



The Manufacturer & Distributor's Guide to Shipping

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OVERVIEW

From organizing warehouses to fulfilling orders—and choosing what to keep in house and what to outsource—the operational elements involved in shipping present many challenges for manufacturers and distributors. When facing the complicated logistics of getting products into customers' hands, many factors can make or break the customer experience.

This guide covers different aspects of shipping to explore current best practices and how they can be applied.

- **Warehouse Strategies:** The warehouse serves as the foundation for any shipping process. Lean warehouse management and pick-and-pack processes can help businesses save time and reduce errors.
- **Order Fulfillment Strategies:** B2B buyers, accustomed to lightning-fast fulfillment and shipping as consumers, have started to expect the same in their professional lives. Striving for accurate, undamaged orders that arrive on time requires careful planning.
- **Outsourcing Strategies:** Outsourcing shipping processes can be an ideal strategy for businesses that prefer to concentrate on their core competencies of manufacturing and distribution. Freight forwarding and third-party logistics (3PL) are two options to explore.

A well-planned shipping strategy is necessary to maintain growth in this competitive market, allowing suppliers to meet and exceed customer expectations. Thorough preparation can result in a leaner warehouse, more “perfect orders,” and more informed decisions on outsourcing.

WAREHOUSE STRATEGIES

LEAN WAREHOUSE MANAGEMENT

Coping with the demand variation of a global economy requires the right lean warehouse management solutions. With the growth of the global supply chain, extended lead times have become a challenge as warehouses try to meet the pace of customer demand.

Lean warehouse management plays a critical role in not only controlling inventory management but also reducing lead time and working capital. It serves an integral role to a company's financial performance, and with the right systems in place, it becomes a vital link in a lean supply chain.

The core of responsibilities involved in lean warehouse management include:

- Swift shipping and receiving processes
- Accurate and flexible pick-and-pack methods
- State-of-the-art storage solutions

The first step to developing a proper lean warehouse strategy is to identify the parts of your current approach that need improvement.



WAREHOUSE STRATEGIES

Value-Adding Activities and Areas of Waste

The main challenge in warehouse management is focusing on value-adding activities and how they positively contribute to your integrated supply chain, all while reducing waste.

Value-adding activities include increasing customer satisfaction while reducing costs, optimizing productivity while maintaining quality, and improving accuracy while gaining speed. To support value-adding activities, focus on the following areas when developing a lean warehouse management strategy:

- **Stock control:** Improving stock control can help you avoid disruptions of service, lost sales opportunities, and unnecessary purchases.
- **Timing:** Delivering service on time with attention to accuracy and quality can help you improve customer satisfaction.
- **Information:** Connecting all the different components of the supply chain through visible data can help you identify and trace the flow of information in your warehouse.
- **Adaptability:** Understanding the increasing complexity of the market can help you meet fluctuating customer demands.

Lean warehouse management and reengineering also play a big role in reducing waste. To reduce waste, investigate the following parts of your existing strategy:

- **Space:** Any area not being used to its utmost efficiency can cause low or excessive fill rates.
- **Inventory:** Overproduction and overprocessing as well as underproduction and underprocessing from inaccessible or inaccurate information can result in excess and/or a lack of products, which can quickly freeze assets.
- **Transportation/Movement:** Unnecessary internal transportation or movement, such as storing fast-moving inventory in the back of a warehouse, can lead to lower productivity and added cost.

WAREHOUSE STRATEGIES

“ A STUDY BY AMR RESEARCH FOUND THAT COMPANIES REPORT THEIR TRANSPORTATION COSTS TO BE 5–7% OF THEIR REVENUE AND THAT THIS PERCENTAGE IS INCREASING. ”

- **Waiting:** Any systematic, personnel-related, or material delays due to wasteful processes, especially waiting for picking-line replenishments, are some wasteful pitfalls that cost time and money.
- **Defects:** Missing, defective, and/or mislabeled materials can lead to expensive, time-consuming repairs, returns, and adjustments.

Implementing Lean Warehouse Management

Make sure you understand specific challenges your business faces when developing and implementing strategy for managing your warehouse, as how you approach lean warehouse management will impact your total supply chain output.

Consider the following areas of focus:

- 1. Standardization:** Many warehouse processes can become standardized. One example is isolating and eliminating costs related to SKU complexity. Incorporating reusable dunnage and material, such as pallets and returnable containers, into your operations can reduce money spent on shipping-related equipment. Optimizing your warehouse layout can also reduce the time spent on storing and picking items.
- 2. Personnel:** Having a flexible workforce is important in surviving changing market conditions and more detailed customer specifications. A balanced personnel ratio target will allow you to meet fluctuating production demands at any time. Team members should be trained through formal programs and receive ongoing training throughout their employment. Daily stand-up meetings can improve productivity and flow during a shift, and they're easy to implement.

