



**C.H. ROBINSON**

»Accelerate Your Advantage®



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WHAT YOU SHOULD KNOW ABOUT SECURING FLATBED CAPACITY

# 8 POWERFUL TOOLS

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# FLATBED CAPACITY

## What's Your Strategy?

Many businesses that use flatbed equipment to transport their products have gone over budget when capacity gets tight. When demand is high, flatbed carriers and service providers can be more selective in the freight they accept, which may leave you without transportation or paying higher transportation rates.

## What Approaches are LEAST Effective?

- Talk to carriers only about low market rates
- Switch back and forth between service providers
- Chase the lowest cost deal
- Time the market to lock in low rates for two years or longer regardless of business needs
- Ignore provider complaints about issues (e.g., long loading and unloading times, difficult freight, etc.)

## Thrive During a Tight Flatbed Capacity Market

Your flatbed procurement strategy can help you obtain more access to capacity regardless of seasonal, economic, or market pressures. Use these tips to further your business.



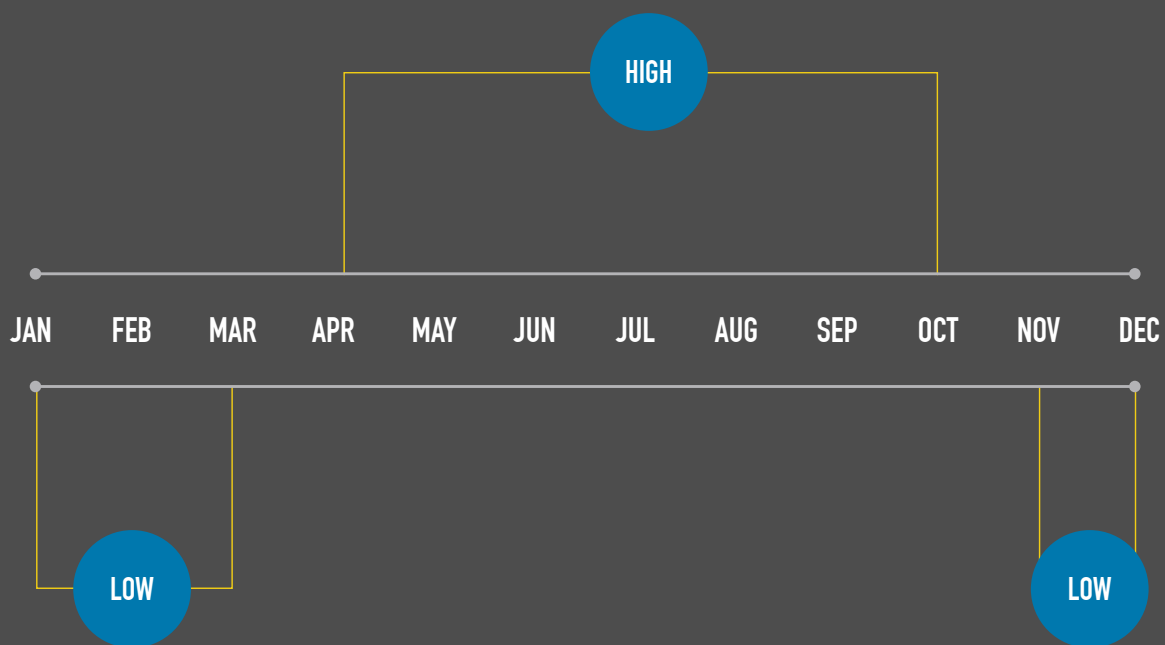
## TOOL 1

# KNOW THE MARKET, BUT BE READY FOR ANYTHING



### An Annual Cycle

The flatbed market has natural ebbs and flows. It seems easy to predict when rates will be low (off season) and when they will be high (peak season). But basing your decisions solely on seasonality may cost more in the long run—even if you capture the lowest rates available.



