



Flexibility, responsiveness, savings: regional carriers deliver By Mark A. Taylor

Are you looking for an alternative carrier to the big four - UPS, FedEx, DHL and the U.S. Postal Service? If you're fortunate enough to have a regional carrier covering your geography, then you may be pleasantly surprised with the benefits they can provide.

A regional carrier is different from a courier, messenger, consolidator or less than truckload (LTL) carrier, although some regional carriers may provide these services. According to Jack Mitchell, executive vice president of sales and marketing for Eastern Connection, "A regional carrier is like a smaller version of FedEx or UPS, covering a specific geography with a portfolio with services that are more flexible, adaptable and nimble. They can give you overnight delivery, deliver by 9 AM in the major cities and pick up parcels until 1:00 at night. Nobody else can do that. They also have all the technology to provide visibility such as track and trace to the customers."

In speaking with numerous shippers that use regional carriers, I heard several consistent themes: more personalized and better customer service, greater flexibility, lower prices, less damage and faster deliver. An example of this was given to me by Maurice Neri, vice president of First American Title Insurance Company outside of Los Angeles. His company ships out loan and escrow documents with California Overnight for three reasons: flexibility, service and pricing. "They will pick up as late as 8:30 PM, compared to FedEx where we have to drop off our packages by 6:00 PM. They will deliver by 8:00 AM. Their flexibility is the number one reason.

If we have any problems, we get an immediate response. I can call the rep, and he will be here in 25 minutes. As opposed to FedEx, I have never even seen my rep. Since California Overnight is a smaller company, they are available and provide a more personalized service. I call one representative and it's taken care of-, he follows up. I don't need to dial into a system, leave a message and hope that it will be taken care of. We're in a time-sensitive business, and we need things delivered overnight reliably."

Raquel Ceniceros, the business operations supervisor of Adminstaff in Diamondbar, California, uses Overnite Express because "it is more of a personalized service. You can't put a price on that. They call me when there is a bad address, incorrect ZIP Code or missing apartment number. They call when the driver is right there so I can look it up, give him the information he needs and he can deliver the package. We use DHL, FedEx and UPS. If Overnite Express covered more states, we would give them all of our business. We have somebody designated to our account. I can call them up with any questions if I need supplies or anything, and I get service right away."

The way that regional carriers work is they specialize in a specific geographic area or footprint. Most will ship to every address within a state, and some will ship to major metropolitan cities nearby. Many of the regional carriers provide software or a Web site that will inform their users of service availability by ZIP Code. This information can also be uploaded to third-party multi-carrier shipping software packages and the software can then determine which carriers service a ZIP Code. All of the

customers I spoke with use a national carrier to service the areas their regionals don't cover.

Mitchell elaborates on the benefits of using a regional carrier: "We're a regional carrier that for 30 years has learned the marketplace, knows the customers, the ins and outs of the distribution model, the traffic patterns, as well as demographics and so on. Economically, we can do a lot more for a customer. We don't have the same cost structure. The cost of flying is four to five times as much as the cost of trucking. Consequently, we are going to have a lower cost of operation and therefore be able to give customers a lower price. We don't charge the same accessorial charges, like oversize charges. It's not sophistication as much as the pricing model. Our model allows for more flexibility. The smaller volume shippers (five, 10 and 15 packages a day) are going to get a better deal from a regional carrier. If you're a little guy, you don't get big discounts from FedEx and UPS because the dilution they suffer by giving it to you, and if it gets out on the street they are giving you discounts, then they YAH have to give them to everybody. The zones dictate the pricing. In other words, if you go from a zone two to a zone three, you are going to pay a higher premium. Our rating is flat rating. If you ship from Washington, DC to Maine, it is a flat rate. We're selling a next-day product in a region that is a heck of a lot easier to cover than to cover the world. A small-volume customer owes it to himself to at least have an evaluation done and look at a regional carrier."

Donald Weeres, president of Spee-Dee Delivery Service in Minnesota concurs. "In our case, the price is a lot better. We don't have all the gimmicks to our prices like UPS does, such as super rural ZIP Codes with surcharges and so forth." According to Spee-Dee's Web site, "The rates for packages weighing 71 pounds to 100 pounds are 40% to 70% less than our largest competitor. Our minimum charge on Shipment Weight is approximately 50% below our national competitor, as well as most major LTL carriers. In fact, if you take into account the remote commercial surcharge of \$1.25 charged by our national competitor, Spee-Dee rate savings are in excess of 40%."

A real life example of savings was provided by Michael Pasillas, office service manager for USA Petroleum in California who uses Overnite Express because "they are cheaper, and they get it there faster. FedEx takes two days to deliver what Overnite Express delivers the next day. The savings are greater than 50%."

Several users told me they use regional carriers because of less damage. Tom Gretton, logistics and transportation manager for

an electronics distributor in California, uses Golden State Overnight (GSO). "I don't have the damage that I have with the others because they don't use the automated conveyor belt system where you have stuff dropping down in; it has really made a difference as far as repairs to electronics goes. It has taken it to zero in-transit damage. With any of the nationals, the damage was eight percent to 14%. That's the biggest benefit that we have shipping with a regional carrier. If we have a claim, they f GSO I are usually on it before I am. Claims are resolved within three weeks on the outside. With the nationals, on damage, it's always the packaging. If it didn't make it on time, it was the weather or this or that. You have to go through a 60-day process whether you're talking UPS, FedEx or DHL."

One of the best ways to find out if a regional carrier services your area is to check out the Express Carriers Association Web site at www.expresscarriers.com. In addition, Cheryl Williamson, executive director, informed me that shippers can actually sit down and conduct 15-minute face-to-face interviews with over 100 carriers at the annual marketplace event to be held this year in St. Louis from April 26-29.

How do you choose a regional carrier? Robert Bell, a logistics manager for a California manufacturer, shared with me his criteria for selecting a regional carrier. "Every major market has at least four to five guys with enough bandwidth to give you pricing that is competitive." He says they need to have 50 to 100 drivers so that they have enough package density to 'competently deliver your packages.' "I have a significant amount of residential pack- ages, so they have to already ship business to consumer [B2C I. I don't want to be the guy that gets someone in the game." Second is data exchange, "once you prove that you service the market that I need, I have to have data feeds for receiving my pieces, scanning my barcodes, giving me delivery notification and providing electronic proof of delivery on a package basis."

Regional carriers can provide a cost saving alternative to the nationals. An alternative often providing faster delivery, more flexibility (later pickup and earlier delivery) and better customer service.

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| Is a Regional Carrier Right For You? | | | |
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| Carrier | Geography | Website | Phone |
| California Overnight | AZ, CA, NV | www.calover.com | 800-334-5000 |
| Eastern Connection | Northeast Corridor; Maine-VA | www.ecdelivers.com | 800-877-4745 |
| Golden State Overnight | AZ, CA, NV | www.gso.com | 408-544-2406 |
| Lone Star Overnight | TX, OK | www.lso.com | 800-800-8984 |
| Overnite Express | CA, NV | www.overniteexpress.com | 800-683-7648 |
| Spee-Dee Delivery Service | MN, ND, SD, WI, IA, NE, IL | www.speedeedelivery.com | 320-251-6697 |
| Velocity Express | National | www.velocityexp.com | 201-931-3668 |