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Full steam ahead

Tricia Reynolds discusses what you should know when selecting a freight forwarding company.

As the economy has continued to improve, the freight forwarding business has experienced major growth. In the past five years, the \$142 billion industry has expanded by 6.8 percent due to escalating consumer spending and demand, and this pattern is expected to continue through 2022.¹ As a result, transportation and logistics companies are seeing increases in both domestic and international freight.

More companies with oversized, over-dimensional and specialized products and equipment are seeking the expertise of freight forwarders – people or companies that organize shipments from the manufacturer to the market, a specific customer or final point of distribution in the supply chain. Freight forwarders are generally associated with international shipments versus domestic freight. Just like third-party logistics companies that may coordinate the transportation of freight from point A to point B within the United States, freight forwarders coordinate freight journeys from beginning to end, from country to country and have expertise in the complexities of moving freight



THE AUTHOR

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More companies with oversized, over-dimensional and specialized products and equipment are seeking the expertise of freight forwarders – people or companies that organize shipments from the manufacturer to the market, a specific customer or final point of distribution in the supply chain.

internationally.

This expertise includes being familiar with each country's import and export regulations, required documentation and licensing for specific products and the ability to manage a project from beginning to end including:

- Selecting all sub-contractors and vendors (crane and rigging, port operations, other specialized equipment).

- Managing multiple modes of transportation (planes, ships, trucks, rail), all while managing the immense paperwork and deadline requirements along the way. This expertise can give the client a seamless management of the project from start to finish.

As an example, shipping a generator from a manufacturing site in California to a small town in China could require as many as 15 to 20 different sub-contractors. The freight forwarder would select and coordinate the sub-contractors in both countries and plan the entire transport, including evaluating all of the

variables that could impact the move. They would manage the logistics of picking up the freight and transporting it to the ocean port; arrange for crane and rigging services to lift the cargo from the truck to the ocean vessel; select and book the appropriate ocean vessel for the cargo; make arrangements for crane and rigging or special services at the receiving port; manage the documentation and clearance of goods; coordinate any onsite requirements of delivery location, as well as arrange the delivery to the final destination.

Container and breakbulk

There are two types of freight – container and breakbulk. Container freight is completely covered and is small enough to be packed into smaller boxes and crates that are placed within an intermodal container. Breakbulk freight includes products that are too large to go in containers, and is also referred to as project cargo.

Most breakbulk freight is transported via ocean vessels due to the cost of air transport, which is most often used for urgent or emergency shipments.

Experienced freight forwarders can be a vital part of the supply chain process from beginning to end.



Container freight is loaded onto container vessels by dockside cranes while breakbulk freight is transported via specialized vessels that are equipped to safely load and secure the costly and more easily damaged oversized freight. When the destination is a long distance from the port, the freight may be transported via railroad.

Transporting breakbulk cargo requires more coordination and expertise, such as knowing:

- How to secure the freight to prevent damage.
- How to protect freight from the elements during transit.
- Whether the cargo needs to go on deck or below deck.
- What questions to ask.
- What potential problems to anticipate and plan for.

Examples of breakbulk freight include: industrial machinery such as generators big enough to supply power for entire buildings; autoclaves – pressure chambers used to carry out industrial processes with elevated temperatures; wind turbine components (for example, 180-foot blades or 200,000-pound machine heads), large vehicles such as subway cars and buses; industrial ovens and aerospace equipment.

Experience is key

Due to low barriers of entry into the freight forwarding industry², numerous new freight forwarders are attempting to offer project services, but some may not have the right experience and expertise. When it comes to shipping specialized freight that costs hundreds of thousands of dollars, there is a lot of money to be lost if the cargo is not secured and protected properly.

If a bid is significantly lower than the other bids, this can be a red flag. While some overage in final costs is normal due

to unforeseen variables, inexperienced vendors may leave too many important costs out of their initial bid. This could result in extensive overages, not to mention the loss of potential future business with the client due to delays and mistakes from inadequate planning.

