

TRANSPORTATION ABCs

with **Thomas Andersen**



Additional Thoughts about the Upcoming Dimensional Weight Changes

At this time of the year, one of the hottest topics is the parcel carriers' published General Rate Increase ("GRI"). Although the excessive increases continue to bring disappointment, this year's announcement brought few surprises; the exception being the significant reduction to the dimensional divisor (dim factor) from 194 to 166 for domestic shipments and 166 to 139 for international shipments. The three cubic foot rule continues to apply for ground shipments, so

ground shipments that are smaller than 5,184 cubic inches will continue to be billed based on actual weight (no change there... yet!).

* To calculate dimensional weight, measure length x width x height of the package. To play it safe, round each measurement to the nearest whole inch. The result is the size measured in cubic inches. Divide the cubic inches by 194 to determine the chargeable weight.

The following illustrates how some shipments will be impacted, based on the actual weight being less than the weight stated:

Service	Length (inches)	Width (inches)	Height (inches)	TOTAL Cubic (inches)	Current Dimensional Weight (2010)	Proposed Dimensional Weight (2011)
Domestic Air	8	8	8	512	3 lbs	4 lbs
Domestic Air	12	12	12	1,728	9 lbs	11 lbs
International Air	12	12	12	1,728	11 lbs	13 lbs
Domestic Air	18	15	12	3,240	17 lbs	20 lbs
Domestic Air or Ground	18	18	18	5,832	31 lbs	36 lbs
Domestic Air or Ground	24	16	16	6,144	32 lbs	38 lbs

OS rules applied based on combining the length (longest side) and girth of the package. Shipments were then charged at a 30 lb, 50 lb., 70 lb. or 90 lb. rate, based on the applicable length plus girth.

So that leads us to this latest change, as well as anticipated future changes. Most experts had likely anticipated that the three cubic foot rule would have been the next item that the carriers would target, rather than the dimensional divisor, so we can expect this to be something that the carriers go after... with FedEx and UPS basically matching one another each year, with FedEx awaiting UPS' announcement, what's to stop them, right?

With that in perspective, there are solutions available to help one address this. One needs to be adaptable, educated and prepared in these instances. So what can we do now, and what should we do to prepare for future changes?

First, you have to understand how these changes impact your business. This is arrived at by having absolute thorough visibility to your shipping data. Reference fields should also be completed

with dimensions, to validate the carrier's measurements. In addition, if there is an opportunity to reduce package dimensions, consider working with your package distributors to adjust the package dimensions accordingly. Finally, if a custom dimensional divisor is not in effect, negotiate it, as needed. Again, understand the impact and request a factor that's impactful and appropriate based on your shipment profile and volume.

Although impactful, you can control how dimensional weight affects your bottom-line. ■

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