### Unplanned Influences

Despite the natural rhythm of flatbed shipping, no one can accurately account for outside forces that change the game. From weather to the economy and the fragmented nature of flatbed carriers, the number of unknown elements make it impossible to know actual market conditions far in advance.

## TOOL 2

# SET REALISTIC EXPECTATIONS THROUGH BENCHMARKING

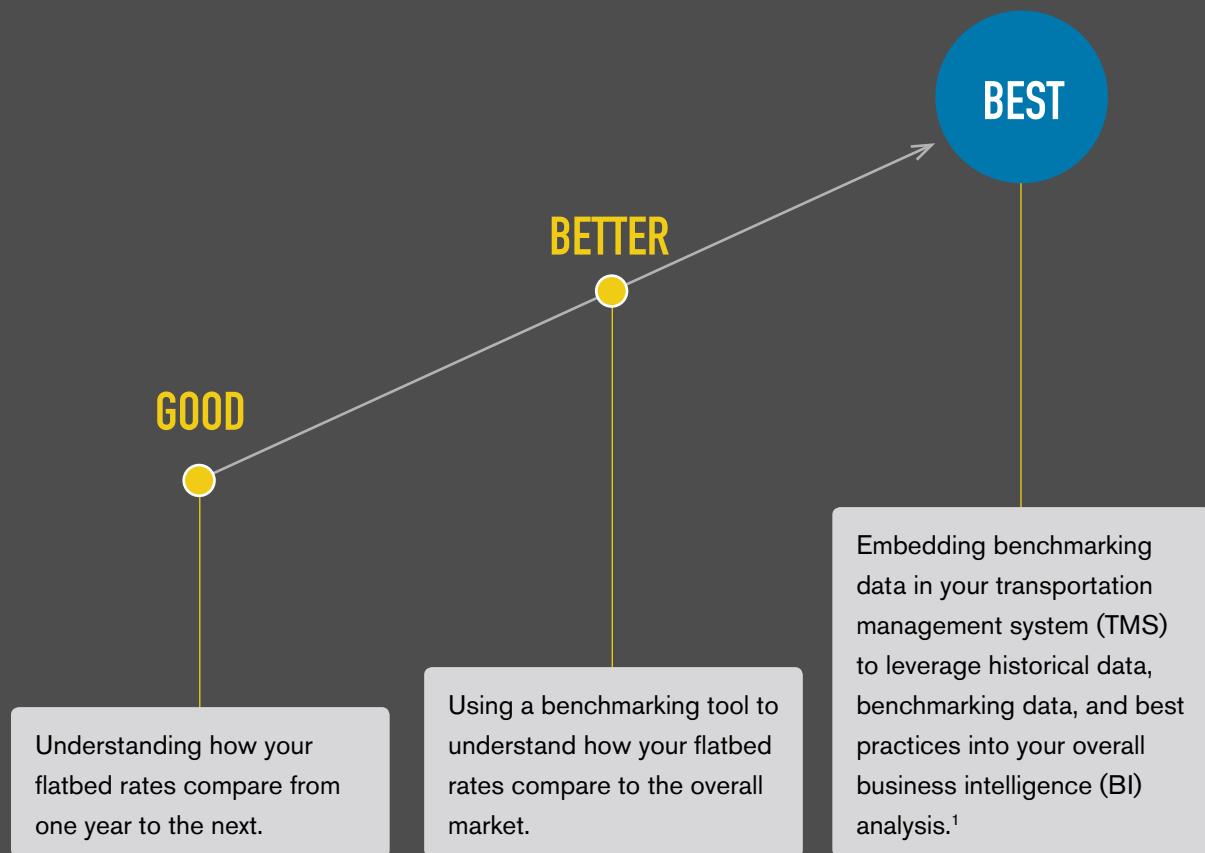


### Ask Yourself

- 1 How do this year's flatbed rates compare to last year's? (historical data)
- 2 What was our original flatbed budget? Where do we actually stand? (budget plan)
- 3 How do we compare to our peers/the market at large? (overall market)

### Apply the Information

Use the answers from these three questions to make better long-term business decisions. Leaving out any one of these aspects in your planning process may lead to gaps in your flatbed capacity strategy.



