

# Modes

**Air:** on average, the most expensive form of transportation, some 35% of the world trade by value (\$6 trillion worth of goods) is moved in the air. This form of transport is used for speed and quality in transport.

**Cartage:** is the transport of goods in short distances, usually within a commercial area or within a town or city. This can be interchangeable with the term Drayage though Drayage is usually a term used when describing the movement between a port and other location or a rail yard and a other location.

**Dray Service (Drayage):** transporting goods in short distances, usually by ground transportation. Freight forwarders often use the term Drayage to represent the trucking service from the Port to a Rail ramp, or Warehouse, or other destination.

**GFP– Ground Freight Pricing:** this is a UPS product and in partnership with Tforce, is a program where traditional LTL freight is de-palletized and moved on a UPS trailer (parcel). The product that fits this type of program is typically at or below 500 lbs. Moving freight in the Parcel mode as compared to LTL has benefits in a reduction of the fsc, accessorials, damage susceptibility and service levels. The net rate can be 20-30% less expensive than if moved in the LTL mode.

**HWA– Heavy weight Air:** is another acronym used in air transport and it is for heavier/more dense freight that requires special loading consideration/instructions.

**Intermodal:** this type of movement occurs when a user utilizes more than one mode of transportation. An example might be when a load moves across Country via rail and then has its container/trailer removed from the rail and placed on the chassis of a truck trailer. In this example, the inter-modal is between a rail move and a truckload move.

**FTL– Full Truckload:** when the entire capacity of a trailer is used by a single shipper, FTL transportation services are being used.

**LCL- Less Than Container Load:** a term used when the freight hauled is smaller than the full capacity of the container it is transported in (International moves).

**LTL- Less than Truckload:** this is a primary mode in transportation and typically moves on pallets/skids and as 6 skids or less (less than 13 lineal feet of a trailer). This can move on a box truck, a pup (24 foot) which can be moved as a set (2 of them connected), 48 foot trailer or a 53 foot trailer.

**NVOCC (Non-Vessel Operating Common Carrier):** an ocean carrier providing transportation services almost exactly like a steamship line EXCEPT that it does not own shipping vessels nor does it own the shipping containers.

**Parcel– Small Package:** typically moves on a box truck for residential and can move on a box truck or 53' for commercial deliveries. This freight is typically shipped loose.

**Rail:** all sorts of trailers can be loaded onto a trainset. The Rail has traditionally been one of the most economical ways to transport freight especially when utilized for long-haul type moves (cross country).

**TL– Truckload:** this is freight that typically moves as a full load and is carried in a 48' or 53' trailer. A 48' trailer holds 24 skids and a 53' trailer holds 26 skids.

## Industry Acronyms/Definitions

**AMC– Absolute minimum charge:** there are base rates and discounts in the ltl and parcel modes. The absolute minimum charge dictates that there will be no charge below a particular amount; regardless of discounts. An example: a base rate states that the rate in a lane is \$1000.00 and I have an 80% discount. With that said, if there is an absolute minimum charge of \$250.00, the net rate will be \$250.00 and not \$200.00.

**ASN– Advanced Shipping Notice:** is an electronic data interchange (EDI) message sent from the shipper to the receiver prior to the departure of the shipment from the shipper's facility. Many big box retailers dictate the need for ASN's to be applied to their inbound freight.

**BOL– Bill of Lading:** serves as a record of the chain of custody for a shipment. The BOL is a legally binding document providing the driver, carrier, shipper/Broker and receiver (Consignee) all the details needed to process a freight shipment and invoice it correctly.

**CBP– Customs & Border Protection:** a Federal agency, under the Department of Homeland Security, that manages all mandates and compliance surrounding the importing and exporting of goods. CBP also manages the transaction requirements, standards, and technology used by importers and exporters (i.e. the ACE system used for filing ISF forms).

**COD– Cash on Delivery:** it's a payment term that refers to when the carrier collects payment for a shipment from the recipient at the time of delivery. The payment is then sent to the seller. This is for payment of the goods and is different from "freight collect" which indicates that the Consignee is responsible for the freight charges.

**CPG– Consumer packaged goods:** are a large part of the retail industry. These products support our daily lives, and proper transportation strategy is crucial for CPG companies to have goods delivered on-time.

**CSU– Continuous ship unloader:** the process of removing bulk material from ships utilizing bucket handling technology.

**DC– Distribution Center:** large organizations utilize warehouses to receive and store inbound commodities and they distribute these commodities to smaller, regionalized locations or, at times, directly to a customer.

**DO– Delivery Order:** a document from a consignee or an owner of freight that orders the release of the transportation of cargo to another party.

**Demurrage:** charge assessed on the container that remains inside the maritime terminal for more than the given Free Time. Terminals will usually assess this directly or via the Ocean carrier for using his land.