WAREHOUSE STRATEGIES

3. Pull and flow: Enabling “first in, first out” (FIFO) methods at a batch level is a great way to enhance your pull replenishment. This is a prevalent strategy in the food, fashion, and technology industries as their products have a limited shelf life. Other examples of improving your pull and flow include:

- Increasing the visibility of bottlenecks
- Sharing data
- Avoiding overproduction
- Increasing quality
- Reducing inventory levels

4. Takt time: Using takt data to determine which resources are necessary is an intelligent way to promote lean warehouse management. Takt time precisely matches production with demand. Warehouse managers should know the personnel, product, and equipment needed per order. With a strategy that considers real-time takt data, you can better plan for resource capacity and improve forecasting on future orders.

Takt time is the time between the beginning of production of one item and the next. This period matches the rate of customer demand.

5. Zero defects: Isolating key failure models and areas in which defects occur can help you streamline your warehouse processes by eliminating errors. Prevention is crucial for avoiding future losses caused by defects, and an open culture of problem solving—instead of finger pointing—encourages this approach that stops mistakes before they occur.

A strategy based on sound observation and planning will lead to successful lean warehouse management. Lean warehouse management involves investigating and implementing the best practices in operations that enable companies to meet strategic delivery needs. The warehouse is at the heart of any successful product: it facilitates the coordination of the entire supply chain.

WAREHOUSE STRATEGIES

PICKING AND PACKING

Order picking and packing can be extremely costly for many manufacturers and distributors. However, it is an area that can have the greatest impact on customer satisfaction. Getting the pick-and-pack processes right means the difference between being sure that the orders your customers receive are accurate, intact, and prompt—or not.

Challenges in Order-Picking and Order-Packing Processes

The major issue affecting the efficiency of the picking process is the movement of order pickers as they pass through the warehouse. How much time is wasted on unnecessary trips? A streamlined approach to order picking can fulfill the largest number of orders in the shortest period of time.

COMMON PICKING STRATEGIES

Piece picking: Most companies begin with this straightforward picking method. In piece picking, each order is picked as it comes in. This process can be as simple as sending a worker into the warehouse with an order and having them pick items off the shelves until each order is filled. This process is easy to implement but rarely efficient.

Batch picking: This picking method is similar to piece picking, but instead of picking orders one at a time, the worker might fulfill several orders at once. This method allows orders to be fulfilled quickly, but it still has limitations.

Zone picking: This process divides a warehouse into zones. Order pickers are assigned a zone, and they only pick items that are located in that zone. If items from multiple zones are required for an order, the boxes for those items are moved from one zone to the next until the order is filled. The boxes can be moved manually or by conveyor belt.

Wave picking: A combination of batch picking and zone picking, this process has workers assigned to a zone where they pick batched orders.

Automated picking: Any picking strategy can be automated by using a sorting systems method, in which orders are brought to the picker by a conveyor belt or automated storage units, or the pick-to-box method, which is similar to the sorting systems method but involves multiple order pickers at multiple stations. While automated picking is efficient, it can be expensive.

WAREHOUSE STRATEGIES

Determining the number of boxes needed to complete each order and the size of each box are central issues that affect the packing process. You should also consider if the right kind of packing materials are used to make sure orders arrive at their destinations in good condition. An efficient packing process can reduce shipping costs and customer returns.

Streamlining Your Pick-and-Pack Process

Picking and packing is a complex process, and its success depends on getting a number of factors right. Follow the following steps to streamline your pick-and-pack process:



Minimize touches.

Ideally, an order should only be touched once when it is picked and packed. This means the order must be error-free and packed correctly the first time, moving directly from shelf to box to truck without being moved in and out of different containers.



Optimize your storage strategy.

How and where you store your products in the warehouse directly affects picking efficiency. Common storage strategies are random storage, in which items are assigned to any location that happens to be open, and volume-based storage, in which items are ranked by demand and assigned a storage location that minimizes worker movement. Class-based storage is a combination of random and volume-based storage: items are assigned to areas based on demand but then stored in any open space within that area. If you are using a random storage strategy, consider reorganizing your warehouse based on a volume- or class-based system to help ease traffic within the warehouse and speed up your picking process.



Use the 80/20 rule.

The Pareto principle states that, generally, 80% of effects come from 20% of causes. Keep this principle in mind when considering your warehouse processes. 80% of your orders are likely to come from 20% of your stock. If that part of your stock is stored and handled in the most efficient manner, it can then help maximize your overall efficiency.

WAREHOUSE STRATEGIES



Consider a different picking strategy.

As companies grow, they often find that manual piece picking cannot accommodate higher traffic and volume in the warehouse. Locking at zone, batch, or wave picking with some degree of automation, supports further growth and productivity.



Minimize movement.

Walking around a warehouse all day makes people tired, and tired people make mistakes. Look at how to reduce each worker's number of trips around the warehouse. Your storage and pick strategies will have a direct effect on movement. If you're using manual piece picking and a random storage strategy, switching to a zone-based pick system and a volume- or class-based storage system can help you do so.



