



Efficient and cost effective freight and supply chains

During 2014, the [Freight Expert Advisory Panel](#) worked with Tasmanian small to medium businesses to assist them to improve their freight outcomes. Through this work, the Panel compiled a list of characteristics often seen in businesses with efficient and cost effective freight arrangements and supply chains.

This list may provide a useful starting point to help your businesses improve or set up cost effective and efficient supply chains to transport your products.

Your freight needs can change

As your business grows, your freight and logistics arrangements may need to change to continue to meet the needs of your products, customers, markets and the scale of your operation.

If you can plan ahead, you may avoid issues with capacity, seasonality and distribution. Reviewing and planning for your freight needs can support and promote business growth, rather than impede it.

Review costs and services

Review your business's freight and supply chain costs at least once a year.

Take the time to investigate how the rates paid by your business compare to the rates offered by other providers. This can help you to find out how competitive your freight costs are.

If you are in a regional area, look at the freight operators delivering to your area. These trucks may be leaving empty and may be able to offer more competitive rates.

Negotiate with freight operators

Talk to freight operators about the rates and services they can offer you. Negotiating with providers can help you to get the best rates and make sure that your business's needs are met.

Do you use multiple freight operators to transport and handle your products? Consider offering your full freight needs to one operator. By increasing the volume and/or frequency of your deliveries with a single operator, you may receive a reduction in rates.

Contract with freight operators

If you are regularly transporting products, consider entering into a contract with a freight operator. Contracted rates can be a useful way to guarantee the availability of freight services at the level of service you require – and can often offer consistent and lower freight costs.

Take control of your freight

It's a good idea to be aware of and, where appropriate, manage your business's freight arrangements and costs – even for products that are bought and distributed by a third party. This is important to ensure that your customers aren't paying unnecessarily high freight costs when they purchase your products.

Track your pallets

Replacing lost pallets can add to your business' freight costs. Implementing a pallet management system may help you keep help track of your pallets.

Know your customer

Consider your customer's packaging and logistics needs. Do they require products in small containers that can be easily handled? Can their site be accessed by a large truck? It can be useful to establish your customer's needs and work backwards to develop your supply chain.

Know your supply chain

Get to know your supply chain. Identify the steps and stops along the way to transport products to your customers. This will help you to find ways to move your products more efficiently and to identify savings.

Road, rail, air or sea?

Do you know how your product reaches its destination? It is important to understand the way your products travel. Different modes of transport offer a range of benefits. There may be a more cost effective or more suitable option for your products than you currently have in place. The mode of transport used can also impact on your eligibility for assistance programs (for example the Tasmanian Freight Equalisation Scheme).

Reduce handling

Handling – such as packing, loading, unloading – are necessary steps when moving your products from one place to another. They can also be expensive. Look at your supply chain. Could you reduce the number of stops and handling involved in moving your product? By reducing handling you may be able to prevent delays, reduce costs and limit the chance of damage during transit.

Product packaging

Packaging is important for the presentation and protection of your products. It can also be used to improve handling and the use of space during storage and transit. Does your packaging allow you to use all of the available space on pallets or containers for transport? Sometimes a small change in the shape or dimension of packaging can enable more products to fit into the same space. Using all of the space available can reduce freight costs and limit the chance of damage during transit.

Track your products

Do you know where your product is? Consider if tracking is important to your business and discuss your needs with your service provider.

Warehousing

Consider the location of your business's warehousing facilities and whether this provides easy access to your business's target markets and major clients.

Storage capacity

Do you have enough onsite storage space for both input materials and finished products? Managing all of your storage needs in the one location can reduce handling and the costs associated with transporting products between sites. It may also allow you to transport larger volumes at a time, offering a further reduction to your freight costs.

Site suitability

Does your site allow for access and loading of trucks? For small deliveries, access that is limited to vans and small trucks may be adequate. However, facilitating access for larger trucks will provide your business with more flexibility and improved supply chain options, particularly as the business grows.

Loading equipment

Consider the facilities at your business site and what equipment is used for the movement of goods. If you are having difficulty loading or unloading your products, ask freight service providers if they have a trailer or loading equipment that can help. Some trailers include lifting equipment; and different types of trailers may fit more of your product than others. If you are unsure, ask. There may be an easy and cost effective solution.

Work together

Are there businesses located near you and/or sending products to similar locations or markets? If you can work with other businesses to consolidate products and transport higher freight volumes, you may be able to reduce your freight costs, and meet volume requirements to access new markets. There are also commercial agents that can help consolidate freight loads and reduce your freight costs. This is particularly the case for international exports.

Identify assistance available

There is a range of business support services and financial assistance available for small to medium businesses. For example, the Tasmanian Freight Equalisation Scheme provides financial assistance for northbound and southbound freight costs for eligible Tasmanian businesses. Investigate options that may be available to support your business.