

AGRI-FACTS

Practical Information for Alberta's Agriculture Industry

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Distribution Partners: Working with Regional Carriers

This factsheet is one of a four-part series:

- *Distribution Partners: Working with Regional Carriers*, Agdex 845-26
- *Distribution Logistics: Getting Your Products to Market*, Agdex 845-27
- *Distribution DIY: Building a Solid Foundation*, Agdex 845-28
- *Distribution Consolidation: Working Together Along the Value Chain*, Agdex 845-29

These factsheets present innovative thinking and practical tips to help agricultural food producers and processors transport their goods to market. This factsheet explores the key steps to finding regional carriers and building successful relationships with them.

You have got a great food product to sell, and market demand is growing. You know retailers, restaurants and other customers who will buy your produce or value-added products.

With more customers, however, you are spending more time delivering and less time on other aspects of the business. At this point, hiring a regional carrier for your distribution needs could make sense.

Regional carriers are typically smaller transportation companies who provide less-than-truckload (LTL) service for shipments traveling fewer than 800 kilometres.

This factsheet will cover the basics in hiring a regional transport company to deliver your food products. It will help you do the following:

- determine the distribution services you need
- investigate the services offered by regional carriers and the costs involved
- choose a regional carrier that best suits your needs
- create written contracts or pricing agreements
 - build successful relationships with your chosen carrier
 - work with brokers and forwarders who can manage distribution for you

Hiring a regional carrier for your needs could make sense.

Gathering information about your needs

When selecting a regional carrier, do your homework before entering into a distribution agreement. Get a good

handle on your needs, so you can communicate your expectations as clearly as possible.

Think about the nature of your shipments, the kind of handling required and any specific information about the destination. These aspects may include (but are not limited to) the following:

- frequency of shipments (Do you have a regular schedule?)
- shipment destinations and descriptions of the types of goods being shipped
- special requirements of your facility or the receiver's facility (Is there a shipping dock for loading/unloading or unusual hours?)
- handling requirements for each food product (Do all products need the same temperature in transport?)

- packaging descriptions (Can the carrier stack the product, or do some foods need special handling? Is the product on pallets and is it wrapped?)
- documentation for food safety tracking

If you have a number of regional carriers in your area, detail this information on paper and submit it to the selected companies for quotes. This first step is an important one, but not the only step. Next, your investigations will get more personal.

Digging deeper: getting to know your regional carrier

Find out as much as possible about each carrier, including how they track deliveries in transit, their delivery schedules, expected transit times, damage and claims policies as well as their safety record.

Your first contact could be by telephone. Have a list of questions ready:

- Do they have a rate schedule that will make it easy for you to estimate shipping costs?
- What kind of paper-based reporting do they provide, and how will you be notified of shipments reaching their destination?
- Do they provide online tracking of shipments?
- Do they require special markings/paperwork on the outside of the packaging?
- Are there additional charges, such as fuel surcharges, tariffs, lift-gate capabilities or charges associated with inside services?
- Can they outline fees for temperature-controlled goods that need refrigeration or are shipped frozen?
- If food and non-food items are stored or transported together, how do they ensure cross-contamination does not occur?
- Does the carrier meet Alberta food safety codes for temperature control, handling and reporting?
- Will they schedule regular pick-ups?
- Do they charge for undue wait times?
- What are the payment terms once a shipment has been completed?

Your next step is to check out the carrier's equipment and facility in person, if possible. While there, note the following items:

- What is the condition of the facility?
- Are buildings and vehicles clean and in good working order?

- Does the staff seem friendly and flexible, or are they short-staffed and over-worked?
- Does the office seem organized and have good systems in place?
- Are they forward-thinking, with evidence of up-to-date technologies?

Choosing a carrier

Your selected carrier should provide a match between your needs and their services. You should be confident your product will arrive at its destination in the same condition as when it was shipped.

As your business grows, you may need carriers who go farther or who provide warehousing. Some shippers may buy the product from you (more like a distributor). Larger shippers will provide longer hauls, but prices may be higher, and a certain volume commitment may be needed.

More information on the benefits of the different types of carriers can be found in the factsheet on *Distribution Logistics*, Adgex 845-27.

If your candidate companies seem evenly matched, further investigations could include additional perspectives:

- asking friends, other producers or processors about each carrier and whether they are satisfied with their services
- asking your customer/s if they have a carrier they would recommend
- check with the Better Business Bureau in Alberta to see if they have a rating on the carrier

Formalizing an agreement with a carrier

Once you have chosen a company, get a written copy of your pricing agreement or draw up a formal contract. If a formal pricing structure is not available, be sure to ask for written confirmation (by mail or e-mail) that outlines the agreed-upon charges plus all add-on charges.

The agreement should outline both the carrier's responsibilities and what is expected of you. The clearer you can be in your agreement, the less likely it is that conflicts will arise in the future. Although your shipping contract will be unique to your business, you can internet-search "shipping contract examples" to see what other companies have implemented.

Building a strong partnership with your carrier

Part of developing a great partnership is building trust. Sometimes, it can help to establish a test period for distribution before committing to a long-term agreement. Give the carrier some business on a trial basis, and agree on a certain number of shipments for the next 30 or 60 days. At the end of the trial period, discuss how well the carrier met your expectations and requirements – and you, theirs.

A trial period is a great way for both the shipper and carrier to gain a better understanding of what is needed. The trial can also allow each party to make adjustments to the process, an important step in establishing a good level of trust.

As with all relationships, expect some give-and-take. Clear expectations, honest communication and flexibility will build a solid relationship that will provide you with the best possible service from your carrier.

Remember, a partnership is a two-way street. Make sure you are adhering to the transport company's safety regulations, are providing correct labelling, paperwork and packaging for your product and are not making the drivers wait when they arrive for your shipments.

Working with distribution brokers and forwarders

Maybe you do not have a regional carrier in your area, or you want to outsource the management of your distribution. Freight brokers and freight forwarders can assist you with the entire process.

Brokers and forwarders work with a large network of transportation companies and are skilled at distribution logistics all along the supply chain. They source distribution solutions on your behalf and will often handle rate shopping, scheduling, documentation, audits and invoicing for all your distribution needs.

In Alberta, companies offering transportation brokerage services can be found online at, http://www.canadatransportation.com/Freight_Brokers_Alberta_eQU.htm

For more information about distribution for agricultural food producers and processors, see the factsheets on “Distribution Logistics,” *“Distribution DIY”* and *“Distribution Consolidation.”*

For a comprehensive study about food distribution along the value chain in Alberta, visit the Alberta Agriculture and Rural Development website www.agric.gov.ab.ca and search *“Distribution of Local Food: Best Practices.”*

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