ORDER FULFILLMENT STRATEGIES

THE ORDER FULFILLMENT PROCESS

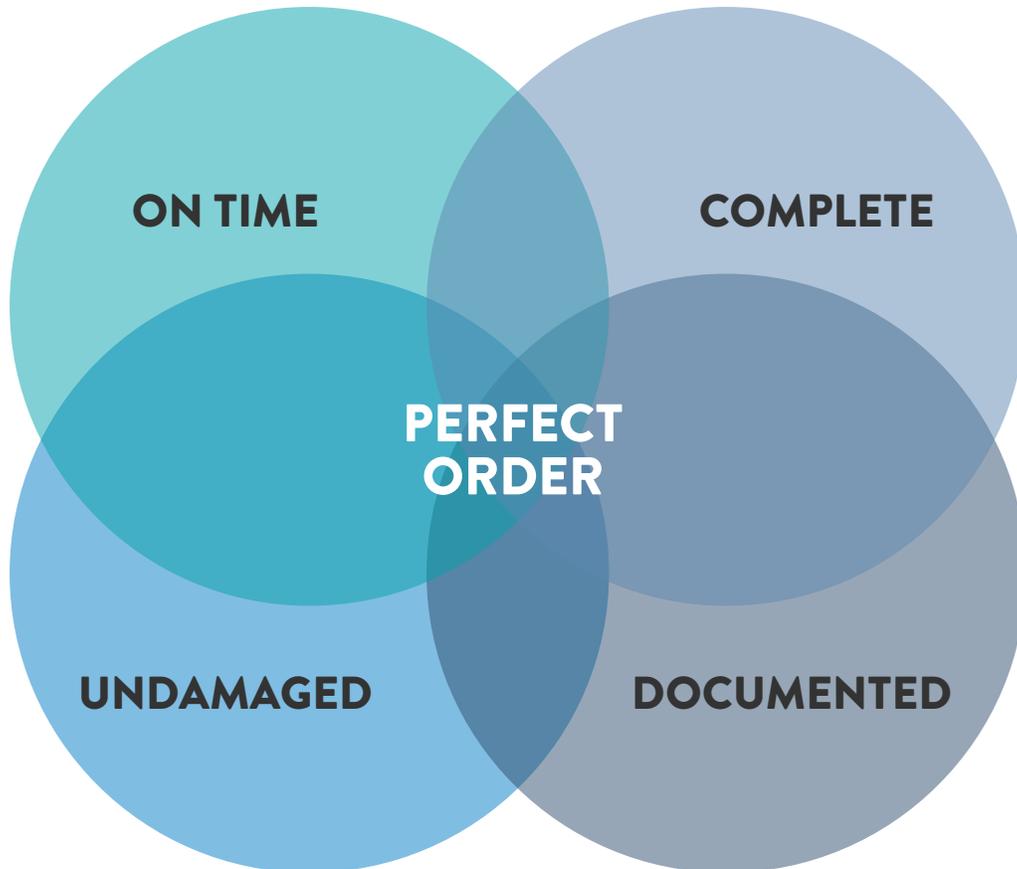
The order fulfillment process refers to all the steps companies must take from the moment an order is taken to the moment that order is received by the customer. For many wholesale distribution companies, an order fulfillment might look like this:

1. The order is received in person, on the phone, by email, or through a **B2B eCommerce platform**.
2. The order is entered into a back office system, such as an ERP or accounting platform.
Note: Buyers with B2B eCommerce solutions typically skip this step, as order data syncs directly to their ERP.
3. The customer is notified that the order has been received.
4. The order is sent to the warehouse.
5. The order is picked in the warehouse.
6. The order is packed.
7. The order is shipped.
8. The customer is notified that the order is on its way.
9. The order arrives.

Companies can judge the efficiency of their order fulfillment process by examining the “perfect order” metric. A perfect order is on-time, complete, and undamaged—and it’s accompanied by the proper paperwork.

ORDER FULFILLMENT STRATEGIES

The perfect order is similar to the fill rate, the percentage of orders satisfied from available stock. The fill rate is a way to measure an inventory's ability to meet customer demand.



ORDER FULFILLMENT STRATEGIES

Complications in Order Fulfillment

All companies strive for all their orders to be perfect orders. However, this is difficult to achieve. Challenges in demand planning, inventory management, supply chain optimization, and logistics planning complicate each order:

- **Demand planning:** Do you know in advance what demand will exist for a product? Do you practice demand shaping, generating demand through marketing and promotions?
- **Inventory management:** Do you have the items your customers want? Can you provide visibility on stock levels?
- **Supply chain optimization:** When items are low in stock or out of stock, how quickly can you get them back in? How quickly can your manufacturers produce more items? How long will it take for those items to get to your warehouses?
- **Logistics planning:** Once the items are ready to ship, how are you going to get them to the customer? How long will it take? Will the items be packed and handled carefully so they arrive intact?

Increasing Your Perfect Orders

To improve your perfect order rate, consider accelerating your order fulfillment process to make sure you can fulfill your customers' expectations quickly and accurately. Focus first on "quick wins" that don't require a massive investment of time or money but do have immediate impacts. Then, look at whether or not you're making the most of existing systems. After that, investigate opportunities to invest in technology, which can further speed up your order handling times and facilitate accuracy.

