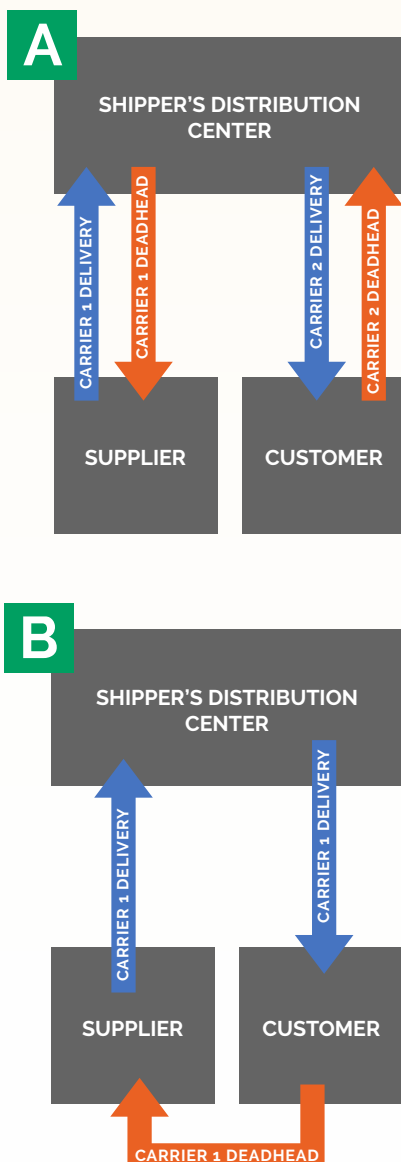


Continuous Move Planning for Logistics and Shipper Companies

A Glance at Clean Freight Strategies

SCENARIO

This figure shows how changing from scenario A to scenario B, continuous move planning, allowed a 3PL to use one carrier instead of two.



Continuous move planning involves a shipper or third-party logistics provider (3PL) building a string of loads for their carrier to reduce or eliminate deadhead mileage. Shippers and carriers can work together to schedule shipments strategically. With continuous move planning, inbound trucks delivering loads are matched with outbound loads or nearby loads to minimize empty miles.

WHAT IS THE CHALLENGE?

Deadhead miles are when truck drivers have to travel long distances between a drop-off location and the next pickup location. These miles add up—in an American Transportation Research Institute survey, carriers reported that 16.6% of truck miles were deadhead miles.

Ideally, a carrier would drop off a load, pick up another load at that location or a very proximal location, then drop off that load at the initial location. This would form a closed-loop route with a single-stop load, with no or almost no deadhead miles. But transporting loads in precise, closed-loop single-stop routes is not always possible, because carriers often have multistop loads. Planning linear routes can be difficult when pickup and drop-off points are far apart.

WHAT IS THE SOLUTION?

When it is difficult to minimize deadhead miles in multistop load routes, a 3PL, often a freight-under-management 3PL, can help shippers improve efficiency by offering a continuous move service.

In a continuous move strategy, 3PLs connect shippers with carriers to combine loads going to the same or a proximal destination. Several companies offer software that generates optimal matches of point-to-point movements, matches backhauls with outbound loads, and facilitates strategic lane matching.

The figure, left, shows how a 3PL reduced deadhead miles by using one carrier instead of two.



Scenario A. One carrier makes a round trip from the supplier to the shipper's distribution center and back. Another carrier makes a round trip from the shipper's distribution center to the customer and back.



Scenario B. One carrier drops off its load, picks up another load at or nearby to the first load drop-off location, and then drops off the second load at or along the way to its original start location or alternate planned final destination. As a result of the continuous moves strategy, the carrier is more efficient, and the shipper receives a discount from the carrier's increased utilization.

COSTS





To effectively operationalize this strategy, there must be clear communication and coordination between 3PLs, shippers, and carriers. Costs may include the staff time required for coordination as well as the costs of planning tools. Planning tools, such as continuous moves planning software, are often priced based on the size of the fleet.



One company estimates that its planning software can reduce operating costs by 5 to 15%.

SAVINGS AND BENEFITS

This strategy can benefit both the shipper and the carrier through:

-  **Improved asset utilization.** By reducing deadhead miles, this strategy improves asset utilization.
-  **Reduced costs.** The reduction in vehicle miles traveled leads to savings in fleet costs, fuel costs, and labor costs. One company estimates that its planning software can reduce operating costs by 5 to 15%.
-  **Visibility.** Software that helps with continuous move planning can give the shipper greater industry insight and visibility, allowing shippers to choose carriers that meet their needs.
-  **Environmental benefits.** By reducing vehicle miles traveled, this strategy helps reduce greenhouse gas emissions.

NEXT STEPS

- 1** Analyze existing routes and collect data on deadhead miles and asset utilization.
- 2** Look for opportunities to create continuous moves on multi-stop routes. Consider using continuous moves planning software and conduct a cost-benefit analysis to determine if it is a worthwhile investment.
- 3** Work with planners, carriers, and suppliers to implement the strategy.