



## **Weighing and Research Programs for Trucking Companies Prove to be Practical, Profitable, and Good Public Relations**

Trucking companies establish weighing and research programs to verify that shipment weights, commodity descriptions and densities of shipments are accurate. This ensures that all shippers are treated equally, with like commodities moving at the same classes. The little-known benefit (that is to carriers that have yet to establish W & R programs) is that they are a wise business investment.

W & R programs are responsible for recovering additional revenue of about one percent of gross revenue. Companies with established W & R programs recover an even greater percentage. In fact, by establishing and supporting W & R programs, motor carriers have reduced their operating ratio by a full percentage point. In the course of doing business it makes sense to verify information provided to you by your customers. In fact, carriers have more than a business incentive to ensure that freight is properly classified, they also have a legal incentive.

The law states that no common carrier shall charge or collect or receive a greater or less or different compensation than the rates and charges specified in the tariffs at the time (49 USC §10761(a)). So, when you refer to the National Motor Freight Classification (NMFC) in your tariffs as the governing publication, the involved shipments must comply with its provisions. That is to say, if a shipment of ping pong balls, (named in item 15580 and assigned a class 500) is listed on the bill of lading as a shipment of composition or plastic billiard or pool balls per item 15700 at class 85, it is the carrier's responsibility to correct the shipping papers and to reclassify the shipment accordingly.

Active weighing and research programs do more than just verify the descriptions and weights of shipments, they also provide equity for carrier customers and inform and educate carrier staff and shippers. The correct assessment of freight charges guarantees that each shipper will bear its fair share, and only its fair share of the total transportation burden. This eliminates the potential for discrimination and unfair competitive advantage.

Further, most shippers do not have the resources to employ the necessary qualified personnel needed to correctly interpret a rate tariff, nor do they maintain tariff libraries. Even large firms with extensive traffic departments could not be expected to keep pace with these constantly changing publications. Many shippers do not even have scales. For these reasons, erroneous descriptions and weights are often honest mistakes made by uninformed shipping clerks, not intentional misclassifications.

The law requires the correct assessment of freight charges, and all responsible companies recognize that fact. In most instances, the educational process or a competent W & R program will quickly correct erroneous descriptions and weights to the benefit of all. Also, a weighing and research program educates carrier and shipper personnel about how to use and understand a modern rate tariff.

Through a weighing and research program, carriers can take the time to explain to their customers why freight should be described appropriately, they can lessen the impact of a description change that may result in a higher charge, and they have a capable group of well-informed employees able to quickly answer shipper questions. For these reasons, W & R has proven to be a valuable public relations tool.

As an added bonus, during the calendar year 1997, member carriers who reported their increased revenue derived over 100 million dollars from their weighing and research programs. To approximate the additional revenue that your company may expect to recover through such a program, consider the following:

The experience of carriers who currently have programs indicates that you may expect to recover additional revenue amounting to about one percent of your gross revenue.

This means that a company grossing 25 million dollars may expect to recover about a quarter of a million dollars that would otherwise be lost. As to the cost of this activity, the average operating ratio is 20. This means that 4 of every 5 dollars received is pure profit. Without a Weighing and Research program, a 25 million dollar company, with an operating ration of 95 would have to generate 5 million dollars in additional revenue to earn an additional quarter of a million dollars in operating income.



Have your financial manager figure your share and carry the appropriate amount to the bottom line to see how a W & R program would affect your company's net profit.

For information on how to start your own Weighing and Research Program, please call

Dan Horning at (703) 838-1820