Start with the following steps to create a process that enables perfect orders:

Classify your inventory for rapid handling.

Grouping your inventory into categories based on how fast the items move helps you make sure you have the right stock levels on your fastest-moving items.

ORDER FULFILLMENT STRATEGIES

Put those most popular items in a central location so they can be picked, packed, and delivered to the shipping dock in the shortest amount of time. Slower-moving items can be sorted in a separate area. This logical arrangement can really cut down the time it takes to process and fulfill orders.

Integrate systems for greater visibility of all parts of the order fulfillment process.

Some areas that need to be visible for the quick fulfillment of an order include demand forecasting, sales, inventory, and logistics. This requires some level of integration between the sales order management, inventory, logistics, and ERP systems.

Automate processes.

Automation doesn't necessarily mean investing in robotics or conveyors, it can be as simple as investing in scanners to keep track of inventory. Applications can be downloaded to mobile device that make automation easy and inexpensive.

Each of the above steps has a dual benefit. Reclassifying inventory not only saves time—it also saves on labor costs in the warehouse. Integrating systems not only increases the visibility of vital data—it also provides better reporting and analytics that can aid decision-making and increase profitability. And automation not only speeds up order fulfillment—it gives more accurate data to help predict future orders.

Order fulfillment is an aspect of shipping that can have the greatest influence on customer satisfaction: figuring this out early will ultimately support your company's growth.



TECHNOLOGY IN FOCUS

B2B Commerce platforms significantly impact the order fulfillment process by automating multiple steps including order writing, submission, and integration into your ERP or accounting software. To learn more about Handshake's B2B Commerce platform, contact us at info@handshake.com or 855-532-9044 (+1-646-434-2553 intl.).

▶ WITHOUT B2B COMMERCE:



Orders are submitted manually from the field by sales reps and customers over phone, email, fax and regular mail.

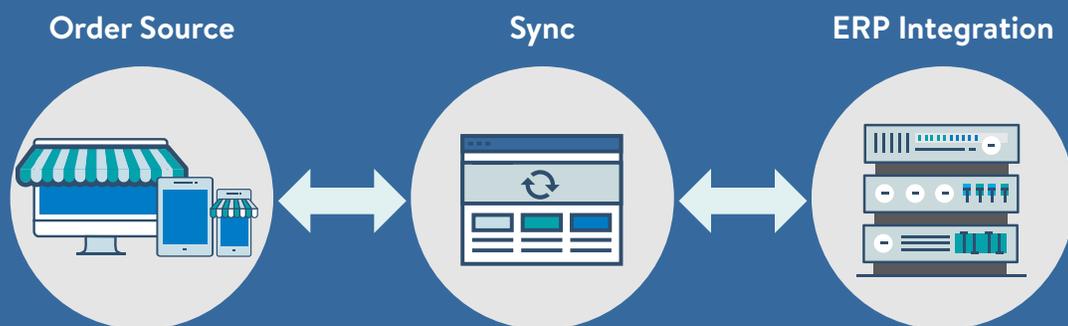
Orders from all these sources must then be compiled and aggregated by your back-office team.

In the final step, the order has to then be re-entered into the ERP or accounting software.



The manual order fulfillment process is highly susceptible to human error caused by misheard information, typos, and illegible handwriting.

▶ WITH B2B COMMERCE:



Orders are submitted automatically from the field by sales reps and customers via mobile devices and the web.

Orders from the field syncs to a web-order management hub and can be immediately approved for fulfillment.

Once orders are confirmed, order data automatically syncs to your ERP or accounting software.



An order fulfillment process automated by B2B Commerce improves order accuracy, increases back-office efficiency, and significantly speeds up time-to-ship.

ORDER FULFILLMENT STRATEGIES

MULTICHANNEL ECOMMERCE FULFILLMENT

For brands with both B2B and B2C online channels, fulfillment is the heart of eCommerce strategy. B2B and B2C customers have different expectations, so make sure you are aware how their outlooks play out in the online shopping experience.

Shipping Expectations

B2C

Free and fast shipping leads to higher conversion rates and average cart sizes for B2C customers.

[Deloitte's 2015 Annual Holiday Survey](#) found that 72% of shoppers intended to take advantage of online free shipping offers, while 55% anticipated taking advantage of free returns. 87% of survey respondents stated that free shipping was a more important selection factor than fast shipping. 81% of consumer respondents also expected shipping to be both free and fast, and they weren't willing to pay extra for faster modes of shipping.

B2B

B2B customers expect reliability and the best prices possible. Their orders may be placed as part of a manufacturing or production process, which means that their orders can be anticipated well in advance.

The speed of order fulfillment, while important, is not as much of a deciding factor for the B2B customer: longer transit times may allow the B2B customer to lower costs on warehouse space.

