

Cost Justification of Tracking Systems

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Preface

This white paper is intended to help you explain to your organization how to justify the purchase of a tracking system. We have gathered input from many sources, including our customers, industry consultants, people we have met at meetings of the Mail Systems Management Association (MSMA) and the International Facilities Management Association (IFMA) and others whom we have met at conferences such as Parcel Forum, Mailcom and National Postal Forum.

This document is applicable to the general topic of justifying a tracking system, not just our own product. We have deliberately tried to avoid making this a piece of marketing literature. However, not all tracking systems include every feature discussed here. All of the tracking system functions discussed in this paper are included in Star Receiver.

A number of people reviewed this white paper and suggested improvements. We would like to particularly acknowledge comments from Jeff Stelmach (Chevron), Joe Incognito (Creative Management Services) and Mark Fallon (The Berkshire Company). (Company names are provided for identification purposes only and do not imply any endorsement.)

We want to continually improve this document and make it useful to the people who manage these business services. We are very interested in hearing your suggestions, feedback or comments. Please send them to the attention of:

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Introduction

This document describes how to justify a tracking system for inbound and outbound packages, interoffice shipments and desktop shipping. In today's economic climate, any purchase must be justified with a calculation showing cost savings and/or increased revenue. Business services, including shipping and receiving, are usually operated as cost centers, and justifications are therefore typically based on savings rather than increased revenue.

We have provided formulas and explanations on how to calculate many of the financial benefits. To accurately calculate your savings using a tracking system, you will need to benchmark your operations – how many packages you receive and send out each day, how long it takes on average for a clerk to enter package data, how many package inquiries are received per day from employees, and so on.

The non-financial benefits of tracking systems are also described here. In some cases these benefits may also have an indirect financial implication. In other cases, such as improved security, improved compliance alone may help justify the acquisition of a tracking system.

As you consider the potential of a tracking system, take the time to critically examine your business processes. Existing processes may not have changed in a decade or longer. Ideas for improvements come from reviewing workflows, the information required and generated, and the connections with other business processes. It is critical to reappraise what your staff does every day to ensure that your organization receives the maximum benefits from this investment.

Tracking systems and business functions

Tracking systems can be applied to several different business functions:

- Inbound and outbound tracking of packages
- Interoffice mail and the movement of assets
- Desktop shipping

The financial and non-financial benefits of tracking systems for each of these processes are described; for financial benefits we've provided some method of calculating the savings. Also listed are the benefits of tracking systems that accrue to managers of these business services.

Savings as labor reduction

Most of the benefits using a tracking system are in labor reduction. If the total number of hours saved is large enough, one or more positions can be eliminated. Another approach is to use these hours to provide value-added services.

For example, your group could do asset tagging. The receiving department is a primary passageway for non-production materials entering the organization,

including many capital assets. The receiving staff could apply asset tracking tags to such items, passing that information along to the asset management group with details of each asset's initial delivery. The information gathered by this process cannot be easily generated in any other way.

Other examples of valued-added processes include delivering office supplies, picking up and delivering reprographic jobs and delivering copy / fax supplies.

Tracking systems and process

Tracking systems do not succeed by themselves. They are a tool used by a group of people in accordance with a set of business processes, policies and procedures. A tracking system will succeed only if the people using it are:

- Trained on the tracking system
- Trained on procedures and policies
- Periodically retrained / refreshed
- Supervised by managers who regularly use the data in the tracking system to monitor performance and compliance with processes

The final point deserves elaboration. The successful implementation of a tracking system requires that managers and supervisors regularly use the tracking system to verify that processes, procedures and policies are being followed. Managers can use it as a window to understand how the staff is performing. Only then will the benefits discussed here come to fruition.

Tracking systems are something of a double-edged sword – they hold the receiving and shipping departments accountable in way that paper-based processes cannot. On the other hand, they give these same people a tool to demonstrate that they are doing their jobs right – also not possible with a paper-based process. Most people in shipping and receiving are doing a good job – but it is difficult to prove without using a tracking system.

Notes on terminology

Here are some notes on terms we use throughout this white paper.

We have separated **accountable** mail into two processes in order to discuss them separately in greater detail. **Inbound tracking** refers to the tracking of packages from the receiving dock to the recipient's desk (sometimes called "last mile tracking"). **Outbound tracking** refers to the tracking of packages from people's desks (or local mailrooms) to the shipping department (sometimes called "first mile tracking").

