



EXECUTIVE BRIEF

FIVE QUESTIONS YOU NEED
ANSWERED REGARDING
TRANSPORTATION
SPEND MANAGEMENT

What is the one thing every company from the smallest start up to the biggest corporation has in common? These firms want to drive down costs to grow their bottom line. The ONE area that many firms are afraid to dig deeper in the very place where costs are spiraling out of control--logistics and transportation. Rising transportation costs have hit many firms where it hurts the most. Read on to discover five answers to some of the biggest transportation spend management questions that YOU have!

1 | WHAT IS TRANSPORTATION SPEND MANAGEMENT AND WHY IS IT IMPORTANT?

Transportation spend is the amount of money a firm uses for transportation related activities (shipping product, costs associated with receiving material, cost of ownership, etc.) Transportation spend management is the process of keeping the spend, or cost, under control as well as organizing this data for easier access.

Transportation spend management is the process of optimization involving costs across every area of the supply chain. Implementation can take many forms. The basics are regularly taught by business schools; however, much of this information is out of date considering the changes in commerce today. Additionally, creating a transportation spend management plan is different for every organization.

The first thing a firm must do is understand exactly what they ARE spending and what happens during the process so they can better manage it. Only when the executive suite understands and organizes all these costs can a firm better manage them, control them and lower them.

Transportation spend management can be a completely manual process. However, today you can automate the process in many ways--reducing the effort that you put into it. Additionally, outsourcing the task can be a viable option for many organizations.

And why is it important?

The reason transportation spend management is so important is because transportation logistics is often one of the biggest costs an organization deals with on an ongoing basis. Additionally, unlike supplies, for instance, transportation costs are not set in stone and inflexible. Most organizations have a number of options when it comes to how they spend their transportation budget.

2 | HOW DO LARGE COMPANIES USE TRANSPORTATION SPEND MANAGEMENT TO THEIR ADVANTAGE?

The largest companies have access to top-quality programs and dedicated transportation cost management personnel. Utilizing these tools, these organizations can reduce the amount they spend on transportation costs and improve their bottom line. While large companies may have certain advantages, the most important thing they bring to the table is organization. A well-organized transportation and logistics program will cost less and accomplish more.

In addition to saving money through the management programs themselves, these large companies can use the information compiled from management programs to get the best possible rates for their shipping services. The large freight companies are more willing to negotiate lower shipping rates with a large company that can show how valuable they are as a customer.

Finally, large companies use their transportation spend management plan to woo customers. Since they can offer lower shipping charges to THEIR customers, they are more appealing--allowing them to grow and stifling the growth of smaller businesses that do not take advantage of these systems.

3 | WHY SHOULD **SMALL TO MID-SIZE COMPANIES** UTILIZE TRANSPORTATION SPEND MANAGEMENT?

No matter how big your company, saving money is a priority--or it should be. The companies that are able to harness the benefits of transportation spend management can grow from their small roots into the very large firms they strive to compete against. The large firms may already have transportation spend management in place, but small to medium-size companies can utilize the same techniques.

While there may be an up-front cost associated with transportation management, it is normally something that pays off in the end. Plus, with new solutions available all the time, there are more affordable options than ever before.

In addition to saving money, there are many other benefits of transportation spend management that are especially useful for a small to medium business. Once you understand these benefits (as outlined below) you will see why it is so important to take advantage of the concept and utilize it as an important part of your overall transportation strategy.

4 | HOW CAN AN **OUTSOURCED PARTNER** HELP IMPLEMENT A TRANSPORTATION SPEND MANAGEMENT STRATEGY?

Your firm may not have someone on staff who understands the ins and outs of transportation spend management. Even the most talented logistics specialists may not understand today's transportation spend management programs. Hiring a full-time consultant is expensive, especially if you want the best, and may not be the best way for you to utilize company funds.

Another option is to outsource your transportation spend management program. By doing this, you receive the best of both worlds. Your firm will be able to reduce their transportation spend, optimize the entire shipping and transportation department and compete with the large firms, and since you do not have to hire a dedicated professional, the upfront cost is much less. Additionally, working with a company like 4WL Consultants, the entire process is scalable. Start small and grow as your company's needs expand. Best of all, using an outsourced provider, there should be no cost outlay, only cost savings as these companies provide an all-inclusive service.

5 | WHAT ARE THE **POTENTIAL SHORT AND LONG TERM BENEFITS** OF TRANSPORTATION SPEND MANAGEMENT?


While the most obvious benefits of using a transportation spend management plan, there are other benefits--both for the short and long term. Some of the most notable include:

- ① **Provide Customer Service** - Your customers or clients want their shipments and they want information so they can track them. A good management program will make this process much easier.
- ① **Improve Efficiency** - Transportation spend management can streamline information streams, automate manual tasks and provide documentation of all steps of the process--improving the efficiency of your logistics department.
- ① **Control Rising Inventory Levels** - When you have continuously growing inventory levels, keeping up with what you have in stock, what is coming in, what is going out and other details can be nearly impossible without a good management tool.
- ① **Reduce Cost of Ownership** - Every week, day and hour you keep inventory or products in stock, you have associated costs. If you have a well-organized management program, you can streamline these costs and save money in this manner too.
- ① **Compliance with State and Federal Regulations** - There is more regulation in place today than ever before. Transportation spend management can help you adapt processes to meet these requirements and not risk compliance issues.

ABOUT 4WL CONSULTING

At 4WL Consulting, we fulfill a strategic partner role for clients, bringing extensive resources and industry expertise, combined with the ability to adapt to the needs of your enterprise as you continue to grow. Our core focus is to support small/mid-size business, by customizing solutions to each of your unique business requirements and goals. Our client know that they can count on us every step of the way.

Since 1994, its Founder, Michael Rogers has been fueling their Client's success using his 40 years of industry knowledge combined with a network of extensive carrier relationships. You can rely on us to deliver your company competitive pricing, combined with logistics expertise and backed by cutting edge technology to simplify the shipping process.

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