

Transport Topics **Online**

Updated:

LTLs Can Reduce Expenses With E-Billing, Experts Say

By Rip Watson, Senior Reporter

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TAMPA, Fla. — Less-than-truckload carriers can realize substantial savings if they manage to end the prevailing industry practice of preparing freight bills on paper and convert the process to electronic transmissions, industry officials and experts said.

LTL carriers that fill out about 85% of their freight bills on paper spend roughly six times more money to prepare those forms than parcel carriers that receive almost all of that data information electronically, Satish Jindel, who heads SJ Consulting, told Transport Topics.

Speaking at the [Distribution and LTL Carriers Association](#) meeting here March 2, Marc Mitchell, transportation practice director for Enterprise Information Solutions Inc., highlighted both the potential payoff of switching to electronic bills of lading and the difficulty in changing habits.

“An LTL move starts now with a guy at the shipper’s dock calling up a carrier and saying, ‘Come and get this. I don’t have a bill of lading to give you right now,’ ” Mitchell said. “Unfortunately, that’s the nature of the beast.”

Savings result from the reduction in errors, he said.

“The more people and paper that are involved in a move, the more risk there is and the more potential there is for failure and higher cost,” Mitchell said.

Jindel said parcel carriers’ administrative costs are 15 cents to process a single bill electronically, while that expense can approach \$1 when an LTL carrier does a bill of lading on paper.

There are other savings from switching to electronic information.

“Electronic manifests can give the LTL carrier better advance planning for the linehaul network,” Jindel told TT. “They will have information earlier to manage the delivery at the destination.”

Shippers’ habits will dictate the ability to change from paper to electronic manifests, two carrier officials said.

“The challenge is to put more responsibility for inputting information on the shipper,” said Michael Moran, vice president of Moran Transportation Corp., Elk Grove Village, Ill. “Our goal is to do that through EDI [electronic data interchange] and to try to get them to use our Web technology. We are going to really push that.”

Moran Transportation, which intends to move electronic bills of lading in about 60 days, is on the other end of the process in its warehouse operation, where its workers are required to provide [UPS Inc.](#) and [FedEx Corp.](#) with package manifest information electronically.

“We would like to drive as much as possible to electronic bills of lading, but the customer sets the standard for what we have to do,” said Marlin Kling, president of Midwest Motor Express, Bismarck, N.D.

“We’re looking for internal savings in technology,” Moran said. “We can only go so far. We need to get more revenue for what we are doing. We are not magicians. How much do shippers want us to keep scaling back?”

A logistics manager said the carriers are slow to change.

“I’ve looked at electronic manifests,” said Dawn Reichert, logistics manager for shoe manufacturer Wolverine Worldwide Inc. Speaking at a February investor conference, Reichert said that she would be interested in shifting to that approach. “We are pretty much required by the carriers to do paper manifests.”

A key benefit from the change to EDI is standardization.

“The key is to focus on technology and machine-to-machine redundancy in communications,” Mitchell said, as the best way to streamline procedures.

Electronic transmissions by themselves don’t guarantee success, he added, because carriers can use the wrong EDI standards to move information, such as delivery receipts.

Another EDI issue, he said, was the absence of implemented standards that cover such problems as a shipment that couldn’t be delivered.

[American Trucking Associations’ Information Technology & Logistics Council](#) has led efforts to create that missing EDI standard, Mitchell said, though it hasn’t yet taken effect.

He and others said that paper — and people — always would have a role in trucking.

“We are never going to eliminate paper,” Mitchell said. “We have to use it effectively. The notion is not to put a computer between people.”

For example, he said a computer could not convince a customer to give freight to a carrier.

Robert Kortenhaus, president of Bilkays Express Co., Elizabeth, N.J., agreed that personal communications still are critical.

“We have computers that do everything but dance with the customers, but they still call about their freight,” he said. “There needs to be more of a personal relationship. A lot of information that people need just doesn’t move over a data line.”