

# ON TIME, ALL THE TIME

**ACHIEVING 100 PERCENT** on-time delivery performance is a team effort among transportation carriers, shippers and consignees. Parcel carriers such as UPS and FedEx have spent more than \$1 billion each on information technology that provides detailed service performance data. Shippers need to leverage this information to drive out shipping exceptions.

Using on-time performance from a sample of 100 million parcels shipped in 2011, about 6 percent were delivered late, with more than 20 percent of those delayed by weather or uncontrollable “acts of God.” The remaining exceptions were controllable by the carrier, shipper or consignee. Less than half of these missed deliveries were controllable by the carrier, while most exceptions were controllable by the shipper or consignee.

Address corrections are the most obvious way a shipper or consignee can contribute to late deliveries. Bad addresses accounted for almost 400,000 late deliveries in the sample set. The largest type of such problems was an incorrect street address for the package. The shipper working with the consignees and its order management staff can control these shipping exceptions. The use of address validation software also can improve customer service while reducing shipping costs.

Other shipper-induced late deliveries include tendering packages late and damaged packages. With detail and accurate service performance information, shippers can identify root causes for the late packages and develop corrective action.

Consignees also can contribute to late deliveries. Nearly a third of all late deliveries were the result of the business being closed or the recipient being unavailable on the scheduled delivery date.

Can shippers help eliminate these late deliveries? Absolutely. Are you using an early morning service for businesses that open at 9 a.m.? Are you shipping medical devices to dentists

on Wednesdays? Do you have clear “Driver Release OK” instructions on the shipping label if applicable? Eliminating such late deliveries requires getting into the details, but it can pay off in lower shipping costs.

Carrier delays include mis-sorts, line-haul delays and capacity issues, which aren’t surprising considering UPS and FedEx handle more than 20 million domestic packages daily. With detailed service performance information, shippers can work with their carriers to reduce these types of shipment exceptions.

Many controllable exceptions resulted in packages never being delivered and having to be returned to the shipper. The result is an unhappy customer and payment to carriers for shipping both ways. More than 3 percent of late deliveries attributable to shippers or consignees ultimately resulted in the package being returned to the shipper.

Rich, electronic data about shipping performance is available from carriers. Electronic shipment status for an average package will have 10 shipment status messages. Most electronic invoices from parcel carriers have multiple invoice records per package with each invoice record having more than 200 unique data elements.

The most valuable data sources for service performance reporting come from electronic shipment status and electronic invoice data. Shippers can download this data from carrier Web sites, but most carriers offer multiple data feed options for shipment status and invoice data, including EDI, XML, application programming interface or similar Web service.

Parcel shipment status data is rich, but there are challenges with determining the ship date for packages. On average, carriers provide a “hard” ship date, origin terminal or pickup scan more than 96 percent of the time. Without a “hard” ship date from the carriers, there are challenges using the manifest or label electronic scan as the “start clock” date.

These challenges include electronic manifest records not matching what was shipped on a given day, electronic return label transactions being misinterpreted as the actual ship date, or a parcel carrier picking up a trailer and not providing an electronic pickup scan. Other challenges with shipment status data are missing weather delays, no final delivery status, multiple deliveries and duplicate tracking numbers.

Electronic invoice data isn’t just data to feed into the accounts payable system. Invoice data also is valuable for extracting correct address information to update shipping systems. Of the 20 million daily domestic packages, some 0.5 percent, or 100,000 packages a day, get an address correction; about half of these shipments will be delivered late. Using the corrected address information provided in electronic invoice files will eliminate future failures and reduce address correction charges.

Packages with additional handling or large package surcharges have higher failure rates than those that don’t. Carriers refer to these packages as “irregulars” or “incompatibles” and these packages usually bypass the highly efficient automated sortation in favor of conveyor belt pickoffs or delivery to dock doors.

Looking at a shipper with 1.7 million packages, its return-to-shipper exception rate was 50 percent higher than the average failure rate for all packages. Shippers should track service on these shipments and if necessary find alternative shipping options.

Spend reporting and raw on-time performance have a place, but fundamental improvements in service performance require actionable reporting that is accurate, complete and timely. Finding the “right” carrier is just part of the answer to improved service performance. **joc**

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