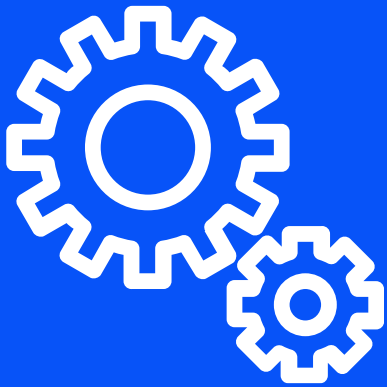
If the issues uncovered were as a result of the procedural steps your warehouse staff take to complete the consignment orders, and price them correctly, e.g.. measuring of carton dimensions or, ensuring a good process for shrink-wrapping pallets so that the cartons don't extend over the pallet, then that needs to be assessed and trained on as well.

Issues with your Carrier

External issues are a bit trickier as they are outside of your direct control. Outside issues might mean requesting their accounts team take a bit more care. Ensuring specific rates provided in your contract are properly connected to postcode file zones in your freight software system so that they carrier doesn't just lazily provide a manual quote for a consignment via their generic 'house rates' schedules.

Carrier's might upgrade their transport or accounting systems and there could be bugs in the system that need ironing out. Some shippers might have fairly niche needs that the new upgrade or system doesn't cater for.

Using a Freight Auditing specialist company can assist with this as they have the both the finance and technological expertise and the right contacts in IT & Accounts departments and are often negotiating on behalf of a group of customers that have that carrier in their distribution network that enables them to get to the heart of the matter and negotiate effectively with the carrier's team on their behalf.



CHAPTER 6

Ongoing Carrier Invoice Reconciliation & Business Intelligence Reporting

Ongoing Carrier Invoice Reconciliation & Business Intelligence Reporting

Carrier Invoice Reconciliation

If you have started with a Post Freight Audit as the method for kicking off your reconciliation of carriers, then after this has been completed, we strongly encourage you to keep this process up by what we at Freight Controller call a Carrier Check process; regular Carrier Invoice Reconciliation with BI Reporting for analysis.

Reviewing all carrier invoices on a weekly basis moving forward will ensure patterns of overcharge issues have been effectively dealt with; that they are not rearing up again. This is the case with any changes that the carrier has to make as that is outside the shipper's control but also to ensure that your warehouse staff are correctly implementing any changes you have made to your warehouse guidelines going forward.

A Carrier Invoice Reconciliation (CIR) process also ensures that no new issues crop up unexpectedly. Things change; nothing is static. A carrier may update their systems which leads to incorrect charges, warehouse staff under pressure may find loopholes that might enable them to get through the day's orders but will have consequences elsewhere such as in cost.

We see a CIR process as a type of insurance. You have health insurance, closer to the topic, you may have transport insurance for lost or damaged consignments; a CIR process is just another type of insurance. Rather than needing to do another big Freight Audit in the next year or two, you have a process for ongoing auditing with smaller credit note amounts that are quickly and easily processed along with analysis processes for troubleshooting for any new changes.

Freight Business Intelligence Reports

Best practice would also suggest that, in concert with a Carrier Invoice Reconciliation process, you should use your captured **reconciled** freight data to build reports on freight activity and costs to assist with your freight management optimisation goals.

The Business Intelligence (BI) Reporting is arguably more valuable than the reconciliation of carrier invoices, although it relies on that step for true accuracy in reporting.

Reports that are created without a reconciliation in place, (particularly with regards of course to costing), may not be accurate and could lead to poor decision making that leads to a decline in your freight management outcomes. They can be dangerous.

Just as a pilot in a plane must constantly re-check their instrumentation to ensure that they fly from say, Melbourne to Canberra, and not overstep and end up in Sydney, you need to constantly and accurately assess that you are truly moving in the right direction.

Reporting on your freight activity and costs enables the distribution business to create a continuous improvement methodology.

Furthermore, the BI Reporting enables you to glean all insights from your data to further reduce your costs via highlighting your current weak areas and giving you the confidence to implement measure for improvement. This is where the most important value mentioned above lies.

Ongoing Carrier Invoice Reconciliation & Business Intelligence Reporting

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Shippers who make the most of this reconciled data through relevant algorithms and KPIs will find the actionable outcomes derived from their reporting and analysis will reduce their freight cost by another **5-30%** on top of the savings uncovered in the Auditing and Reconciliation of carrier invoices.

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Verification of Invoice and Reconciled BI Reports

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Implementing a CIR & BI Reporting greatly enhances the initial Freight Audit and will become an invaluable tool for your Supply Chain, Finance and Freight Departments.

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The Freight Audit project gives you visibility on your costs and aligns people and systems across your own organisation, your carriers and any relevant freight consultants. The CIR/BI process gives you control by using true cost data to optimise your freight processes and therefore control your outcomes.

If you are part of an organisation that is always striving for better visibility and control of your freight activity and costs, always striving to optimise your freight spend and provide the best customer service and most competitive models for your clients, then a Freight Audit that logically flows through a CIR / BI process ensures that the Freight Audit maintains its relevance over time, and this should be equally important to you.

Conclusion

Hopefully, upon reading this Guide, you can see the inherent value of conducting a Freight Audit for your company, and the value of continuing with an ongoing Freight Auditing process, aka Carrier Invoice Reconciliation process. Again, this is best complimented with a BI Reporting process that will enable you to analyse the reconciled data to maintain visibility and control of your freight, which then enables you to spring into action and make important decisions on how to adjust your strategies to ensure you continue to move towards your freight business goals.

We believe that these freight data analytical processes are imperative to safeguard your business, enabling a continuous improvement methodology as your business evolves over time with new carriers, systems, customers, SKUs & packaging and so on.

It's a matter of 'getting your ducks in a row', as they say, so that you can start with a solid foundation. Conducting a Freight Audit provides benefits well beyond the scope of the initial project and can set up your business for success for many years to come.

This foundation enables you to ensure other related freight projects such as:

- Benchmarking and profiling your freight
- Warehousing your data for future analysis;
 - Including trend data
 - and as the basis for an accurate outcome on a re-design of your carrier distribution solutions through a data-driven Freight Tender or Request for Proposal (RFP).

are going to provide you with the peace of mind that comes from being confident that the actions you take to improve your business, upon analysis of your data and in alignment with your goals, will have the positive impact that you are expecting.

About Freight Controller

Freight Controller is a Consultancy business that specialises in data-driven freight management services to assist shippers with optimising their warehouse, transportation and freight / customer service processes.

A key component of that is our Freight Auditing, and Carrier Invoice Reconciliation with Business Intelligence Reporting, via our Carrier Check System.

Freight Controller, founded by Managing Director David Beach in 2012, is part of a Group of Companies with over 40 years' experience in the freight and logistics industries.

Learn more about our range of services here:

freightcontroller.com.au

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Our range of transportation management and reporting services help drive business growth