While consumers want orders fast and free, B2B customers look for reliability, accuracy, and low costs when ordering online. B2B customers are savvy—they understand that they may have to pay for logistics performance, so they plan ahead to keep costs down.

ORDER FULFILLMENT STRATEGIES

Meeting Your Customers' eCommerce Expectations

Tailoring your B2B and B2C customers' eCommerce experiences to their specific needs can result in greater sales. Use the following tips to customize your eCommerce fulfillment strategy.



Be flexible.

Your approach to fulfillment will need to be flexible, since what works for the B2C customer may not work for the B2B customer. Third-party logistics (3PL) providers are one option to consider when growing your B2B channel. For companies with an established B2B customer base, flexibility can allow you to continue providing the options your B2B customers expect and value through your current strategy while providing the options consumers trust and prefer when growing your B2C channel. As the B2C channel matures, bringing in-house fulfillment back may make sense as long as you are able to continue providing service that is equivalent to or exceeds that of a 3PL provider.



Display information.

B2C customers want products fast and free, so if you provide these options, make sure your eCommerce site prominently displays this. Because B2B customers value reliability, display shipping and delivery details clearly. Having a separate page on shipping options can give B2B customers even more insight into your shipping process.



Enable multiple workflows.

The workflows to pick small orders such as those typically submitted by B2C customers and larger orders from B2B customers require different approaches. So, if your company fulfills orders in-house, having multiple flows of traffic within your warehouse can help with organization. Whether you're manually picking and packing orders or using an automated process, your workflow needs to accommodate both large and small orders. Consider segregating your B2B and B2C orders by time of day or warehouse location.

ORDER FULFILLMENT STRATEGIES



Anticipate change.

Change is a constant, and today's B2B expectations are changing quickly. While reliability may be a bigger issue for B2B customers now, the push towards frvee and fast shipping in their lives as consumers have already raised the bar in the B2B channel. In B2C, the shift will be from fast shipping to even faster shipping. Companies need to anticipate how they will fulfill future orders as customers' demands change. Building a fulfillment strategy will enable you to meet these demands not just now but two, five, or even ten years into the future.

Getting the most from your eCommerce fulfillment strategy, especially across multiple channels, is incredibly rewarding for the companies that get it right. Facing these challenges head-on will help you stay competitive in a market with constantly fluctuating expectations.

OUTSOURCING STRATEGIES

FREIGHT FORWARDING

As manufacturing and distributing companies grow and expand, they must figure out how to keep up with the number of shipments that need to be sent to domestic and international customers. Some larger companies choose to keep up by expanding their own in-house shipping function, but this involves a large investment in logistics to bring in the resources needed to keep things running smoothly. For some companies, this kind of investment is impossible or undesirable. Smaller companies often can't afford the resources to manage complex shipping requirements. Other companies may simply prefer to keep their focus on what they do best—building and selling great products—and leave logistics to companies that specialize in those important business functions.

What's a small or medium-sized manufacturer to do when they need to move products to countries or regions where they lack the contacts and insider knowledge needed to manage the logistics process? Companies have several options for handling this type of situation, and one of the most popular choices is freight forwarding.

Freight forwarding is a business arrangement in which a third party company arranges the storage and shipping of merchandise on behalf of its customers.

Freight forwarding companies:



Track inland transportation.

Freight forwarders arrange and keep track of shipments as they move around the country by truck, rail, or even air.



Prepare shipping and export documents.

This is an area where freight forwarding shines. Because they ship so many goods across international borders, they have specialized knowledge of the required documentation.

OUTSOURCING STRATEGIES



Warehouse.

Freight forwarders either run their own warehouses in several locations, or they can lease space in warehouses that they don't service.



Book cargo space.

Knowing who to call when you need to ship to a certain location and which carriers are best at serving different destinations give freight forwarders an advantage in shipping both domestically and internationally.



Negotiate freight charges.

Because freight forwarders ship so many goods, they can usually negotiate better prices from a transportation company.



Consolidate freight.

Freight forwarders can turn several small shipments with freight from several customers into one large shipment, reducing costs.



Arrange cargo insurance and file insurance claims.

Freight forwarders have extensive knowledge of the ins and outs of obtaining coverage for shipments—and dealing with insurance companies should anything go wrong.

TIP

Freight forwarders typically ship under their own bills of lading. When the shipment arrives at its destination, freight-forwarding associates at the destination provide document delivery and freight collection services.

OUTSOURCING STRATEGIES

A Closer Look at Freight Forwarding

Advantages

Many small- to medium-sized manufacturers do not have the in-house resources to handle complex requirements in a cost-effective manner.

Freight forwarders offer a specific set of services at a lower cost than a 3PL company that handles a broader range of services. Freight forwarders are also less limited than freight brokers, especially in the handling bills of lading and insurance services. Freight forwarders are classified as carriers while freight brokers are not—this means that freight forwarders are required to generate their own bills of lading for most shipping and process their own insurance claims.

