

HOW YOUR SUPPLY CHAIN CAN THRIVE DURING A TIGHT CAPACITY MARKET



TIGHT CAPACITY DOESN'T HAVE TO HOLD YOUR SUPPLY CHAIN BACK

Use these strategies to succeed in every truckload market.

WHAT TO DO TODAY

✓ PROVIDE AMPLE LEAD TIME

Carriers plan routes up to a week in advance. Provide 48-72 hours' notice of tender to increase the capacity you can access.

✓ BE FLEXIBLE ON PICKUP DATES AND HOURS

When possible, provide flexibility for pick up. One strategy is to offer afternoon pickup hours.

✓ UNDERSTAND CURRENT MARKET CONDITIONS

The market always fluctuates. Stay on top of market changes and communicate openly with your team and leadership.

✓ CONSIDER ALL VIABLE OPTIONS

Be open to revised pricing, spot quoting, live-loading, and other processes to increase capacity options.

WHAT TO DO IN THE NEXT 3-4 MONTHS

✓ BENCHMARK TO SET REALISTIC EXPECTATIONS

Compare last year's transportation rates to this year's rates. And verify that rates are aligned with overall market prices.

✓ MAINTAIN A STABLE SET OF PROVIDERS

Realign with service providers where it makes sense to drive real access to capacity and savings.

✓ DON'T TRY TO TIME THE MARKET

Seek competitive rates at a given point in time and maintain an annual cadence.

✓ SHARE THE TRUTH ABOUT YOUR BUSINESS

If you run lean, consider adding extra safety stock and time (e.g. more lead time). Ensure staff and vendors understand your business and the implications of a tight market.

WHAT TO DO IN THE LONG TERM

✓ IMPLEMENT A TMS TO UNCOVER OPPORTUNITIES

Use trend analysis information captured from a TMS to manage supply chain and service provider performance.

✓ USE ADVANCED BIDDING TOOLS

The right tools can help you understand the trade-offs between different service providers and award and pricing strategies.

✓ CONDUCT ANNUAL PROCUREMENT EXERCISES

Every year, select a period to review rates and service providers. Consistency allows for better prices and carrier alignment.

✓ AVOID LONG-TERM EXPOSURE TO THE SPOT MARKET

Because the spot market is a small part of the market, there's less capacity and higher volatility to contend with.

