

# CIS: The Cost Intelligence System for Motor Carriers Moving Parcels



**Every shipment** is a unique combination of weight, handling units, density, origin, destination, and other factors which make average-cost calculations meaningless. The SMC<sup>3</sup> Cost Intelligence System provides motor carriers with the cost of moving each shipment from origin to destination, utilizing their company's expenses and operating information. This is supplemented by SMC<sup>3</sup>'s industry database of P&D stop-time and cross-dock handling performance.

**CIS** has two purposes: developing projected costs for moving prospective freight for both bid response and spot-pricing, and producing an ongoing costed database of actual freight. That database is used to analyze the profitability of customers and other traffic segments.

## SMC<sup>3</sup> Cost Model

SMC<sup>3</sup> develops and delivers a model of each carrier's service areas and operations directly from their expenses and statistics, mapped to SMC<sup>3</sup>'s unit cost categories, for the purpose of developing the cost of moving individual shipments. Multiple models for various accounting periods, and projected future levels of costs and performance, can be easily established using SMC<sup>3</sup>'s maintenance software. The model will:

- Include the carrier's freight terminals with locations and sizes for local and cross-dock operations
- Reflect performance for Pickup and Delivery (P&D) areas served by the carrier's drivers and equipment
- Use rates charged by cartage agents for any areas served by third parties on the carrier's behalf
- Include interline revenue split tables for freight moved with partner carriers
- Populate the carrier's linehaul network from actual dispatches to reflect miles, load, cube, specific operating costs (such as tolls and singles/doubles/triples) and, critically, adjustments for balance
- Include standard extra-cost codes, which can be set up and then applied to recognize notification, temperature control, residential deliveries and a wide range of other costs incurred in addition to the movement of freight

## Costing Parcels

The LTL cost system has routines to treat small package shipments with adjustable local P&D performance data for use of company drivers as well as routines to develop the cost of using contractors for this activity. Cross dock handling is a function of loading and moving totes filled with parcels, and terminal-to-terminal linehaul allocations are based primarily on cube to provide an accurate allocation of the cost of each parcel.

## Prospective Cost Analyses

Several tools are available in the Cost Intelligence System's user software to develop the cost of prospective freight.

- **Interactive:** An easy-to-use shipment data entry routine for costing one or more shipments with a minimum amount of key entry via a template feature, selection lists and worksheets

# Cost Intelligence System

## Let's get started

All you need to get a cost model up and running is:

- Your chart of accounts
- Your general ledger and statistics for your latest financial period
- A Linehaul Dispatch file with all moves for the same period
- Your points list with all service areas
- Freight terminals and sizes
- Any local P&D performance data you currently collect
- Rates charged by cartage agents

SMC<sup>3</sup> will provide a startup kit with all specifics and source file requirements for the model as well as the Traffic CIS module.

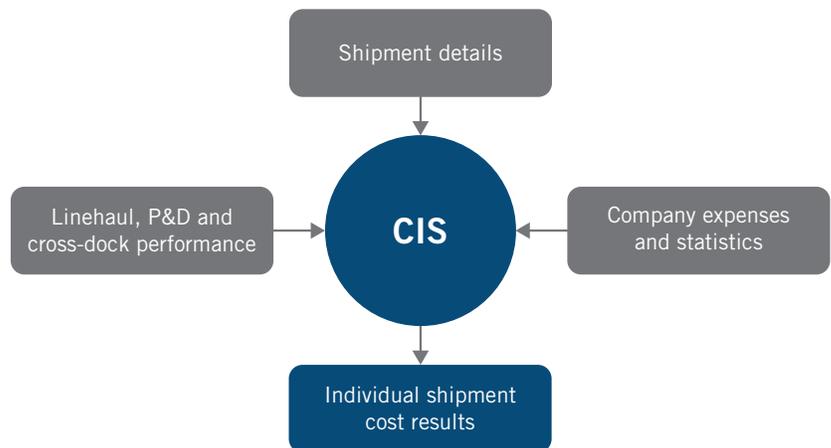
- **Rate Analysis:** This is used to develop custom, cost-based rates (geographically based on weight, cube or pallets), or to evaluate existing rate tables. This routine lets users set up rate groups for various origin and destination combinations
- **File Importing:** This allows users to map columns and then read-in shipment data from files, adding other information where available, for efficient bid-response

These different methods of delivering shipment data to the cost system, which include sophisticated editing capabilities for making “what if” and other data adjustments to large numbers of shipments, allow for precise shipment descriptions, leading to more accurate shipment costs.

## Traffic CIS

Each carrier's cost model, once established, is used to cost all the carrier's freight on an ongoing basis, providing a costed traffic database of all business, reconciled each financial period to actual expenses and payroll hours. Standard month-end reports are automatically generated, ranking customers by size and profitability. The CIS user software includes a reporting tool to allow analysis of freight by weight, area, density, distance, and dozens of other factors. Users can drill-down to the cause of both profitable and unprofitable traffic segments, or even to the individual shipments.

**Want to know which customers give you profitable freight and which don't?**  
*The Cost Intelligence System provides these answers.*



## About SMC<sup>3</sup>?

SMC<sup>3</sup> is a hub of expertise in the LTL arena. Fueled by heavyweight, analytical APIs, SMC<sup>3</sup> delivers its core competency – LTL pricing expertise – through collaborative pricing technology that supports end-to-end, ongoing predictability in shipper/3PL-carrier relationships. More than 5,000 North American shippers, carriers, logistics service providers and freight-payment companies rely on SMC<sup>3</sup>'s sophisticated LTL base rates, content, and expert bidding and planning tools to make the best business decisions, achieve higher returns on their transportation investment, and meet the dynamic demands of the market. Through hosted API solutions, SMC<sup>3</sup> supports the entire supply chain with industry-leading speed, reliability and performance. SMC<sup>3</sup>: Investing a lifetime to help optimize freight transportation.

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