

# How A Seamless Inbound Supply Chain Impacts Your Bottom Line



We are all looking for ways to reduce our operating costs—while still meeting customer expectations. Most are looking at their supply chain to be a leader in cost reduction. Yet, many are not paying attention to a crucial factor—inbound shipments.

*Why should I look deeper into my inbound shipments?*

Suppliers are spending your company's money and without even realizing they are overpaying. Typically, suppliers are provided with a list of carriers to use for inbound shipments and from there they make decisions based on two main factors.

## FIRST FACTOR

They are already booking shipments with a specific carrier—so, your shipment is going on that carrier. This carrier is already on its way, thus making it easier to book with them. The problem is that the easy decision is not always the best decision. What is worse is that they will book these shipments without receiving quotes from all approved carriers. How much is this decision affecting your bottom line?

## SECOND FACTOR

They have a personal preference when choosing a carrier. This could be a great driver that makes a daily pass to a dispatcher willing to make short notice pick-ups. The problem is that a preferred carrier isn't always the best, either.

## THE SOLUTION

The solution is using a 3PL that will help your business manage the entire process—from the purchase order to the delivery. They will ensure there are no mistakes in the choosing of the best carrier with the least impact to your bottom line.

Move away from the mentality of sending your suppliers a routing guide. Do not dilute your opportunity for savings that way.

Instead, both the supplier and the 3PL should receive the purchase order. Then the 3PL will team up with the supplier to manage the process. They will understand the standard operating procedures (SOP's) for each supplier—time to manufacture, information that must be included on the bill of lading, shipping hours, and choice of carrier. All of which ensures a timely delivery to your manufacturing team to increase customer satisfaction.

The last piece of this puzzle is that a good 3PL will implement performance and invoice audits.

## PERFORMANCE & INVOICE AUDITS

The performance audit is comprised of both on-time pick-up and deliveries by the carriers of choice. This will identify any and all issues that haven't been noticed before. Also, a key factor in the performance audit are claims and damages. The carrier can have the best price, the best on-time percentage, and the best drivers but if they continually damage the freight, they should not be used. The cost of damage is not just the product cost. It is also the cost of time of each employee is involved in the resolution. More importantly, it negatively impacts the ability to meet your customer's demands.

The invoice audit is extremely important in this process. The 3PL takes on the responsibility of ensuring that the quote received is exactly what is on the invoice. If not, they will work with the carrier to best understand why the amounts do not match. Just think of how many people must get involved in this process, if managed internally—accounts receivable, logistics, vendors, and many others.

What most do not realize is handing over the reins to a 3PL can lead to opportunity cost savings. Meaning, by the 3PL completing the carrier management aspect—which includes performance, accurate billing, and the best choice of carrier based upon price, transit time, and reliability—individuals can focus on their daily tasks.

At the end of the day, we must choose a logistics partner that has an interest in more than just providing a rate and a truck.

You need a partner that is constantly evolving with you and your customer's needs. A partner that is never satisfied with status quo. One that continually suggests improvements. One that is dedicated to your success.

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### John Foyer—Domestic Account Executive

At Mohawk Global, you have that partner and more. Reach out to us today and let us show you what it's like to have a seamless inbound supply chain.



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