



TRANSPORTATION SPEND IS THE CANARY IN YOUR COAL MINE

Your Earliest Warning System – and
Your Greatest Untapped Lever

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What Transportation Signals About Supply Chain Health

By Mike Royster

In the old coal mines, canaries were early warning systems. If the air turned dangerous, the bird reacted first.

Transportation spend works the same way.

Long before executives see margin compression on a financial statement, long before customers start complaining loudly, long before inventory imbalances show up in quarterly reviews, transportation starts sending signals.

- Tender rejections climb.
- Accessorial charges creep upward.
- Spot market usage becomes routine.
- Expedites increase.
- On-time performance slips by a few points.

Individually, those shifts may look manageable. Collectively, they signal something far more important: your supply chain is out of balance.

I've seen this pattern repeat for more than 30 years.

Too many companies treat freight like a line item to renegotiate once a year. They send out a broad RFP, squeeze rates, sign contracts and assume the job is done. For a few months, everything looks fine.

Then the market moves. Capacity tightens. Demand shifts. A port backs up. A region grows faster than expected. Suddenly, the "savings" evaporate.

Transportation absorbs every shock in your supply chain — immediately. It reacts instantly to volatility — fuel swings, labor shortages, demand spikes, forecasting errors, inventory positioning and customer delivery promises. It absorbs the stress of every upstream and downstream decision.

When you engineer your transportation network properly, it protects margin quietly. It supports service and flexes with demand. It creates resilience.

When you rely on “set it and forget it” RFPs, transportation exposes every weakness in your supply chain design.

That’s why transportation spend reveals so much. It tells you whether you have aligned your network, processes and governance – or whether you’re managing freight by habit instead of by strategy.

The companies that outperform in volatile markets don’t just negotiate rates. They design and continuously optimize their transportation engine.

And that begins with what we call a Transportation Performance Assessment. This structured, data-driven analysis reveals how your transportation engine truly performs lane by lane, mode by mode and decision by decision.

Most Companies Don’t Know How Their Transportation Engine Runs

By Mike Royster

Most organizations believe they understand their transportation operation. They know their total freight spend. They know who their top carriers are. They might even have a transportation management system (TMS).

But when you start asking deeper questions, the clarity fades.

I’ve walked into plenty of operations where freight buying is scattered across plants, routing guides are outdated and no one can tell you the true cost per mile by lane.

Teams make planning decisions locally instead of strategically. They don’t consistently monitor tender acceptance rates. Accessorial charges creep in quietly. Loads that should be consolidated move less-than-truckload (LTL). Often, in fact, LTL moves never even get analyzed. Spot market freight becomes routine instead of exceptional.

And no one sees the full picture because the data live in different systems – or worse, in spreadsheets.

In many cases, the legacy TMS can’t consolidate the data in a way that produces usable insight. If they do have a modern TMS, they underutilize it. They don’t fully access the

optimization features or report consistently. KPIs exist, but no one owns them. They build routing guides and then forget them.

In other cases, the company grew via acquisition. Each region operates differently. Each facility buys freight its own way. There's no standardized governance. No clear accountability for cost versus service trade-offs.

From the outside, the operation appears to be functioning. Freight moves. Customers get product. Invoices get paid. So leadership assumes everything is fine.

But beneath the surface, inefficiencies compound daily and transportation just reacts.

And when disruption hits, the cracks widen quickly. Capacity crunches, port strikes or seasonal surges throw everything out of whack.

The issue isn't effort. Transportation teams work hard. The issue is visibility, structure and design.

Before you can reduce cost and elevate service at the same time, you have to diagnose how your current system actually behaves – not how you assume it behaves.

That diagnostic – what we call the Transportation Performance Assessment – is where real transportation strategy begins.

Inside the Transportation Performance Assessment

If transportation spend is the canary, then the next step is obvious.

You don't guess. You don't wait for operations to explode in your face. You investigate.

