

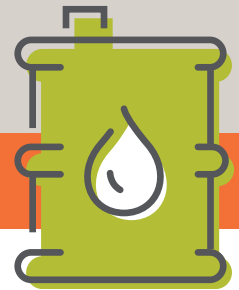
How To Manage Freight Fuel Surcharges

Working with a 3PL can help you navigate increases.



It's no surprise that fuel costs fluctuate throughout the year, carriers are on the hook for paying these fluctuating fuel rates as part of the cost of doing business. However, in most cases, those increases are shared with shippers who see hiked fuel surcharges on their invoices. There's not much shippers can do to avoid these costs, but there are strategies that can be used to offset them.

Worldwide Express is a third-party logistics (3PL) company leading the industry by providing top freight shipping services to thousands of shippers across the nation. Here, we provide five solutions that many of our freight customers leverage to protect their bottom line.



» 5 Strategies To Offset Fuel Surcharge Increases

1 CHOOSE CARRIERS WITH LOWER FUEL SURCHARGES

Fuel surcharges aren't regulated by the government, so carriers are free to use their own method to calculate them. Shippers can review carrier rates and select those with a lower surcharge. Negotiations made between a 3PL, and its network of carriers can reduce shipping rates.

PRO TIP: Don't base carrier selection solely on price. A carrier's worth is far more complex than the cost of shipping or fluctuating fuel surcharges.

2 USE A SHIPPING MODE WITH A LOWER FUEL SURCHARGE

Not all shipping modes use the same amount or type of fuel. For instance, a rail carrier might assess a lower fuel surcharge, while a cargo plane may charge more. A 3PL that works with carriers in multiple modes can identify those rates.

PRO TIP: Adjusting shipping schedules to allow for a mode with lower surcharges may mean a longer transit time, but it can cost less.

3 REDUCE THE NUMBER OF SHIPMENTS

Plan for fewer scheduled pickup and inbound shipments. For instance, shippers can narrow down the number of vendors they work with, consolidate outgoing shipments or order products in bulk.

PRO TIP: Some carriers base their fuel surcharge adjustments on the mileage of a trip, so working with a 3PL to consolidate shipping schedules can help cut costs.

4 REEVALUATE YOUR SUPPLY CHAIN

Lower transportation costs by selecting vendors nearby or creating distribution centers that are close to places you ship to the most. Shippers can also analyze their warehouse space to ensure it is optimized while evaluating your staffing needs.

PRO TIP: An effective 3PL can provide a full suite of shipping strategies, including supply chain management.

5 CONDUCT AN AUDIT FOR GREATER VISIBILITY

Auditing invoices and payments gives shippers the chance to clearly compare the rates of carriers they use and how much they pay in fuel surcharges and other accessorial fees.

PRO TIP: Even if a fuel surcharge can't be avoided, a 3PL can analyze accessorial fees and suggest ways to cut costs.

Let our team of shipping experts at Worldwide Express help you implement strategies to decrease the burden of rising fuel costs.

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