We use the term **package** generically to include envelopes with a tracking number, packages, boxes, tubes, crates and other types of containers. Most can be picked up easily; others can only be moved using a forklift or pallet jack – but in all cases they must be individually tracked and accounted for. Excluded from our use of the term package are first-class and bulk mail.

A **mobile computer**, in the context of tracking packages, is generally a rugged mobile computer with an integrated barcode scanner. A common mobile

computer used to deliver packages is the Symbol Technologies SPT1800. Another term for mobile computer is Personal Digital Assistant (PDA).

We have used the word **organization** in many places throughout this document instead of the more formal "company" or "government agency." The benefits of tracking systems apply equally well to organizations in the public and private sectors.

Inbound and Outbound Tracking

This is the process of tracking and accounting for the “first” and “last” mile that packages travel when using carriers such as FedEx, DHL, UPS and USPS. Other carriers may include LTL carriers (such as Yellow Freight), local messenger services and local courier services. Organizations without a tracking system often have unhappy employees complaining that although they can see that their packages were delivered according to the FedEx web site, the package went into a “black hole” as soon as the receiving department signed for them. A tracking system makes these “last” and “first” miles as accountable and trackable as all the miles in the middle.

Financial benefits of inbound and outbound tracking

The financial benefits of using a tracking system for inbound and outbound packages are a reduction in data entry time for inbound packages, reduction in time needed for customer service, reduction in the number of missing packages and in time dealing with them, reduction in compensation for missing packages, reduction in “collateral damage” from missing, misplaced or delayed packages, and reduction in time required for sorting and delivering packages.

Reduction in time for data entry for incoming packages

Tracking systems reduce the labor required to prepare incoming packages for delivery. This is particularly true when converting from a manual system to one in which clerks enter waybill numbers using a barcode scanner. Barcode scanners also eliminate data-entry errors. Additional information needs to be collected for each package, such as the carrier, level of service, sender, recipient name, recipient contact information, recipient location, and so on. Tracking software accelerates this necessary task.

Calculating the savings

Manual capture of data on inbound packages can be collected at a rate of 60 packages per hour (one package per minute). A tracking system allows for higher rates of 180 per hour (three packages per minute). In highly automated receiving departments using conveyors and other mechanical devices to reduce package handling, the rate may be as high as 240 per hour (four packages per minute). The savings from using a tracking system equals (total manual data entry time) – (total automated data entry time).

Example: If you receive 420 packages per day on average, data entry will require 420 minutes (7 hours) of labor. A tracking system will reduce the data entry time to 420/3, or 2 hours 20 minutes. The savings = 7:00 – 2:20, or 4 hours 40 minutes of labor per day.

Reduction in time in customer service

Receiving departments spend a lot of time answering questions such as “Where’s my package?” or “Did my package make it to DHL by the deadline?” Without a tracking system, a clerk often writes down the information and promises to call back later with an answer. Researching the questions requires going through a filing cabinet, paging a courier, visiting the carrier’s web site and interrupting the activities of other staff members.

Tracking systems can significantly reduce the time spent providing customer service if the system includes the following functions:

- a. The mailroom application makes it quick and easy for a clerk to answer the question. The clerk enters details about the package (perhaps the waybill number, recipient, sender and /or carrier), and the system returns the status and history of the package.
- b. The employee can go to the intranet pages of the tracking system and check on a package 24 hours a day, seven days a week. This “self-service” option greatly reduces the number of phone calls to the mailroom.
- c. When the courier is asked a question about a package while in the middle of his route, he can look it up on his mobile computer.

Bringing in a tracking system results in a reduction in the hours spent providing customer service and, at the same time, much happier customers.

Calculating the savings

You will have to benchmark your current operations to calculate the savings from this benefit. Tally the number of package inquiries per week. Measure how long it takes to answer a subset of these inquiries, perhaps one out of every three. The amount of time spent answering inquiries can be approximated as (average number of inquiries per day) * (average amount of time spent answering queries).