**Detention:** is the charge assessed for the usage of the actual container past the Free Time while it is inside the maritime terminal, rail road or container yard. Also charged on the Domestic side of business at an origin (Shipper) or destination (Consignee) location where a driver/equipment is held longer than the allotted time (typically detailed in a providers tariff).

**ELD– Electronic Logging Device:** devices located within the cab of a semi-tractor used to record the on-duty hours of a truck driver. ELDs can also be used for load tracking and communication purposes.

**ENT– Enterprise sized business:** these are large organizations that typically have more complicated operations. They will have many locations. The large locations are strategically positioned across the Country to ensure quicker, more accurate and safer delivery to their end client. It is common to see multiple Distribution Centers/Warehouses being used as feeders into the smaller, more regionalized market place.

**FAK– Freight All Kinds:** the term used within the logistics industry when a carrier assigns a single tariff classification for freight that would typically run under several NMFC codes and under varying classes.

**FF- Freight Forwarder:** a “forwarder” is a representative or Agent of an Importer or Exporter or other parties who organize and manage the transportation of goods from point to point. This may also include any arrangements (booking and rates negotiation) with the carriers of transport, as well as the preparation and submissions of all shipment instruction documents, and the handling of any issues with customs. Forwarders are also usually responsible for the Insurance of the goods. Forwarders will often be resellers of LCL container space.

**FOB– Free on Board (or Freight on Board):** this indicates the party who owns the freight and the timing by which ownership trades hands. FOB origin means that the Buyer takes ownership of the product as soon as the carrier signs the bol at pickup (which means if the freight is damaged/stolen, it is the buyers responsibility to work with the carrier to resolve). FOB destination means that the buyer owns the freight when they sign the Delivery receipt at delivery.

**FSC– Fuel Surcharge:** is a variable charge added to the transport of goods. The rate by which a shipment is charged is relative to the mode and the size of the shipment. The DOE (Department of Energy) is a source that is typically used to dictate the weekly change in the rate. DOE adjusts the % every Monday and most carriers take action on the variable charge on Tuesdays. With that said, there are many fuel surcharge tables used. FSC charges can be an agreed upon table that is made up by the shipper or the carrier, there are regional fsc tables and there are national tables.

**FUM– Freight Under Management:** used to construct the subscription price for a Shipper/Broker buying a TMS.

**Harmonized System:** is the database for Harmonized Tariff Codes, consisting of the trade product categorization & coding that is organized by economic activity and component materials. For example, machinery & mechanical appliances are in one section, while animals & animal products are in another. Currently, there are 21 of these product sections, with 97 HS Chapters, which are sub-divided into over 5,000 headings and subheadings.

**ISF– Importers Security Filing:** commonly known as the “**10-2**” (because it requires 10 data elements from the importer plus 2 additional from the carrier...the container Status messages and the Stow plan). This filing must be submitted, usually in electronic format, to U.S. Customs and Border Protection (CBP) 24 hours prior to

cargo being loaded onto the vessel destined for the U.S. (mother vessel, not feeder vessel).

**JIT– Just-in-time:** refers to the inventory an organization holds. This concept is popular in lean environments for its focus on reducing carrying costs of the inventory. A user carries just the right amount of inventory to fulfill the estimated orders by its buying group. An obvious risk is that the orders may surpass the inventory, thus having the inability to fulfill.

**LCB– Licensed Customs Broker:** if dealing with a U.S. Customs Broker, they should be licensed by CBP. Also known as custom house brokers, they are responsible for knowing all the shipping and product compliance, regulations, and trade laws of the country of import. One big difference between a Broker and other agents is that the broker never takes ownership of the freight.

**LOH– Length of Haul:** the total distance of a freight shipment. This is typically broken down into distances of: short-haul, mid-haul, tweener, long-haul and extended-long haul.

**LMD– Last-mile delivery:** is the final step in the delivery process, moving goods from a transportation hub to their destination. You might also hear this as being referred to as a Final Mile delivery. When you hear this acronym, you should ask more questions around the need for this type of service because most users that bring this topic up, are actually talking about special delivery needs at delivery (White Glove service, setting up a product, taking away trash and more).

**Lane:** a Lane is usually the same as a Route. Lanes are any shipping pattern between two points or O/D pairs but Routes are usually intended as “planned” lanes (i.e. after optimizing Lanes, you have “routed” shipments).

**Leg:** each “leg” contains an O/D pair and each leg is handled by its own carrier and can be the same or different Modes (Intermodal always has multiple “legs” but multiple “legs” don’t always make up an Intermodal move).

**Location:** this is usually defined as a “shipping point” that belongs to a client (or the organization) as opposed to an Origin or Destination that are shipping points that may not necessarily belong to a client or organization.

