



## CFOs: HIDDEN GAPS ARE INFLATING YOUR FREIGHT EXPENDITURES

Effective freight management is critical to maintaining profitability and ensuring customer satisfaction. Yet many companies face significant challenges in this area, including a lack of visibility, outdated sales policies, lack of enforcement, and inconsistency. KDL helps our clients' CFOs attain visibility and optimize their freight policies, enhancing profitability by limiting unrecoverable costs and unlocking cash from working capital within the supply chain.



### **Most Common Problems**

Many companies continue to struggle with outdated sales policies that either absorb freight costs or charge customers based on order size. This often leads to unrecoverable dollars from the supply chain. Key issues include:

- Inconsistent enforcement of freight policies, typically caused by lack of integration between the shipping process and ERP
- Absence of a Transportation Management System (TMS) and freight performance dashboards
- Lack of proper controls to ensure adherence to policies
- Lack of visibility/reporting on the effectiveness of policies



## Key Questions for CFOs

To address these issues and optimize freight management, CFOs should consider the following key questions:

### 1. Freight Absorption vs. Customer Charges

- Which orders should ideally receive “no shipping fee”? Is mode a consideration?
- Is there a defined number linked to percentage of sales orders? Should this be 20%, 30%, or another figure?

### 2. Policy Evaluation and Adherence

- Are current freight policies evaluated and updated to ensure relevance and effectiveness? How often?
- Do you have access to a complete list of customer sales detailing freight absorbed, passed on, or added as a profit center and tools to evaluate?
- Does your team have the discipline to resist offering shipping fee adjustments to close a sale?
- Are there mechanisms in place to regularly review and adjust freight policies to align with overall business objectives and market conditions/inflation?

Not having positive responses to these questions means your freight cost is cutting into your P&L performance. Finding the right answers can help CFOs gain a deeper understanding of their current freight management practices and identify areas for improvement. Implementing disciplined, data-driven policies will help ensure that freight management contributes positively to the company’s profitability.



## Conclusion

Optimizing freight management requires a strategic approach to policy enforcement, accurate data management, and regular performance evaluations. By addressing these areas, CFOs can significantly enhance profitability and ensure a more efficient, customer-centric freight strategy. A proven partner like KDL can work with CFOs to create a comprehensive review of their freight policies, implement necessary controls, and leverage technology to streamline freight management processes improving their organization’s financial performance.

### Ready to get started?

Reach out at [info@kdlog.com](mailto:info@kdlog.com) or visit [kdlog.com](http://kdlog.com) to learn more.