Next estimate how much time will be spent using a tracking system. If the tracking system comes with a self-service intranet module, assume that half of the inquiries will not require any time from your staff. Assume that the remainder can be answered in one minute. Clerks can answer inquiries easily while working the receiving area if they are close to a computer. The savings is equal to the (manual time answering inquiries) – (automated time answering inquiries).

Results measured by our customers using Star Receiver indicate that time spent on this task is significantly reduced, resulting in a 15% reduction in labor from the entire receiving process. Note that the savings vary considerably from

organization to organization, depending on the number of packages received and the level of performance from your staff.

Reduction in missing packages and in time dealing with them

Packages may be lost due to carelessness or even theft by employees. Tracking systems provide a chain of custody that enforces accountability. A sophisticated tracking system keeps the history of who handled a package during each step of its journey, while configurability enables the tracking system to provide a high level of accountability according to your business rules. Alas, in some organizations the funding for a tracking system has been delayed for a long time, only to be approved when an important package has gone missing.

Other packages may not be missing but misplaced by the customer or a fellow worker who forgot to tell the recipient about the package. A tracking system enables your receiving staff to prove that the package was delivered. The intranet module of a tracking system enables employees to check on their packages by themselves – and they can quickly discover, for instance, that the package was delivered to an office mate. Some tracking systems can also generate automated emails to notify employees when a package is delivered to someone other than the recipient. (This assumes your process includes tracking whether a package is delivered to the named recipient or to someone else.)

If the package is missing, the process of locating it without a tracking system can take hours of valuable staff time. The situation is quite different with a tracking system in place. Such systems greatly reduce the incidence of “missing” packages to begin with. If a package ever does go missing, tracking and accountability greatly reduce the time needed to research what happened to it. Some of our customers have told us how their security departments have used the tracking system to help solve incidents of theft.

Calculating the savings

Calculating the labor savings requires knowing the number of packages that have gone missing over an extended period, such as six months or one year. The tricky part lies in estimating how much time was spent in dealing with them. A single missing package can upset the routine for the entire receiving department for an hour or two. The time spent by the staff trying to locate a single package can add up quickly. The time spent on locating missing packages equals (average number of missing packages per day) * (average amount of time spent locating a missing package).

Reduction in compensation for missing packages

Some organizations require the receiving department to compensate individuals or departments for the loss of a package. This is painful not only because of the breach in trust and status, but also because the unexpected loss of budget can require cost cutting in other areas of the department. A tracking system greatly reduces the incidence of missing packages and therefore greatly reduces this expense. Our customers have reported that the number of missing packages is very close to zero – one customer reported that in handling 400,000 packages in a twelve-month period, only three were reported as missing.

Calculating the savings

If your receiving department must reimburse recipients for the cost of missing packages, then calculating the savings is easy. Look up how much was paid for

such compensation. You can assume that the number of missing packages will drop dramatically using a tracking system.

Reduction in “collateral damage” from missing, misplaced or delayed packages

Other types of losses are the direct result of delaying the delivery of, misplacing or losing a package. These losses happen when non-timely delivery of a package may cost more than its contents. These can be difficult to quantify but nevertheless can result in real losses even from a single instance.

Examples include:

- Samples packed in dry ice that spoil when not delivered on time
- Fines that result from late responses due to misplaced certified letters
- Losses from interruption of business due to delayed delivery

Calculating the savings

Estimating the savings in this area may be difficult because in most cases the receiving department is not responsible for compensating such losses. On the other hand, the receiving department will be made aware of each incident. The benefit from using a tracking system in reducing such collateral damage generally accrues to the organization as a whole rather than the receiving department.

Reduction in time sorting and delivering packages

Tracking systems generally print an internal tracking label that includes the sender, the recipient, the internal delivery zone and area as well as a barcode with the internal tracking number. Sites receiving a small number of packages per day (fewer than 50) can get by without internal tracking labels, but any site receiving more than that can see a reduction in labor needed to physically sort and deliver the packages. Because the delivery zone appears on the label, packages can be quickly sorted, thereby reducing the time needed to prepare packages for delivery. Because a barcode appears on the label, couriers can quickly scan packages when delivering them, reducing the actual delivery time.