Before we recommend Managed Transportation, a new TMS, private fleet expansion or carrier restructuring, we start with a Transportation Performance Assessment.

This isn't a rate check or a quick benchmark. And it's certainly not another RFP exercise.

A Transportation Performance Assessment is a structured examination of how your transportation system actually behaves lane by lane, mode by mode, decision by decision.

Because most inefficiencies don't live in one big obvious mistake. They live in dozens of small structural gaps that compound daily.

How the System Was Designed – and What's Really Happening

We begin by examining the backbone of execution: your Transportation Management System.

Do you have one? If so, is it configured to optimize loads and consolidate freight? Or is it functioning primarily as a tendering tool? Are planners using advanced functionality? Is data clean, consistent and visible? Or is reporting being rebuilt in spreadsheets every month?

In most cases, we find companies are using only 40-60% of their TMS capabilities, which means they're paying for optimization they never use. And that's if they have a TMS at all.

Technology is powerful. Underutilized technology adds cost, confusion and no value.

Then we look at planning structure.

Is planning centralized or fragmented across facilities? Are decisions made strategically based on total network cost or locally based on habit and convenience? Is there governance around tender lead times, routing guide compliance and exception management?

Fragmented planning raises total network cost – every time. What looks efficient at the facility level often creates imbalance at the enterprise level.

Structure determines behavior. And behavior determines cost.

Next, we evaluate how you source and govern freight capacity across your network.

Is freight buying centralized with a clear sourcing strategy? Or do individual sites negotiate independently with local carriers? How often are routing guides refreshed? Are you balancing national and regional carriers appropriately? Do you understand where you are exposed to spot market volatility?

Decentralized freight buying typically produces inconsistent rates, uneven service levels and unnecessary exposure to the spot market.

Because freight sourcing is not just about securing low rates. Low rates mean nothing if your carrier lacks capacity or if tender rejections are high. Instead, freight sourcing must create stability, capacity and service reliability across cycles.

A Transportation Performance Assessment examines whether your routing guide reflects current market realities. Whether compliance is enforced. Whether procurement decisions are data-driven or relationship-driven. And whether your carrier mix supports both cost efficiency and resilience when capacity tightens.

Where Cost Leaks Hide

Visibility is another critical layer.

Can you see shipments across modes and regions in real time? Do you receive proactive exception alerts? Or does your team discover issues only when customers call?

If your team learns about disruptions from customers instead of from your own systems, your visibility model is broken.

Transportation that lacks visibility becomes reactive by default.

Then we move into freight audit and pay.

Are accessorials monitored and challenged? Are detention, layover and truck-ordered-not-used charges tracked against root causes? Are billing errors feeding back into your freight sourcing strategy? If they're not, you're repeating the same costly patterns year after year.

Many organizations treat these charges as the cost of doing business when they are actually symptoms of planning and execution gaps.

Small financial leaks add up quickly. And they often go unnoticed for years.

When the Network Drifts Out of Alignment

Finally, we step back and analyze network flows.

Where is freight originating and terminating? Are distribution centers positioned appropriately for current demand? Are lanes balanced, or are assets running empty?

Networks drift over time. Growth, acquisitions and customer shifts quietly distort what was once an efficient design.

From 30,000 feet, most transportation networks look fine. In my experience, a lot of them do at first glance.

But when you examine them at the lane level and test whether your structures allow you to adapt, the imbalances become clear.

And those imbalances are where margin erodes quietly.

All this matters because a Transportation Performance Assessment reveals structural choices that unlock systematic savings plus improved service levels.

It can tell you whether you should:

- Centralize planning
- Reconfigure your carrier mix
- Implement or upgrade a TMS
- Outsource execution to a Managed Transportation partner
- Evaluate whether a private fleet is strategically justified

Your leadership cannot make those decisions intelligently without first understanding how your transportation engine truly performs today. The assessment creates clarity. And clarity is what separates reactive freight management from engineered transportation strategy.

