Performance Tracking Your Carriers

FOR INQUIRIES, CONTACT **SUPPORT@EASYPOST.COM**
417 MONTGOMERY STREET, 5TH FLOOR, SAN FRANCISCO, CALIFORNIA, 94104

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Introduction

If you hold your employees accountable for the sake of your business, it's only right to do the same to your vendors and partners.

Major carriers like FedEx and UPS hold a lot of leverage over most businesses, especially since regional carriers might not be the most popular alternative. Still, it’s important to hold your partners accountable to the service they’ve committed to. This is especially true when it comes to delivering your packages, because you absolutely need a reliable carrier to handle the last mile of your business.

The immediate benefit of performance tracking your carrier is gaining better leverage when renegotiating rates with them. If the data shows that they haven't always been upholding their end of the bargain, you can use that to push them to give you lower rates. Or, if the carrier is especially egregious in delivery quality, you can use that to convince internal stakeholders to switch carriers. At the end of the day, you pay a partner to do a service for you, and if they don't provide that service effectively and consistently, then it would be time to look for other options.

Of course, the question remains: how exactly do you track the performance of your carrier?

Well, if you have an integration with your carrier, you'll have to find out how easily you can collect, store, and analyze data that the carrier makes available. If you do have an integration, it also depends on how reliable and robust the integration is. Direct integrations with carriers can be problematic, especially since most carriers use outdated SOAP/XML endpoints that could take months to build with the requisite performance tracking capabilities. Using a Shipping API with a RESTful interface (like EasyPost) makes it simple for your developers to build integrations that can easily capture this kind of data.

And once you determine your data collection capabilities, there are three simple ways to track carrier performance: determining average deliverability, checking service level to actual shipping speed, and billing accuracy.

Determining Average Delivery Success

You should already be aware of the fallibility of your carriers. They'll misplace packages, they'll fail to deliver from time to time, and they might balk at bulk pickups during the holiday rush. They're not perfect, and you can't ask them to be. But you can hold them up to a reasonable standard, and in order to do that, you'll need to know their average successful delivery rate.

If you have an integration with the carrier that includes tracking functionality, you should also be able to glean tracking events as well. First, pull all of the tracking events for every package the carrier handled for a certain time period (make sure to get a good enough sample size, like a quarter's worth of deliveries or more). Then, section out the deliveries that were successful and on-time, successful-but-delayed, and failed. Determine the percentage of successful and on-time deliveries from your total deliveries, and this will give you your average successful delivery rate.

At this point, you can figure if your average successful delivery rate is acceptable from your carrier. Remember, the industry average for on-time successful deliveries is 96% of total packages. If your average successful delivery rate is below 96%, then you'll need to have a conversation with your carrier rep.

But what about the other two data columns?

Cross-reference the successful-but-delayed and failed deliveries with your address data. Try to see if there are certain zones that your carrier is having trouble with, and see if you can get reassurances or lower rates for packages being sent to those zones. Usually, these zones are farther out and have the most expensive rates, so it'll be nice to use this data as ammunition to negotiate those rates down.

Real Shipping Speed vs. Promised Shipping Speed

When you purchase expedited shipping, you should get expedited shipping. It doesn't make any sense to pay extra for express air shipping, only for the package to arrive at standard ground speed.

Good thing you have all that tracking data from the first exercise. Now, cross-reference all of the service levels of your deliveries with the actual shipping and delivery dates. Take a look and see if your carrier is honoring their service level commitments, and take stock of how many times they haven't. Hold onto that data when you have a chance to talk rates with your carrier.

To get a deeper picture, be sure to include the tracking event data into your analysis. Try to find out where packages get delayed, and for which reasons. You might start to see patterns and find out why certain carriers are inconsistent in punctually delivering express packages. Try to isolate the data around seasons (rush periods mean slightly worse service), location, time of pickup, and service level. If the data already shows that your carrier isn't honoring their service commitments, it always helps to have different data points to help bolster your case.

Finally, if you can, dig deep enough to see how proactive your carrier was with communication. If packages were delayed, when did you find out? Did the delay notification come after the package was already delayed? Highlight these deliveries and see if it happens often enough to justify a possible carrier switch. Communication breakdowns in the age of instant tracking updates are completely unacceptable, especially if they become a pattern instead of one-off glitches.

Audit Your Carrier’s Billing

You should already know how tough it is to keep a handle on billing for your own business, so imagine how complicated it is for a multinational carrier. Billing errors happen all the time, but that’s not the only reason why you should periodically audit your carrier’s billing. It also gives you a good picture of how fairly your carrier is treating you.

When it comes to auditing your carrier invoices, it's also recommended you do so with an integration in place. Doing it manually - i.e. going through each charge on your account dashboard - can be a complete time sink of your finance and operations teams. Make sure that you can quickly get invoices for a set period and have the ability to quickly flag questionable charges that can be disputed.

Common billing mistakes include:

- **Late Delivery**
- **No proof of delivery**
- **Incorrect fuel surcharge**
- **Incorrect residential surcharge**
- **Incorrect weight surcharge**
- **Incorrect oversize surcharge**
- **Duplicate charges**
- **Packages manifested but not actually shipped**
- **Unapplied rate discounts**
- **Incorrectly applied rate discounts**

Be sure to reconcile any billing errors directly and relenetlessly with your carrier reps.

Another benefit to a billing audit is to measure how fairly you’ve been treated by your carrier. See if there are any discrepencies between what’s been quoted to you, and what you actually pay. Highlight any downstream charges that are inflating your shipping costs. Make note of any minimums in the contract that drive up your actual shipping cost from what you’ve originally projected when you partnered with the carrier.

Conclusion

One of the biggest challenges for businesses is keeping their partners honest. The first step to holding your carriers accountable is ensuring a good integration that gives you all the data you need to do so. Make it easier for your developers by using a third-party RESTful Shipping API that offers better functionality than direct XML integrations with your carriers. The easier it is for your developers, the better the integration will likely be. And a good integration is key to getting access to all the data you need to keep your carrier honest.

Holding your carrier accountable for delivering when they say they would and billing only for what you owe are key components to ensuring a fair partnership. Anytime a carrier deviates from those two promises, it gives you the option to negotiate more favorable rates to you, or it signals that it's time to sign with a competitor. While having a trusted partner in your corner can definitely smooth over your operations and keep the ship stable, it's also important to ensure that your partner is doing right by your business.

Support & Resources

Account Executive
Jillian Voege
jillian@easypost.com

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