Disadvantages

Some of the risks of freight forwarding, like any outsourcing arrangement, include the loss of control over your shipments. Outsourcing to a freight forwarder means that you're no longer in control of the shipment schedule. Because the freight forwarder takes care of the details of shipment, companies cannot influence when their order arrives at its destination. This might not be a good arrangement for more demanding customers.

Freight forwarding is also unregulated in many countries. While this is less of a concern for domestic shipments, if your shipment leaves the United States, you could have less recourse in the case of lost or damaged shipments.

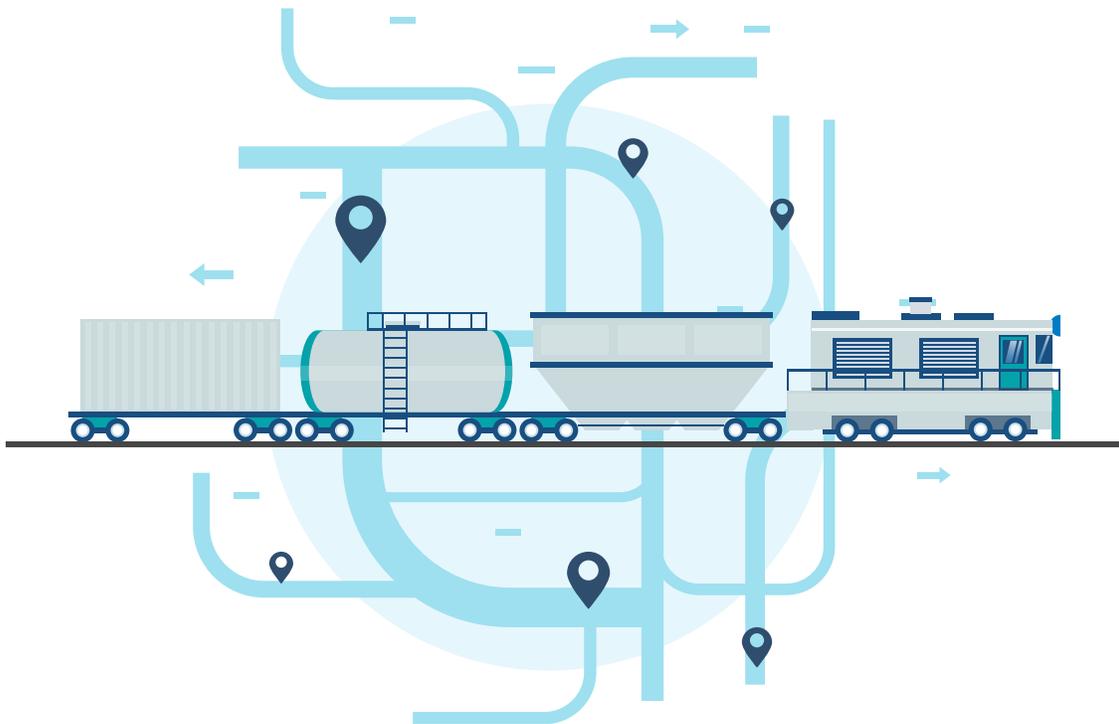
ADVANTAGES	DISADVANTAGES
<ul style="list-style-type: none">• Knowledge of the logistics industry• Ability to leverage volume to reduce cost• Global network of freight-forwarding agents	<ul style="list-style-type: none">• Loss of control over shipments• Lack of influence in determining shipment schedule• Lack of regulations in some countries

OUTSOURCING STRATEGIES

Deciding to Ship with Freight Forwarding

Consider the following questions to decide whether or not you should use freight forwarding:

- Do you have a shipment going to a location where you don't have the resources to manage the process?
- How demanding is your customer regarding when and how the shipment arrives?
- What are the regulations on freight forwarding in the country where your order is headed?



OUTSOURCING STRATEGIES

THIRD-PARTY LOGISTICS (3PL)

Logistics is its own discipline, subject to changing transportation regulations and fluctuations in demand. So getting the most profit out of your shipping dollars isn't always easy when logistics isn't your primary business focus. A third-party logistics (3PL) firm can handle the all details of getting a product to a customer.

FREIGHT FORWARDING VS. 3PL

What's the difference between freight forwarding and 3PL? The services these types of companies provide are very similar, but the difference between the two centers on the breadth of services they provide and the costs involved. Freight forwarders specialize in lowering cost and facilitating the logistics of transportation, but the services they offer are limited. 3PL providers provide a broader range of services, but these extra services can come at a higher cost.

Under a 3PL model, there are three parties involved in getting a product to a customer: the manufacturer, the customer, and the shipper—here, the 3PL firm. The services a 3PL firm can provide include:

- Dedicated transportation contracting
- Transportation procurement
- Inventory management
- Logistics management and consulting
- Freight audit and consulting
- Shipment tracking and tracing
- Reverse logistics (returns) and value-added services

3PL logistics firms specialize in managing all aspects of shipping goods from manufacturers to customers, wherever they may be.

OUTSOURCING STRATEGIES

A Closer Look at 3PL

Advantages

Ultimately, 3PL firms lower your shipping costs. The 3PL firm can operate their own fleets or those of their customers, which reduces your liability and costs from payroll, taxes, and workers' comp insurance.