**MC– Motor Carrier:** the individual trucking company/trucker charged with moving a freight shipment from its origin to its destination in exchange for payment.

**MC Number– Motor Carrier number:** this number indicates that companies can provide transport across state borders. Any company that provides regional or over-the-road trucking services should have MC authority.

**O/O– Owner Operator:** a trucker who owns and operates their own truck and trailer outside of a larger corporation.

**OS&D– Over, Short, and Damaged:**

- **Overage:** when the quantity received is more than what is listed in the shipping documents.
- **Shortage:** when the quantity received is less than what is listed in the shipping documents.
- **Damaged:** when the products are received damaged, either visibly or not.

**OTR– Over the Road:** (as opposed to rail or ocean) meaning the freight is literally moving over the road.

**OSOW– Oversize/Overweight:** when a vehicle or its freight exceeds the legal maximum dimensions for width, length, height and weight the shipment is considered OSOW.

**PO– Purchase Order:** a commercial document issued by a buyer to a seller indicating types, quantities and agreed prices for products or services.

**POD– Proof of Delivery:** the method for proving that the recipient of a shipment actually received the freight following its transit. Often, a bill of lading signed by the receiver serves as a shipment's final POD. Upon delivery, truck drivers must present this POD to receive payment for their services.

**PTL– Partial Truckload:** the freight quantity classification between less-than-truckload and full-truckload where freight typically weighs greater than 8,000 pounds. These types of moves are typically rated for movement in the spot market.

**RFI– Request for Information:** in transportation, a Shipper, Broker, 3PL or Consultant may begin its search for a new carrier and new rates by initiating an RFI. This type of request is often initiated prior to launching an RFP. With an RFI, the user's goal is to filter a list of candidates that match their goals.

**RFP– Request for Proposal:** in transportation, this is a formal request for a carrier/broker (or a Technology company) to respond to a set of needs in a formal response. The RFP will have details about the user's business and their tendencies.

Most companies use a scoring model to decide who wins an RFP bid. Disrupting the “quiet” process of an RFP is critical to differentiate yourself from the competition. RFP’s are tough to win...if you are participating in one, make sure to disrupt the process by which the sender has laid forward. It is typical for a sender to not want to have a formal meeting...If you can’t get a meeting to build an edge, consider your internal resources prior to engaging. They can be time consuming and are not entered into with any commitments.

**RPM– Rate Per Mile:** is trucking industry jargon regarding the pricing of a shipment on a per-mile basis.

**RFQ– Request for Quote:** a process in which a company requests suppliers and contractors to submit price quotes and bids for the chance to fulfill a specific shipment or project.

**RTE– Route:** consider this a “parent” lane that may contain 1 or more “stops” or 1 or more “legs”.

**SMB– Small and Medium-sized business:** are realizing that a strong logistics strategy can be important for their overall business success. Brokers and Third-party logistics (3PL) providers can help SMBs with their logistics needs.

**ULD– unit load device:** a device used to move cargo being shipped as airfreight. ULDs come in two forms: pallets and containers.

**VIC– Vendor inbound Compliance:** a set of rules and regulations that ensure suppliers and vendors perform professionally and deliver on time.

**VICS Bill of Lading:** the VICS (Voluntary Interindustry Commerce Standards) Bill Of Lading (BOL) is a document utilized to communicate the transference of goods between a Shipper, Consignee and Carrier.

**WGS– White Glove Service:** describes a response to customer expectations for convenience, speed, and consistency in last-mile delivery. This can include an inside delivery, set up of the product and removal of the packaging.

**WCO– World Customs Organization:** is the inter-governmental organization that is responsible for the Harmonized System, which publishes trade commodities categorization and their associated tariff codes.

## Technology

**API– Advanced Programming Interface:** this is a communication apparatus that emerged in the 2000's and it allows for the sharing of data across applications in **real time**.

**EDI– Electronic Data Interchange:** this form of communication came about in the 1970's and allows for the transference of data between business units and organizations.

### **Common Transaction Types**

**204**–Tender from Shipper/Broker to Carrier (API's exist for tendering in the LTL mode)

**210**–Invoice transmission from the Carrier to the Shipper/Broker

**211**–BOI transmission to the Carrier

**214**–Status update from Carrier to Shipper/Broker/End User

**850**–PO acknowledgment (used for Inbound shipments)

**990**–Used by a carrier to accept or reject a tender from a Shipper/Broker (For the LTL mode, it is assumed that a tender is accepted–there is no acknowledgment that comes back)

**API vs EDI**–EDI transactions are robust but are often more expensive than API's, slower than API's, less accurate and less adaptable.

**Web Service Call**–A key difference between web service and API is the way that software applications or machines communicate. With web service, a network is required to transfer information. However, with an API, a network is optional. API's are also commonly leveraged on internal databases and do not require a network.