Calculating the savings

There is no simple formula for calculating the reduced time sorting and delivering packages using a tracking system. The best way to calculate this benefit is to benchmark the actual time spent in these tasks and estimate the time saved using a tracking system. This benefit will vary greatly from organization to organization. Generally, if the average number of packages delivered to a recipient is more than two or three, using a tracking system will make a real impact. The courier should be able to find all the packages for a recipient, scan the tracking numbers and collect a signature more quickly than executing a manual process.

Nonfinancial benefits of inbound and outbound tracking

The non-financial benefits of using a tracking system are improved compliance with regulations and improved morale in the shipping and receiving department.

Improved compliance with regulations

A tracking system can contribute to improved compliance with regulations in a cost-effective manner. Examples include export compliance, SEC regulations governing financial statements (including the Sarbanes-Oxley regulations), regulations for financial institutions and FDA regulations for the pharmaceutical and biotechnology sectors. For example, a tracking system can help track the movement of capital assets as they travel from one tax zone to another.

Improved morale in the shipping and receiving department

When the phone rings in a receiving department, it is frequently someone calling in a complaint. A paper-based tracking system makes it difficult to prove that your team is doing a good job, because the evidence is scattered among many pieces of paper. If your organization has multiple sites with unconnected tracking systems, packages can disappear as they move from one site to another. An enterprise-wide tracking system provides reporting capabilities, which offer positive proof of the level of service your team provides, and this in turn boosts morale.

Team members are more confident because they can prove they do their jobs well. They are also using advanced technology such as mobile computers and barcodes instead of clipboards and pencils. Turnover in the department may be reduced as a result.

Interoffice Tracking

Tracking can be applied to accountable interoffice mail and the physical movement of other assets within your organization. These enterprise-wide tracking capabilities may be more appropriate for some things (such as expense reports coming to a central location) than others (routine memos).

Financial benefits of interoffice tracking

Note that many of the savings identified in the previous section on inbound and outbound tracking may be applicable to interoffice tracking. The financial benefits of using a tracking system for accountable interoffice mail are a reduction in use of external carriers for interoffice mail and a reduction in costs for interoffice movement of assets.

Reduction in use of external carriers for interoffice mail

In large organizations with multiple sites, a considerable volume of traffic is sent between sites via external carriers. These shipments are often sent individually or are manually bundled in an interoffice pouch. In some cases, because of the lack of trust in the service provided by interoffice mail service, documents are sent from one office to another at the same site using an external carrier. An enterprise-wide tracking system can significantly reduce the costs of using external carriers for internal shipments.

An enterprise-wide tracking system enables interoffice shipments to be tracked on a desk-to-desk basis within the organization whether the sender and recipient are on the same or different campuses. Such a tracking system should also present the level of service to employees so they know when their package will arrive and can compare this service with external carriers. These features encourage employees to trust their interoffice shipments to the internal mail system.

In the mailroom, tracking systems track the pouching process, reducing the time required to manually prepare a manifest for the pouch. Capabilities should include the scanning of items into a pouch when preparing it to be sent out and scanning items from a pouch after it has been received.

Calculating the savings

Calculating the savings from pouch mail requires a detailed and extensive review of all traffic sent using external carriers among your organization's sites. Pouch mail is generally used for moving interoffice mail and similar items. It is generally not used for moving items such as larger packages, personal computers or individual items of high value. Keep in mind, therefore, that not all traffic from one site to another can be or should be sent in a pouch.

Even with a well-functioning, well-regarded pouch mail system, some people will persist in using external carriers. In some cases there are good business reasons for sending an individual shipment. In other cases there is no good business reason. The costs of individual shipments should be allocated to the person or group sending them. This is covered in detail in the next section on integrated desktop shipping.

As confidence in the pouch mail system grows, the percentage of traffic should increase over time. Anecdotal stories from our customers indicate that use of external carriers for mail that could be sent via pouch mail decreases significantly.

Reduction in costs for interoffice movement of assets

Tracking systems usually are acquired to improve the tracking of inbound and outbound packages as well as interoffice mail. Once in place, a configurable enterprise-wide tracking system can be used to track the physical movements of other types of assets within the organization. A tracking system must support different business processes for each category of asset.

Example: Asset tracking

There are many software applications for asset management. While these applications track information such as when the asset was acquired, its serial number, when it was last repaired, its tax zone location and so on, very few of them track the physical movements of these assets. The processes of returning an old laptop computer to the IT support group and getting a new one in return can be tracked accountably using an enterprise-wide tracking system.