According to Syfiant Logistics, a 3PL firm should reduce transportation costs by at least 5%—and as much as 25%—for manufacturers who had been previously running their own shipping departments.

A 3PL carrier may even cover the cost of cargo insurance.

Because of their specialization, 3PL firms are also experts when navigating federal transportation regulations within the United States as well as the regulations of foreign governments for international shipments. A 3PL firm can even assist with the logistical issues involved with making a product line international, including translating packaging in some cases.

3PL firms can handle common customs issues like lost shipments, brokerage fees, and unpredictability. They also have the ability to manage fulfillment from multiple markets. 3PL firms have the warehouse capacity to set up fulfillment in many foreign and domestic markets, which gets smaller shipments to your customers quickly and inexpensively.

Disadvantages

Like freight forwarding, 3PL involves some loss of control over your shipping processes. That means shipping, one of the business functions with the greatest impact on customer satisfaction, is in the hands of a third party.

Deciding to use a 3PL firm is a major commitment. Because your in-house logistics team may lose much of their relevant market knowledge that you will need if you ever need to end the relationship with your 3PL firm, bringing shipping functions back in house could be difficult when such expertise is lost.

And while 3PL firms may be less expensive than shipping your items yourself at first, efficient in-house shipping is the best deal in the long term.

OUTSOURCING STRATEGIES

ADVANTAGES	DISADVANTAGES
<ul style="list-style-type: none">• Coverage of costs involved with shipping• Expert knowledge of domestic and international regulations and customs issues• Management of fulfillment from multiple markets	<ul style="list-style-type: none">• Loss of control over shipping processes• Loss of relevant market knowledge in house• Costs over the long term

Deciding to Ship with 3PL

Consider the following questions to decide whether or not you should use freight forwarding:

- How does your company handle logistical challenges?
- Is your company a startup in the [\\$1–5 million range](#)?
- Are you expanding into international markets?

NEXT STEPS

The rise of eCommerce means that customer expectations regarding shipping are becoming more demanding. To make the most of this growth opportunity, companies must take a strategic approach in order to make their shipping processes as efficient as possible.

From the warehouse to the order fulfillment process and outsourcing, do all you can to minimize costs and maximize customer satisfaction. Automating processes and staying on the edge of trends in eCommerce can help you stay competitive in an ever-changing sales landscape.



APPENDIX

SHIPPING GLOSSARY

Adjustments: any differences between the actual shipment and the **bill of lading**; may result in additional charges from the carrier for a particular shipment.

Agent: an individual or organization who arranges to ship freight on behalf of their clients; freight brokers and freight forwarders are both agents; also known as a **freight agent**.

Axle load: the weight limit permitted for each axle of a specific vehicle; multiplied by the number of axles to find the vehicle's total weight limit.

Back haul: freight shipped on the return portion of a round trip; usually charged at a discounted rate.

Bill of lading (BOL): a contract between shippers, **carriers**, **brokers**, and **agents** that defines what is shipped, how, and to whom.

Broker: an **agent** who arranges to ship freight on behalf of another individual or organization without taking possession of the shipment; negotiates rates and can make decisions on behalf of clients; usually works with multiple carriers over a high volume of shipments; determine the needs of a shipper and connect them with the carrier best able to meet their needs for the lowest price; also known as a **freight broker**.

Bulk freight: freight stored and shipped in large amounts, stowed loose (not in packages or containers), and handled by conveyors, pumps, or shovels; often commodities such as oil, grain, or coal.

Carrier: any individual or organization that transports freight for a fee.

Chassis: the underpart of a vehicle that can secure a container for shipping.

Classification: a shipping category for an item that depends on its density, stowability, ease of handling, and liability; there are 18 freight classes that help standardize shipping rates; also known as **freight classification**.

Common carrier: a **carrier** that can be hired by anyone to transport goods; examples include most rail and air carriers, many **LTL** and **FTL** carriers, and parcel carriers such as FedEx.

Consignee: the recipient; the individual or organization responsible for receiving the shipment.

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Consignor: the shipper; the individual or organization responsible for sending the shipment.

Consolidation: the act of combining small shipments from multiple shippers into one large shipment; usually done to leverage economies of scale and reduce the rate paid by each shipper.

Container: a box used to ship goods by truck, rail, or oceangoing vessel; usually a long, metal, rectangular container that can be loaded directly onto a tractor-trailer or rail car.

Container on flatcar (COFC): a container that has been mounted onto a railcar for intermodal transportation.

Cross-docking: the practice of unloading materials from an incoming truck, trailer, rail car, or vessel and loading them directly into an outbound truck, trailer, rail car, or vessel with marginal or no storage in between.

Customs broker: an individual or organization licensed by the U.S. Treasury to act on behalf of freight importers and exporters to ensure compliance with U.S. regulations for cross-border transactions.

Deadhead: a trip in which no freight is conveyed; a distance in which a shipping vehicle travels without generating revenue.

