



Are You Ready For Dimensional Pricing On Your Parcel Shipments? 8 Things You Should Do Immediately!

FedEx and UPS have announced what may be the biggest price increase in their histories, and it is not on your rate sheet. Beginning in 2015, all parcel shipments will be subject to pricing based upon a minimum density of 10.4 lbs / Cu Ft. Any parcels shipped with a lower density than 10.4 Lbs /CF will have a new dimensional weight calculated for them ***This weight will be used for rating.*** This will apply to any package larger than 166 cubic inches, or 7"x6"x4".

This will have a major impact on your shipping costs. When was the last time that you looked at the density of your shipments? If you do not know it already, calculate the average density of a sample of shipments. ***The percentage difference between your lower density and 10.4 lbs/CuFt is an estimate of the increase you will see in your parcel shipping bill.***

You may think that you are immune to this, having negotiated a higher denominator factor (>166 Cu Ft). However, you may not have addressed the numerator, which has also changed. The new ruling now affects all packages less than 3 cu.ft.

What can you do about these changes? There are a number of steps that you need to take immediately.

1. **Assess the impact on your shipping costs.** Determine how many of your packages are less than 10.4 lbs/CuFt. Calculate the financial impact on your shipping costs
2. **Review your packaging and dunnage** to see where you can reduce package Cube and increase density
3. **Look at your product design and specifications** to determine if there are opportunities in some or many of the products
4. **Review your contracts with FedEx and UPS to understand your exposure** to the dimensional pricing effect
5. **Evaluate your packaging procedures** to assure that your packers are picking the correct box for the shipment
6. **Conduct extensive renegotiations with your parcel carriers** to mitigate or reverse the price increase. ***Seek to have your company grandfathered into the previous density structure***
7. **Perform a structured RFP process** to effectively renegotiate all of your parcel rates. This is the best way to reduce overall cost and get the best terms.
8. **Create a comprehensive program to accomplish all of the above items.** This may require obtaining outside help and expertise with the skills in each of these areas.

The time to act is now. The deadline for completion is December 29th. An ounce of prevention is worth a pound of cure. ***Get Started And Get Help.***

We welcome the opportunity to discuss supporting you. To reach us, please contact:

About SupplyChainGroup LLC:

SupplyChainGroup's consulting team has supported many merger integrations primarily in supply chain and technology roles. Our staff works with clients performing Strategy, Operations & Technology Assessments, Sourcing, M & A, IT Strategy, Analysis, Design and Implementation support. In our focus areas we bring benchmarks, best practice tools, proven methods, and deep staff experience for your projects. We deliver great client work at very competitive rates.

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