<sup>1</sup> Gonzalez, Adrian. "The Missing Link in Transportation Business Intelligence." Logistics Viewpoints. January 19, 2011.

## TOOL 3

# CONDUCT PROCUREMENT EXERCISES REGULARLY AND OFTEN



### Review Rates and Providers

At a minimum, conduct annual procurement exercises. If you have highly seasonal freight (e.g., construction or project freight) conducting events multiple times a year based on market seasonality may yield the best results. Consider an event in the spring/summer and again in late fall/early winter when rates and flatbed volumes typically shift.

### Regular Procurement Bids are Good for You

- Providers are better able to accept flatbed shipments and offer quality service
- You build market credibility as being reliable and strategic
- Your changing business goals and those of your carriers are taken into consideration

### Regular Procurement Bids are Good for Flatbed Carriers

- They are not locked into bad situations for extended periods
- It's easier to plan an annual commitment of resources
- They can create a backhaul strategy if necessary



Research conducted by Iowa State University examines how carriers adjust and honor contract rates between procurement events.

[DOWNLOAD THE  
STALE RATES WHITE PAPER](#)

## TOOL 4

# BE CANDID WITH YOUR FLATBED SERVICE PROVIDERS



### Not all Flatbed Freight is Attractive

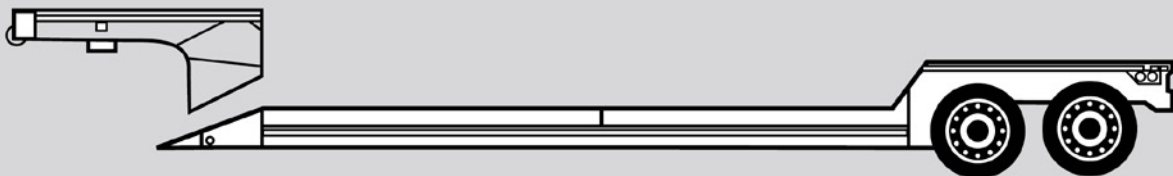
Making your freight seem more attractive than it really is may secure competitive rates for your routing guide; but once your primary service provider learns more about the requirements of moving your flatbed loads, they may accept someone else's easier freight. Whenever you move down your routing guide, precious lead time is lost. You are also susceptible to higher rates and fewer options as backup providers accept other loads.

### Remember

During a procurement bid, it's just as important to share what is attractive about your flatbed freight. Otherwise providers may assume the worst.

### Always Disclose/Discuss

- What the freight is. Explain the characteristics of what they'll haul
- The equipment they'll need. Remember to discuss accessories too (e.g., straps, chains, tarps, etc.)
- If your freight is seasonal or volumes peak and ebb regularly, they'll need to plan equipment accordingly
- Understanding the pickup and delivery location requirements is especially important for loads going to jobsites/work zones



Detachable goose neck trailer

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GUIDE FROM C.H. ROBINSON](#)

## TOOL 5

### USE A BIDDING TOOL



#### Choose the Right Tools

Using a bidding tool for your next flatbed procurement exercise makes it possible to quickly and simultaneously work with multiple service providers. Depending on the size of your business and the scope of your procurement exercise, the attributes you need in a bidding tool may vary.

#### Web-Based Tools

- Handle large file sizes
- Circumvent potential firewall issues
- Offer data security to all parties

#### Constraint-Based Tools

- Reveal trends in data
- Show which areas/providers should receive extra attention in the future

Many 3PLs and procurement experts offer their own bidding tools.





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## TOOL 6

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# TRUST A PROCUREMENT EXPERT



### Help Them Help You

Procurement experts are most effective when they understand your business—why things are the way they are, and where things stand. This way they can help you make smarter decisions about your flatbed strategy and pricing expectations.