Other asset categories

Examples of asset categories that can be tracked include:

- Reprographics deliveries
- Files & records boxes
- Legal documents and financial instruments
- Loan & insurance applications
- Airline tickets
- Personal computers, cell phones and audiovisual equipment
- Proof bags
- Engineering prototypes
- Laboratory and test equipment
- Lab samples
- Training materials
- Artwork, displays and other marketing materials
- Internal distributions
- Warehouse distributions

Each of these categories is a separate business function, and therefore proposing to use a tracking system for them requires the involvement of the relevant group(s). Savings may be readily apparent in some cases. For example, airline tickets are high-value items that require prompt and accurate delivery. Whether your organization has an internal travel agent or has contracted out to an external vendor, someone is responsible for delivering tickets. This process is very similar to how packages are delivered. There may be a service-level agreement in place for the delivery of airplane tickets. Obviously, the receiving group can

only take on the task of delivering tickets if the group can offer sufficient staff to support this particular process and can provide the required level of service. If the receiving group can provide this service, then this may eliminate the need for one or more specialized ticket couriers.

Nonfinancial benefits of interoffice tracking

The non-financial benefit of tracking accountable interoffice mail is increased trust in interoffice mail processes.

Increased trust in interoffice mail processes

Desk-to-desk tracking of interoffice mail inspires a high level of trust and confidence in the interoffice mail processes and staff. Employees can send their expense reports using accountable interoffice mail, see where their reports are and reduce their anxiety. Only when employees trust the interoffice mail system will they use it for important internal documents. This, in turn, encourages more employees to add to the interoffice traffic and reduces the direct use of external carriers.

Section 5

Integrated Desktop Shipping

Shipping services are provided in many ways. In some organizations employees fill out paper forms and deliver the package to the shipping department, where a clerk prepares the waybill. Other organizations allow employees to use carrier-provided web sites or desktop applications to prepare waybills. An enterprise-wide tracking system that supports integrated desktop shipping provides measurable benefits over these methods.

Simply providing desktop shipping capabilities to employees is not sufficient. Other changes in the outbound shipping process are needed. For example, the shipping department should check the weights and dimensions of all outbound packages to avoid assessorials. Even carrier-provided envelopes should be weighed in the mailroom to avoid the assessorials for overweight packages.

Financial benefits of integrated desktop shipping

The financial benefits of integrated desktop shipping are a reduction in fees resulting from errors in waybills, reduction in costs of external carriers, reduction in time for customer support for shipping, reduction in labor needed for cost allocation, and reduction in costs to switch carriers.

Reduction in fees resulting from errors in waybills

Incorrectly addressed shipments incur fines from the carrier. Locating the correct address after the fact costs employees time. A better shipping process catches address errors at the earliest moment. Integrated desktop shipping validates external addresses, at least those in the United States, thereby eliminating one cause of fines.

Carriers levy assessorials, or fines, for a variety of errors in shipping documents. Perhaps the most frequent errors that can induce assessorials are incorrect recipient address, incorrect package weight, incorrect dimensions (when using non-carrier packaging) and ignorance of the “dimensional weight” for a package.

Calculating the savings

Calculating the savings from reduced assessorials requires a detailed analysis of invoices from your carriers. These invoices generally list each occurrence of an assessorial. Not all assessorials can be eliminated, the fuel surcharge being one example. Nevertheless, certain categories of assessorials can be greatly reduced.

Reduction in costs of external carriers

Carrier-provided shipping software encourages the use of the fastest and most expensive levels of service. Carrier software makes it difficult for employees to get the cost for a shipment at a particular service level, and even more difficult to compare the cost of different levels of service for the same shipment. Such software also locks your firm into a relationship with that carrier by requiring all of your employees to learn how to use its software. There are reasons why this software is provided for free!

Integrated desktop shipping presents employees with the cost of each level of service for each carrier your organization uses. This is called “multiple carrier rate shopping” or “single carrier rate shopping.” Simply presenting to employees the costs of sending a package has a psychological effect that makes them consider the cost of shipping and the necessity for faster levels of service. Internally provided interoffice services, such as internal pouches and courier services, should also be presented to employees as yet another “carrier.” This presentation must include important information, such as travel time and level of service, in a manner similar to external carriers. Internal services typically are provided for free to employees, and their increased use reduces the cost of using external carriers. Sending an individual shipment costs much more than including it in a pouch containing multiple shipments.

