WHEN P&L STALLS: WHAT YOUR FREIGHT METRICS ARE TELLING YOU

Before launching a sourcing event or investing in new logistics tools, leadership should ask a basic question: Did our freight metrics improve, deteriorate, or remain flat relative to revenue and volume? If the answer is unclear, that uncertainty itself is a risk.

For many manufacturers and distributors, transportation is one of the largest variable cost centers on the balance sheet, yet it remains one of the least governed. When margins stagnate or erode, leadership typically focuses on pricing, labor, or sourcing. Freight performance, if reviewed at all, is often evaluated at a surface level with an emphasis on carrier rates rather than profit margin impact.

The Freight–P&L Connection

Transportation costs directly affect cost of goods sold, operating expenses, customer profitability, and working capital. Small changes in freight behavior can create outsized financial consequences. Across a wide range of shippers, flat or declining P&L performance is rarely random. It is usually accompanied by subtle shifts in freight behavior.

Why Freight Metrics Often Miss the Problem

Most organizations track transportation through operational dashboards rather than financial lenses. As a result, freight metrics describe activity but fail to explain margin outcomes. Three issues are common.

1. Metrics Are Disconnected From the P&L

Freight data typically lives with operations, while accountability for margin resides with finance. Without a shared framework, transportation is treated as a service function instead of a profit lever. Total spend may appear stable while cost per order rises due to fragmentation or service inflation, leaving the P&L to absorb the impact.

2. Volume Normalization Is Missing

Raw spend numbers are misleading without context. Growth can hide inefficiency, while declines can mask deterioration. Meaningful analysis requires normalization against revenue, units shipped, weight, and shipment count.

3. Policy-driven Behavior Goes Unmeasured

Freight outcomes are often shaped more by internal policies than by carrier rates. Free freight thresholds, service commitments, order minimums, and expedited approvals all influence cost. When these policies incentivize inefficient behavior, freight performance deteriorates even if rates do not change.

Freight Indicators That Signal Margin Risk

Organizations with flat or declining profitability often show deterioration in a small set of financially meaningful indicators. These include rising cost per shipment, freight consuming a growing percentage of revenue, gradual mode mix shifts toward expedited or parcel services, and increasing accessorial charges. Margin risk also emerges when freight spend varies significantly by customer or channel but remains hidden within blended averages. Disaggregated views are often required to reveal where margin is being quietly given away.

Reframing Freight as a Financial Discipline

High-performing organizations treat freight as a financial discipline. Their transportation metrics are reviewed alongside financial results. Operations and finance align on definitions and accountability. Policies are evaluated for economic impact, not just service outcomes and their metrics focus on unit economics rather than totals.

Moving Forward

If your P&L did not improve last year, there is a strong likelihood your transportation metrics were moving in the wrong direction. Not because teams were careless, but because the right measurements and incentives were not in place.

Freight performance is one of the clearest leading indicators of margin health. Organizations that surface, normalize, and govern these metrics consistently outperform those that treat transportation as a necessary cost rather than a strategic input.

The path to P&L improvement often begins with understanding what your freight data has been trying to tell you all along.

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