To give an example, a regular customer of a highly experienced mid-sized international freight forwarder decided to go with another forwarder offering a cheaper quote for a shipment to South Africa. Unfortunately, the less expensive freight forwarder did not know that they needed to calculate in additional handling costs that would be incurred at the port, so their quote was not accurate.

Additionally, the freight forwarder only quoted for a monthly ocean vessel rather than a weekly ocean vessel going to South Africa. As a result, the shipment sat at port exposed to weather and the cargo ultimately had to have some repairs upon arrival at the final destination. Additionally, the client missed the delivery deadline and incurred storage charges.

When selecting a freight forwarder, experience is Number One, but there are a number of other important questions to ask, too. Does the freight forwarder:

- Account for controllable potential and hidden costs in the quote?
- Know the documentation requirements for individual countries?
- Use qualified, reliable and reputable sub-contractors?
- Have adequate insurance and coverage?
- Offer references?
- Have a safety program?
- Have a quality program?
- Offer financial stability?

Freight forwarding expertise also includes flexibility in the day-to-day operations. Some companies are not structured in a way that they can make decisions quickly

or have much room for innovation. Forwarders who are not restricted by too many processes will be able to react more quickly to anomalies and build in preventive measures on the fly.

Innumerable variables

When coordinating logistics for breakbulk freight, there are innumerable variables that need to be considered that could impact the delivery and the cost for the customer. This is where experience is vital. A novice may have the ability to plan for some variables while an experienced freight forwarder may be able to foresee many more variables.

In all shipments, there are anomalies that cannot be anticipated or controlled, but an experienced freight forwarder would be more likely to anticipate and resolve them more efficiently. They include weather, last-minute changes to ship schedules, work stoppages, permit delays or changes to customs laws that occur after the shipment has left port, or anomalies at pick-up or delivery sites.

For example, an experienced freight forwarder had arranged for a generator to be lifted from a barge to an ocean going vessel at the Port of New York for transport overseas. The freight forwarder requested that the handlers take photos of the freight, which later revealed that one of the tarps was lifted up, exposing part of the cargo. The freight forwarder coordinated an immediate fix with the port before the ship departed. This was an example in which the freight forwarder had the experience to know that requesting photos was a precautionary necessity to prevent a potential problem. If the generator had been transported over the ocean exposed, it could have sustained salt water damage and resulted in significant monetary loss for the customer.





Vital to planning

Most customers need consulting and advice when it comes to shipping expensive specialized freight overseas. That's why it's important they bring a freight forwarder on board at the beginning, when they are planning their journey. There are instances in which products can be improved for shipping. For an example, one freight forwarder took a client on a tour of a port, including the ship, while planning the transport of the company's industrial machine.

During the tour, a stevedore shared that the ship's handlers were noticing issues with these machines' center of gravity and suggested that eyelets be added to the machine to help secure it better while loading the machinery on the ship. The customer agreed and added the eyelets to the product. This is an example in which taking an inexpensive precautionary measure can prevent a financially devastating debacle.

In other instances, mistakes can easily be made without the input of a freight forwarder. In one example, a manufacturer of steel rods being shipped to Algeria had transported the product via truck to a port and was about to load the products onto the vessel when they learned that Algeria requires a third-party quality inspection. As a result, they had to return the product to the factory. They missed their intended shipping schedule and their customer's deadline for receiving the product. If the customer

had brought in an experienced freight forwarder sooner, the freight forwarder would have known to review Algeria's requirements in advance. They would have advised the customer to schedule an inspection, thereby avoiding this situation.

Experienced freight forwarders can be a vital part of the supply chain process


It is important to bring a freight forwarder on board at the beginning, when the journey is first being planned.

from beginning to end. Involving them early in the planning stages and relying on them throughout the journey can be the difference between a smooth successful project and a stressful customer experience that unfolds like a horror movie – only without the Hollywood ending.


FOOTNOTES:

¹⁻² IBISWorld, Freight Forwarding Brokerages & Agencies in the US: Market Research Report, July 2017






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