Your organization may already provide such interoffice services. Unless they are accountable and trackable, it is unlikely you can shift many shipments sent via external carriers over to internally provided services. A tracking system that provides trackability and accountability for internal shipments encourages additional use of internal services.

Calculating the savings

Cost savings from the reduced use of external carriers can be estimated from a detailed analysis of your carrier invoices across your organization. Isolate the shipments traveling in each direction of each traffic lane. Investigate which percentage of these shipments could be diverted into interoffice traffic – and clearly not all can – and do the same analysis across all other traffic lanes. Sum up the savings from each lane to calculate the estimated total savings.

Reduction in time for customer support for shipping

Integrated desktop shipping means that end-users (employees) are now entering most of the information needed to prepare a shipment. This process is more efficient than filling out a paper form, especially if the system includes an organization-wide employee directory (updated regularly from HR databases) and a personal address book. Support for sending packages to groups of addresses can significantly reduce time needed for periodic shipments.

For many organizations the savings here may be small. However, if your employees currently fill out a paper form for each shipment, the savings may be substantial.

Some people are responsible for sending out shipments to a mailing list, such as weekly or monthly shipments to branch offices or retail stores. Without automation, this can consume a lot of time. Some desktop shipping systems support mailing lists, making it easy to prepare shipping documentation for a mailing.

Reduction in labor needed for cost allocation

The use of paper-based waybills or carrier-provided shipping software often results in many shipments without a valid charge code. If the unallocated shipping expenses are large enough, the transportation or accounting departments must spend time investigating and tracking down who was responsible for a particular shipment. Periodically the remaining unallocated shipping expenses are apportioned to certain departments with the “privilege” of paying their share.

A tracking system with integrated desktop shipping ensures that every shipment has a valid charge code. This dramatically reduces, if not eliminates, the time spent allocating shipping expenses. An integrated desktop shipping system will save costs by reducing labor in the accounting or transportation departments.

Reduction in costs to switch carriers

Carrier-provided shipping systems are something of a Trojan horse – the large investment in training and time spent using such systems is a disincentive to switching carriers that could reduce costs. A tracking system with integrated desktop shipping provides employees with a carrier-neutral front-end for the shipping process. In particular, employees are no longer using carrier-specific web sites and no longer need to be retrained if the organization switches carriers. This provides your organization with a bargaining chip when negotiating rates with carriers.

Nonfinancial benefits of integrated desktop shipping

The non-financial benefits of integrated desktop shipping are a reduction in training and support for shipping by employees and a process that ensures a valid charge code for every shipment.

Reduction in training and support for shipping by employees

A tracking system with integrated desktop shipping provides a single place on the intranet for the shipping and receiving processes for all employees. The resulting user experience is simplified and, over time, reduces costs for training and customer support for employees.

Valid charge code for every shipment

A tracking system with integrated desktop shipping validates the user-entered charge code (or project code) against your organization’s database. This makes it possible to produce reports that provide managers with the actual cost of shipping charged to their projects.

Business Services Management

Managers of business service functions, such as mail, shipping and receiving, and reprographics are under pressure to provide high-quality services while continuing to reduce costs. Processes cannot be improved without measurement. A sophisticated tracking system helps not only to automate processes but also to generate information necessary to manage them.

Financial benefits for business services management

The financial benefit for business services management is a savings in overall labor needed for the delivery of these services.

Overall labor savings

Implementing a tracking system, especially on an enterprise-wide basis, results in labor savings as described previously. The sum of these labor savings means you may be able to redeploy some staff members or provide other types of business services. Examples of business services provided by some receiving departments using tracking systems include:

- Delivery of office supplies, toner cartridges and paper, and recycling bins
- Asset tagging – the process of collecting serial numbers, applying asset tracking tags and sending the resulting data to asset management information systems
- Tracking receipt of items against purchase orders

The receiving department is one of the primary portals for incoming materials. Rather than limit its functions, the receiving department can provide certain services in a cost-effective manner that cannot easily be offered otherwise.

