

With the transportation industry currently undergoing so many significant changes, this is prompting BCOs to carefully assess their cost reduction strategies. Achieving cost reduction demands a thorough understanding of industry dynamics, including general rate hikes, fuel surcharges, and other accessorials. This approach ultimately leads to what is called Cost Containment, enabling BCOs to minimize expenses while still maximizing profits.

COST CONTAINMENT

Cost Containment is a comprehensive approach to managing a company's spending. Instead of analyzing each department in isolation, such as customer service, accounting, or IT, companies should consider all aspects as a whole. Each department must be aware of all costs to accurately account for transportation expenses. When salespeople are selling products in the field, they should understand the impact of selling products in each zone. For example, the formulas that worked this year may not work next year due to changes in GRI perspective which could lead to an increase in costs. Therefore, it's crucial to take a holistic approach to cost containment and transportation, similar to an integrated business plan.

KEEPING COST CONTAINMENT EFFICIENT

When incorporating Cost Containment into your company's business strategy, it's crucial to prioritize efficiency. Here's a quick rundown of the top three areas where you can improve efficiency through Cost Containment.

- **Operating Efficiencies** - Establish internal processes to streamline communication between departments holistically.
- **Operations Expertise** - QBRs (Quarterly Business Reviews) with business intelligence on savings and performance.
- **Operations Economies of Scale** - Increased company productivity to focus on core competencies in the manufacturing or distribution business.

Scarborough Supply Chain Services has created a Cost Containment product to help manage your transportation budget and improve efficiency. This product also aims to align with analytics and provide strategies to enhance your current North American commerce. It is designed to optimize solutions and drive success in the years to come, while offering insight and support for your business.