If you're not answering those questions with data, you're managing transportation reactively – and expensively.

Designing the Right Fleet – If a Fleet Is Right at All

By Rachel Honbarger

One of the most significant structural decisions revealed by a Transportation Performance Assessment is whether operating a private fleet truly strengthens your network – or adds unnecessary complexity.

A private fleet is a transportation operation owned and managed by the shipper. Many companies invest in private fleets for improved service control, brand experience, predictable capacity and the ability to support complex delivery profiles.

But they are capital-intensive, operationally demanding and unforgiving if designed incorrectly. This is not a decision you should make based on market headlines or frustration with rising carrier rates. Such a momentous choice must be grounded in data.

The question is not whether private fleets are good or bad. The question is whether they are strategically justified for your network, your customer profile and your cost structure.

That is where disciplined, data-driven fleet modeling becomes essential.

Any company that considers operating a private fleet must know the answers to the following questions:

- Is it cost-effective compared to dedicated or common carriers?
- How big should the fleet be and what types of vehicles?
- How would the fleet be operated?

A disciplined private fleet modeling analysis provides the data needed to answer these questions with confidence. The goal is not to justify a fleet. The goal is to determine whether it lowers total cost to serve. If it does, companies can integrate demand analysis, routing optimization, fleet sizing and cost modeling and right-size their fleet. Done correctly, private fleets can improve service performance and reduce transportation costs by 8-20% on average.

However, maintaining a private fleet introduces challenges, such as driver recruitment and retention, balancing capacity and utilization of assets with demand, fleet maintenance and compliance management. Modeling can address these challenges by applying advanced analytics to design and optimize fleet operations.

A modeling effort may be needed when the company is consistently facing challenges, such as significantly rising carrier rates, declining service performance, a change in the network footprint or when significant growth in demand may justify operating a fleet. Leadership may also initiate an evaluation to pursue cost savings or improved service. A modeling assessment helps determine whether owning and operating a fleet is

strategically beneficial, how large the fleet should be, how it should be deployed and what the optimal balance is between private, dedicated and common carrier capacity.

Effective modeling begins with an accurate foundation of operational data, including shipment history, customer delivery requirements, driver and fleet characteristics, cost inputs and current carrier rates. This information supports a structured modeling process that simulates demand and routing patterns while accounting for delivery windows and operational constraints, including hours-of-service rules, route duration, utilization goals and seasonal fluctuations. From there, the model determines the capacity required across tractors, trailers and drivers. The methodology also incorporates cost modeling to compare private fleet expenses with market alternatives, ensuring a clear understanding of the total cost to serve.

Finally, strategic scenario sensitivities allow for further examination such as resizing the fleet, shifting certain lanes to carriers, refining regional operating models, introducing routing technology or adding backhaul programs. Together, these components provide a comprehensive and forward-looking view of how a private fleet should operate to balance cost, capacity and service

What the Data Reveals About Fleet Viability

When properly designed and justified by data, a private fleet can deliver a wide range of financial, service and strategic advantages. By improving routing efficiency and fleet utilization, organizations typically reduce transportation costs by 8-20%, lower external carrier spend, cut empty miles and achieve a lower cost per mile and per stop. Service performance also improves through more reliable on-time delivery, adherence to customer delivery windows, better control over product handling and stronger brand consistency at the point of delivery.

Strategically, an optimized private fleet provides predictable and stable capacity, reduces exposure to volatile freight markets, enables differentiated service for high-value customers and establishes a foundation for long-term operational excellence and continuous improvement.

A private fleet may not be the best solution for every organization, especially when order volumes are highly volatile, delivery density is low or the network is dominated by long-haul shipments that are more efficiently handled by external carriers. Fleets can also be suboptimal in regions with limited driver availability, when a company has low appetite for capital investment or when specialized service requirements create added complexity

and liability. In these situations and others, dedicated contract carriage or common carriers often provide a more flexible, cost-effective and lower-risk alternative

The difference between a strategic fleet and an expensive mistake is disciplined modeling and ongoing evaluation.

