

Why You May Need a Dimensionalization Strategy

PARCEL FREIGHT CARRIERS, LIKE UPS AND FEDEX, may price their product by the pound, but they are charging you based on cubic volume. The “billed weight” on your invoice has little to do with weight and everything to do with cubes. The transportation trade journals refer to this as the “dimensionalization” of freight. It is driving massive parcel cost increases and is now infecting LTL carriers as well.

Dimensionalization is poorly understood and a long-neglected factor in operations management. Think about it this way: The primary packaging for most products is designed to optimize marketing appeal or to minimize packaging cost. Assume for a moment that the primary packaging is 40% air space (which is typical); ship three items to a customer, in a box that is also 40% too large and 64% of your freight cost is for nothing but air. In addition, you need more racking, more carton tonnage, more void fill, more tape, more conveyor capacity, and pickers are traveling longer distances to fill the same order. The customer experience is poorer, product damage is higher, and brand equity is damaged. Solving the dimensioning problem can lower freight cost by 25% and all but eliminate damage.

What does a Dimensionalization Strategy look like? One strategy is to start at the customer experience and work backwards to identify every point in the process where dimensions affect a decision. Create a value stream map and apply solutions that minimize the cubic volume at each step of the way, implementing from the customer toward the primary manufacturer. Serious freight savings can be realized in distribution and transportation; upstream opportunities take longer, are more complicated, and require outside stakeholders. Take the long view but solve the distribution puzzle first for immediate impact.

WMS systems were not designed to manage a dimensional data strategy. Using measuring systems and Digital Supply Chain Software such as **packchain**, dimensional data can be managed with precision, starting with accurate item master data, perfect cartonization, zero-air packaging solutions, and support for freight auditing based on dimensions. Parcel carrier dimensioning errors are invisible on their invoices but with specialized software, overcharges can be identified for which the carrier will issue significant credits.

Is a discussion in order? Please contact John at JMoore@IQpackglobal.com