Dock: the location in a transportation warehouse or terminal where shipments are loaded and sent or unloaded and received.

Door-to-door shipment: a shipment in which freight is shipped on one carrier from its point of origin to its destination at one rate.

Drayage: local, short-haul trucking often used to move shipments from rail yards or trucking terminals to port facilities, from ports to intermodal facilities, or from any of those facilities to a warehouse or local delivery point.

Embargo: an event such as weather or traffic that delay or prevent shipments from being handled or accepted.

Exception: a shipment in which items are damaged or missing; marked before the delivery can be accepted to indicate that a problem exists.

Freight forwarding: a type of freight agency arrangement used often in international shipping in which a freight forwarder receives freight and then arranges for transportation to the freight's final destination; may involve picking up freight and delivering it to a

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consolidation facility, arranging transport with third-party carriers, or providing other shipping services such as temporary storage, customs services, packaging, consolidation, or splitting shipments into smaller shipments.

Freight agent: see **agent**.

Freight broker: see **broker**.

Freight classification: see **classification**.

Freight size: see **size**.

Full-truckload (FTL) shipping: one of two general types of shipping in which freight fills the entire truck by volume or weight.

Gross vehicle weight (GVW): the combined weight of the vehicle and its freight.

Handling: the processes around moving and storing goods and parts during manufacturing, warehousing, and distribution.

Inbound shipment: a shipment traveling toward a receiving facility.

Integrator: an air freight hauler that can also handle short- and long-haul trucking for door-to-door shipment of goods; often used in international shipments.

Interchange: the transfer of freight from one carrier or line to another.

Interline shipment: a shipment moved by two or more carriers; often occurs when using regional carriers.

Intermodal shipment: a shipment in which freight carried by more than one mode of transportation; an example is a shipment that is carried by rail, then by truck.

Just-in-time (JIT) shipping: a supply chain strategy in which companies only receive shipments of goods right as they are needed in the manufacturing or distribution process instead of receiving them and warehousing them until they are needed; reduces storage costs but requires accurate forecasting to prevent shortages.

Liner: a mode of transportation that operates on a scheduled route.

Loss and damage (L&D): loss or damage of shipments that occurs in transit or in the carrier's or freight forwarder's warehouse; shippers are usually insured against L&D, and terms for handling claims are often defined in the **BOL**.

APPENDIX

Less-than-truckload (LTL) shipping: one of two general types of shipping in which freight does not fill the entire truck.

Lift on/lift off (LOLO): a process in which dockable cranes are used to lift containers and cargo on and off an oceangoing vessel.

Nested shipment: a LTL shipment in which materials are arranged so one item goes inside another in order to take up less space.

Outbound shipment: a shipment traveling away from a plant, facility, port, or terminal.

Private carrier: a private trucking fleet owned and operated by a shipper; often operated by companies that move large amounts of freight, such as grocery store chains or big box stores.

Reefer: a refrigerated container for perishable freight.

Roll on/roll off (RORO): a process in which ramps allow wheeled vehicles to transport shipments directly on and off an oceangoing vessel without using cranes.

Size: the weight or volume of a shipment which cannot exceed a defined **GVW** limit even if it is below volume limits; also known as **freight size**.

Tariff: the established fare and contract for a freight shipment.

Terminal: a transportation facility where freight can be **consolidated**, distributed, transferred, and/or **warehoused**; where transportation fleets can be maintained.

Third-party logistics (3PL): an outsourcing firm that can handle logistics requirements including purchasing, **warehousing**, inventory management, and transportation management.

Through rate: the rate to move a freight shipment from its point of origin to its destination.

Time-critical shipment: a shipment that must be delivered as quickly as possible.

Time-definite shipment: a shipment that must be delivered at a specific time or date.

Trailer on flatcar (TOFC): a situation in which a trailer is mounted onto a rail flatcar for intermodal shipping.

APPENDIX

Tramp: a mode of transportation that can travel to any destination without an established schedule.

Transit time: the total time that elapsed during shipping, from pickup to delivery.

Truckload (TL): an amount measured by weight or volume; often a freight shipment that weighs at least 23,000 pounds or occupies half of the trailer's capacity or more; TL or **FTL shipments** are usually priced per mile.

Volume rate: a lower rate offered for shipments over a certain size or weight in **LTL shipping**.

Warehouse: a facility where freight is stored.

Warehousing: the act of storing goods.

About Handshake

Founded in 2010, Handshake provides the B2B Commerce platform that helps manufacturers and distributors grow their business by making it easy for their customers to order the right products from them, in-person and online. Handshake Rep is a mobile sales order entry app that allows sales reps to write orders faster and gives them the product and customer information they need to have more strategic customer conversations. Handshake Direct is an omnichannel B2B eCommerce solution that complements field sales reps by giving buyers the convenience of 24x7 ordering and product education through a custom B2B eCommerce portal and B2B mobile commerce app.

If you are interested in learning more about Handshake, please [request a demo](#) from our sales team or contact us using our info below.

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