Choosing Your Operating Model Wisely

By Mike Royster

Beyond whether to operate a private fleet or not, a Transportation Performance Assessment helps your leadership determine how to govern, execute and continuously improve your transportation network.

That decision typically comes down to three operating pathways:

1. Partnering with a Managed Transportation Services (MTS) provider
2. Building and staffing a Transportation Management System internally
3. Optimizing an existing TMS and planning organization

These are governance decisions, not software choices.

They determine how quickly you can execute change, how much expertise you build internally and whether your transportation will function with resilience when the next disruption hits.

Why Managed Transportation Scales Faster

For many organizations, the fastest path to structural improvement is partnering with a Managed Transportation Services provider.

In this model, a dedicated transportation partner provides the technology, execution team, carrier connectivity and analytical discipline to manage planning, tendering, visibility, freight audit and continuous improvement on your behalf. The right partner becomes an extension of your team – not a replacement.

The primary advantage is scale and experience.

A mature MTS provider has implemented optimization solutions across dozens or hundreds of networks. They understand how to sequence tenders, consolidate freight, shift modes, balance carrier mix and eliminate hidden accessorial. They bring tested algorithms, pre-built integrations and institutional knowledge that would take years to develop internally.

Speed matters.

Organizations that attempt to engineer improvements alone often spend 12-24 months implementing systems and refining processes before meaningful savings materialize. An experienced Managed Transportation partner can accelerate that timeline significantly because the processes, dashboards and governance structures already exist.

There is also a financial advantage.

Because MTS providers spread investment across multiple clients, they can afford best-in-class TMS platforms, analytics talent and engineering resources that may not be economical for a single mid-sized enterprise. The return on investment typically materializes faster because you are leveraging existing infrastructure rather than building from scratch.

That said, Managed Transportation Services are not frictionless.

It requires cultural alignment and strong executive sponsorship. Roles will shift. Some responsibilities move outside the organization. Internal teams must adapt from executing daily shipments to managing performance and strategy. If expectations are not clearly defined and KPIs are not transparent, tension can develop between internal stakeholders and the provider.

The right fit is critical.

A provider that lacks industry knowledge or does not align with your operating culture can create as many problems as it solves. But when the partnership is structured correctly – with defined metrics, shared accountability and continuous improvement discipline – Managed Transportation often proves to be the most scalable and resilient model.

It allows leadership to quickly elevate transportation from a transactional function to a strategically engineered system.

In-House Systems Deliver Control but Demand Commitment

Some organizations choose to retain full operational control by implementing and staffing their own Transportation Management System.

This approach provides direct ownership of data, algorithms and carrier relationships. Internal teams design processes tailored precisely to the organization's network and customer base. Over time, transportation can become a core internal competency.

Control, however, comes with commitment.

TMS implementation is a capital-intensive organizational transformation, not a technology purchase. Your teams need training so they have the necessary integration expertise, along with sustained executive support. They must configure algorithms properly. The system must clean and maintain data. They must build and monitor carrier integrations. And everyone at every level must handle change management carefully across facilities and regions.

Otherwise, implementation projects drag on for years due to competing IT priorities or lack of internal expertise. And without experienced transportation engineers and strong governance, companies often underutilize the very capabilities they invested in.

This model works best for organizations with deep logistics knowledge, strong IT infrastructure and a long-term commitment to continuous improvement. When executed properly, it can deliver strong results. But it demands sustained investment and leadership discipline.

Leadership must also evaluate whether the current technology foundation is capable of delivering the level of performance expected.

Many organizations operate older TMS platforms that function primarily as rating engines and shipment trackers. They execute transactions, but they do not deliver advanced consolidation, pooling, mode shift or predictive capabilities.

