



Uber Freight

8 KPIs transportation leaders are prioritizing this year

Transportation leaders are always seeking out actionable data to create a competitive advantage in their operations and finances. However, businesses can be paralyzed with indecision by deploying too many low-quality metrics. By focusing on a handful of high-quality metrics, shippers can paint a realistic picture of their network, empower decision making, adjust strategies, and even prepare for unpredictable events.

Supply chain leaders are leveraging eight key performance indicators (KPIs) this year:

01

Cost variance to contract model benchmarks

This KPI is the percentage or dollar figure above or below an industry model built to predict current contract rates on any given lane or equipment. Our model is powered by contract rates within Uber Freight's \$18 billion of active Freight Under Management, to give a complete picture of the contract market today.

Why it's important:

There are countless versions of cost benchmarks that exist within the industry, but a benchmark against a predicted contract rate is key because it's centered around the foundation of transportation management: the carrier bid. This benchmark essentially predicts: "If I were to bid a contract rate on this lane/equipment today, what rate should I get?"

For a brokerage buying freight, a benchmark of actual rates against spot rates makes sense, but for a large national shipper that has 90%+ of volume managed contractually, it is inappropriate as a standard. Other benchmarks like

"actuals versus prior rates" and "actuals versus budgets" only tell you what's happened over time, but often fail to advise on what can be achieved today. A lane rate could have inflated by 15% year over year, but if the overall contract market has inflated by 15% or more, then there is nothing that can actually be managed. If the market inflated by 20-30%, a 15% inflation should actually be celebrated as a win, but rarely is based on current industry practices for benchmarking.

Transportation leaders need a cost benchmark that allows them to appropriately communicate their performance to leadership and understand where they can make actionable improvements in the business—and this KPI accomplishes both.

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02

Commitment tender acceptance

This KPI measures a carrier's tender acceptance to the volume they've committed to from a bid on a particular lane. Say a carrier committed to five loads per week on Lane:

- If they are tendered five, and accept all five, they are at 100%.
- If they are tendered five, and accept four, they are at 80%.
- If they are tendered only four, and accept four, they are at 100%.
- If they are tendered only four, and accept three, they are at 75%.
- If they are tendered five, but one was canceled outside carrier control, leaving carriers with four accepted, they are at 100%.
- If they are tendered 10, and accept all five, they are at 100%. We won't penalize them for over-tendering past their commitment.

Why it's important:

This form of tender acceptance is designed to strictly to hold carriers accountable, and therefore only includes tenders that carriers have agreed to take in advance and had the reasonable ability to take.

Many shippers will try to hold carriers accountable for every tender they receive, but carriers have a reasonable excuse to ignore that as a KPI since so much of the tender volume is outside their control. "Overall Tender Acceptance" can often be influenced more by a shipper's operational practices for tendering than it does a carrier or market's performance.

03

Tender effectiveness

This KPI is the percentage of shipments successfully accepted via an automated tendering or auction process and reasonably eligible to be tendered via such methods. Eligibility is defined by having a significant enough weekly shipment volume on a lane to be able to contract it out to a carrier on a bid. Freight auctions are also penalized when the accepted auction price is higher than current market contract models.

Why it's important:

Many routing guide or tender KPIs fail to be actionable by including situations where transport managers either wouldn't change or couldn't change the outcome. This KPI ensures that transportation leaders are always leveraging the most efficient and cost-effective means of tendering based on what's within their locus of control. This KPI will penalize leaders for manual tenders that drain operations resources, but not on new or low-volume lanes where it's unrealistic for carriers to have reliable commitments. It also won't penalize leaders auctioning freight via automated technology when they are obtaining favorable pricing relative to contracted commitments. Only when transport leaders are manually tendering consistent volume on a lane, at an inflated rate to contract pricing, would they trigger this condition so the freight could be put out to a contract bid.

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04

Real intermodal (IM) opportunity/compliance

This KPI is calculated by dividing the number of intermodal shipments by the number of shipments that could have run intermodal on 3ZIP-to-3ZIP lanes. A lane is considered to have a real intermodal opportunity if 10% or more of any of the participating customer's shipments within the Uber Freight network are on an intermodal mode type using that 3ZIP-to-3ZIP lane.

Why it's important:

Intermodal costs are often significantly less expensive than truckload, but without this KPI shippers are unaware of the total available opportunities for converting truckloads to intermodal shipments. Shippers use this KPI to identify the possibility and financial opportunity of converting those shipments, so they can prioritize change management.

05

Original expected PO delivery

This form of service focuses on the delivery of product/orders on the day they were originally supposed to arrive at a consignee location. It is measured at an order/PO level and typically uses the Must Arrive by Date (MABD) or the first Requested Delivery Date (RDD) fields, which are common in the industry.

Why it's important:

Failure to deliver orders on the original intended day seriously impacts a shipper's ability to keep manufacturing lines functioning, keep products on store shelves, maintain sales figures, and prevent fines.

06

Appointment service

This KPI focuses heavily on the carrier's arrival at pickup or delivery locations. The expectation is for third-party carriers' drivers to arrive at live appointments no later than 30 minutes past their appointment, on the day of their pre-load/drop appointments, and not reschedule within 24 hours of their appointment. Uber Freight measures appointment service logic at a stop level and breaks it up by location types or combines it for carrier scorecard reporting.

Why it's important:

Though arrival at the appointment can have a detrimental impact to the delivery of product, the primary focus of this service rule is to prevent chaos for dock managers at pickup and delivery locations.

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07

Automated check call compliance

This KPI is defined as the number of automated check calls or status updates received over the total number of required check calls per stop by a freight carrier. Uber Freight requires an arrival and departure (or (un)loaded) update per stop for truckload shipments, and a single update per stop for LTL shipments.

Why it's important:

By comparing the time a carrier notifies them of a delay to the actual appointment time, shippers can determine how well a carrier proactively communicates. Failure to proactively communicate—what some call delay notification defects—is often a more impactful issue than the late pickup or delivery itself. Additionally, failure to communicate a late delivery can be a compound problem that prevents the dock from making an alternate plan to avoid waste in downtime.

08

Reason code health

This KPI is used heavily on carrier scorecards and identifies whether a carrier failed to send in a reason code, sends a “Normal Status” on an EDI transmission where they failed to arrive on time to an appointment, or sends a “Normal Appointment” for a reschedule and/or a push past the original intended delivery date.

Why it's important:

Healthy reason codes are key to effectively root cause service issues within a shipper network. Since carriers provide most of these reason codes to shippers, provisions must be made to ensure the accuracy of that information. Service is such an important part of logistics that many transportation leaders rely on manual reason code scrubbing processes, which take time away from frontline and management staff for marginal improvements in accuracy. By holding carriers accountable for the data they send shippers, we can make more noticeable supply chain improvements without additional labor costs.

Logistics teams can effectively leverage these KPIs by working with a managed transportation services provider—a partner that can provide real-time insights around each KPI through enterprise dashboards and reporting. Connect with an Uber Freight representative today to learn more.