### An Experienced Procurement Expert Offers:

- Less burden on your flatbed transportation team
- An unbiased view of the offered flatbed rates
- Insight into how realistic the rates are
- Bidding tools (preferably web-based and constraint-based)



## TOOL 7

# LET A 3PL ORGANIZE YOUR FLATBED CARRIERS

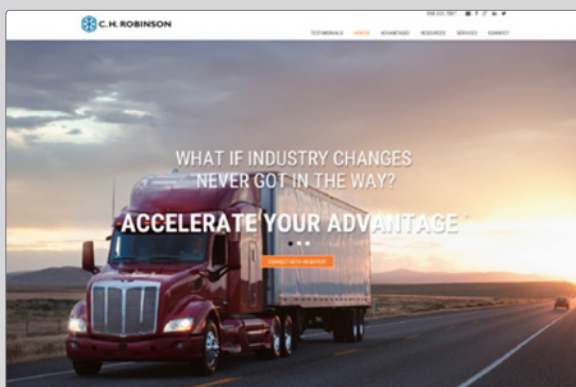


### More Carriers Are Not Always Better

Often shippers try to manage the relationships of far too many flatbed carriers in the hopes of always being able to secure capacity. However, this may be an inefficient approach for the fragmented flatbed business.

### Collaboration is Key

Consider a third party logistics provider (3PL) to help oversee your flatbed carriers. A qualified 3PL can bridge you and your carriers as well as offer their own unique carrier relationships to help you secure capacity. By collaborating with a 3PL, you can save your people the difficulty of managing too many flatbed carriers.



Your 3PL and procurement expert could be one and the same.



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## TOOL 8

# HAVE A BACKUP SPOT BID STRATEGY



### When Your Routing Guide Falls Short

Even the most proactive flatbed procurement strategy may require the use of the spot freight market in certain situations. Creating a standard operating procedure (SOP) when this occurs is in your best interest. Be sure to consider:

1

Your routing guide rates vs. current market rates

2

The attractiveness of your freight, which is based on everything from accessories required to pickup and delivery destinations

3

How it will impact relationships with preferred service providers

4

What commodities/materials you ship and any characteristics that affect carriers

5

The freight you move may not be at the contracted rate

## ACHIEVING MAXIMUM RESULTS

### Long-Term Impact

Astute shippers recognize the importance of balancing rates with service. You can help achieve this balance by developing long-term relationships with your flatbed service providers rather than always seeking the “best” deal. The savings you gain when rates are low may not outweigh the costs you face—both in time and money—when flatbed capacity is tight.

### Mutual Benefits

Create a symbiotic relationship with your flatbed carriers. When business goals are aligned, both you and your carriers win.

### Align with Your Flatbed Carriers

The optimal approach to securing flatbed equipment in a tight capacity market is to seek alignment with your service provider network. The tips you’ve learned here are a great way to get you started on the path toward a mutually beneficial relationship with your flatbed carriers. All the same, some of these will be more or less effective for your unique business model. As your business grows, changes, and develops new goals, be sure to revisit these tools and incorporate those that work for your needs.

## BRING IT ALL TOGETHER

### YOUR 8 TOOLS IN REVIEW

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1. Know the Market, But Be Ready for Anything
2. Set Realistic Expectations Through Benchmarking
3. Conduct Procurement Exercises Regularly and Often
4. Be Candid with Your Flatbed Service Providers
5. Use a Bidding Tool
6. Trust a Procurement Expert
7. Let a 3PL Organize Your Flatbed Carriers
8. Have a Backup Spot Bid Strategy



#### About us

C.H. Robinson helps companies simplify their global supply chains and understand their landed costs. To help build smarter, more competitive supply chains, skilled supply chain engineers and logistics professionals combine a deep knowledge of market conditions, practical experience, and proven processes. From local truck transportation to global supply chain management systems, from produce sourcing to consulting to logistics outsourcing, C.H. Robinson supplies a competitive advantage to companies of all sizes.