

HOW TO KNOW IF YOU'RE OVERCHARGED ON FREIGHT



SUMMARY: Hundreds of millions of dollars in freight overcharges are returned to companies every year as a result of post audit services. This article will help you determine if such services could create positive cash flow for your company.

Product pricing is determined by profit margin. Profit is determined by many factors -- more than some companies account for. For a company to remain competitive, every expense must be watched. Shipping goods across the country can represent a significant portion of a company's operating expenses.

Whether you rely on a single carrier for all shipments, you quote out each shipment, or you utilize a broker, how can you know that the price charged is correct? Can you know with certainty whether the cost of transit (mileage, materials, etc.) -- not to mention additional services like special handling and storage -- are accurate? Before now, did you believe you needed to be concerned?

If the freight invoice matches the quote, it would appear nothing is wrong. This is a traditional method of assuring you are paying the correct amount for your shipping because it is the easiest.

Certainly, we can hope that freight companies operate legitimately, especially within the scope of their industries. Yet, not only are unintended billing mistakes commonplace, many freight invoices are intentionally overestimated to protect against losses -- with no attempt to correct overcharges once they have been discovered by the carrier.

How big is the problem? Losses amount in the hundreds of millions of dollars annually. Many companies are content to assume that a well-known carrier or a long-term relationship with a carrier will result in a trustworthy business relationship. Often, the opposite is true. Once a history of trust is established, some carriers may take advantage of the rubber stamp policy their customers have adopted. This does not necessarily mean that the carrier is seeking to sneak in extra profits, however, the carrier may decide to give itself a more comfortable margin when estimating its costs.

The surest way for a company to determine if it is being overcharged for freight -- and to reclaim these losses -- is to utilize a post audit service provider. These companies recover millions of dollars in overcharged freight and, best of all, their services typically cost the customer nothing since the auditor receives a percentage of the reclaimed amount. The customer recovers money that has already been spent.

A quality freight auditing firm acts quickly on the customer's behalf since time restraints can limit the window of recovery opportunity. The process varies, but most often begins with a transportation mode specialist who examines all freight invoices for accounting or rate errors. The audit firm will enter all overcharges into a database, file a claim with the carrier(s), track and receive settlements, and send the customer a weekly or monthly check for its portion of the recovered funds along with a detailed report.

Companies concerned about the epidemic frequency of freight overcharges should consider the post audit process as an integral step in reigning in capital losses.

For further questions or assistance, contact [Goodman-Reichwald-Dodge](http://www.grdonline.com), one of the largest and most experienced freight auditing companies in America.

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