Nonfinancial benefits for business services management

The non-financial benefits for business services management are improved security, support of best practices, and the capability of measuring delivery performance of vendors and carriers.

Improved security

The receiving department is one of the key entry points for physical items coming into your organization. Ensuring that incoming packages are properly inspected according to standard procedures has become an important aspect of maintaining physical security in many organizations. A configurable tracking system logs each step as a package makes its way from the receiving dock to the recipient's desk (including security inspections), providing a detail chain of

custody for each shipment. Security groups occasionally find the information in tracking systems useful in dealing with security problems.

Measures other than a tracking system are needed to provide a high level of security. Training on shipping and receiving processes is the first step. The frequent and regular appearance of supervisors and managers on the receiving dock and in the receiving and shipping areas is also important. Standard practices for improving the physical security of the dock include restricting access to the dock and receiving areas, required use of badges, and the dockside verification of packages received from drivers.

Support best practices

Processes cannot be improved without measurements. Reports from a tracking system allow you and your staff to measure the workloads and performances of sites and individuals as well as compliance with processes and policies. It is challenging to measure mobile employees, but the technologies used by sophisticated tracking systems (mobile computers, barcodes, etc.) make this possible.

Tracking system reports enable your managers to see who's doing an excellent job and to learn from them. Reports also show those who are not doing as well as they might and make it possible to help them improve their performances.

Measure delivery performance of carriers and vendors

Tracking systems can measure the compliance of carriers bringing packages from vendors. Carrier delivery performance can be tracked using some of the data generated by tracking systems. For example, a tracking system will let you know when each carrier arrives at your dock. If your agreement with a carrier states that it will be at your dock twice a day at specific times, you can monitor the carrier's timeliness.

Tracking systems can also be used to monitor vendor delivery performance. Vendors have been known to blame receiving departments for partial and late shipments. Your team can now easily provide proof of their performance. Buyers can also use the tracking system to track the delivery performance of their vendors – individual shipments as well as performance in general.

Conclusion

Tracking systems, especially enterprise-wide tracking systems that support a high degree of configurability as well as desktop shipping, provide real savings in labor and direct costs in the shipping and receiving processes. There are also non-financial benefits that result from implementing a tracking system. This white paper has shown four areas of savings and benefits: tracking of inbound and outbound packages, tracking of interoffice shipments, desktop shipping and management of business services.

In these times, any significant expenditure of funds must be justified. We hope this white paper will help you and your organization to understand the benefits of tracking systems and to justify the purchase of a tracking system.

Appendix 1: Additional Resources

Here is a listing of resources that will help you to better understand tracking systems and their cost justification. It's always helpful to share ideas with peers and learn how others have approached the same problems.

Professional Associations

Mail Systems Management Association (MSMA) has 20 chapters all over the United States. MSMA offers the Certified Mail Distribution Systems Manager (CMDSM) certification program for mail managers. This group is a major sponsor of the Mailcom trade shows.

<http://www.msmanational.org/>

International Facility Management Association (IFMA) is an international organization with chapters all over the world and that sponsors the annual conference "World Workplace." IFMA offers the Certified Facility Manager (CFM) and Facility Management Professional (FMP) certification programs. Shipping and receiving are not traditionally considered part of facilities management, but as more and more groups and systems are integrated, this organization may appreciate these functions more fully.

<http://www.ifma.org/>

The **National Association of College and University Mail Services (NACUMS)** is focused on the requirements and needs of the shipping, receiving and mail personnel in the higher-education community. NACUMS has seven affiliated regional associations and an annual conference.

<http://www.nacums.org/>

Conferences and Trade Shows

The **Federal Mail Symposium** is a conference and trade show focused on mail and accountable mail in federal government agencies. It is sponsored by the General Services Administration and occurs every two years.

<http://federalmailsymposium.org/>

Mailcom is a trade show and conference held twice a year – Atlantic City in May and a smaller fall show that moves around the country.

<http://www.mailcom.org/>

The **National Postal Forum** is an annual conference and trade show sponsored by the U.S. Postal Service. It is focused primarily on mail, but a small number of sessions focus on accountable mail as well.

<http://www.npf.org/>

Parcel Forum is an annual conference and trade show sponsored by RB Publishing, publishers of trade magazines including Parcel, Mailing Systems Technology, and Document.

<http://www.parcelforum.com/>