In such cases, optimization alone will not close the gap. The organization must decide whether to reinvest in a modern platform – along with the training and governance required to use it properly – or continue operating with structural limitations.

Getting More From the System You Already Have

A third pathway applies to organizations that already have a TMS and an established planning team but suspect the system is underperforming.

In these cases, the issue is rarely the absence of tools. It is execution discipline.

Even with a cutting-edge platform, transportation efficiency may suffer from outdated routing guides and ignored consolidation rules. KPIs exist but may lack ownership. Tender sequencing may not reflect real-time carrier performance. Data governance remains inconsistent across business units.

Rather than starting over, leadership can recalibrate processes, strengthen governance and activate advanced system functionality. This approach can deliver meaningful gains with lower capital outlay than a full rebuild.

However, inertia is a powerful force.

Legacy workflows become habit. Teams grow comfortable with manual overrides. Improvement initiatives stall when bandwidth is limited. Without external benchmarking, organizations may believe they are optimized when significant opportunity still exists.

This pathway requires honest self-assessment and strong internal accountability. It can be highly effective – but only if leadership commits to disciplined change rather than incremental tweaks.

The TMS Is Your Execution Engine

Regardless of which pathway is selected, a modern Transportation Management System is the execution engine.

When properly deployed, particularly within a Managed Transportation framework, modern TMS capabilities drive measurable results. Consolidation reduces unnecessary miles and damage risk. Mode shifts lower cost while preserving service. Predictive analytics reduce exposure to volatile markets. Continuous monitoring prevents cost leakage.

Modern TMS capabilities should include:

- Dashboard visibility across all modes and carriers
- Consolidation of LTL, parcel and ocean shipments

- Mode shift analysis and execution
- Pooling and multi-stop optimization
- Tender sequencing based on cost, service and capacity
- Dynamic routing in response to disruption
- Lane-level network analysis
- Predictive analytics for demand and sourcing
- Integrated freight audit and match-pay
- Continuous improvement monitoring

Because cost reduction and service improvement are not opposing goals. In well-engineered transportation systems, they reinforce each other.

Discipline Turns Structure into Results

A Transportation Performance Assessment identifies structural opportunity. Choosing the right operating model determines how your organization executes transportation.

But neither delivers lasting improvement without structured performance governance.

Transportation does not improve because you install a TMS or engage a managed service provider. It improves because you have scorecards that shape behavior instead of acting as administrative tools. Effective scorecards ensure performance is measured consistently, reviewed honestly and acted upon with discipline.

What leadership chooses to measure — and how rigorously those measures are reviewed — determines how planners prioritize freight, how teams manage carriers and how quickly issues are addressed when conditions shift. When metrics are fragmented or inconsistently reviewed, savings erode, accessorials return and routing discipline weakens. When governance is structured and visible, transportation remains engineered and doesn't drift into bad habits.

Sustained advantage in transportation does not come from a one-time initiative. It comes from aligning strategy, execution and measurement into a continuous, accountable process.

When Leadership Chooses to Listen

Transportation decisions determine how your teams make daily trade-offs, who owns performance and how resilient your organization will be when disruption hits.

A Transportation Performance Assessment brings clarity. It helps you decide what operating model best fits your company's structure, capabilities and objectives.

Managed Transportation often offers the quickest path to scalable improvement. Building internally offers maximum control but demands significant investment and sustained commitment. Optimizing existing systems can unlock value – but only when governance is strong and accountability is real.

The risk isn't choosing one model over another.

The wrong choice is making that decision reactively – driven by temporary market pressure, frustration with rates or incomplete visibility.

At the beginning, we described transportation spend as the canary in your supply chain. The signal is always there. The question is not whether the canary is singing. It is whether leadership is listening.

Leadership that listens builds transportation systems that consistently answer three executive questions:

1. Are we reducing total cost to serve?
2. Are we meeting customer commitments reliably?
3. Is our network becoming more efficient and resilient over time?

If your organization answers with anecdotes and assumptions instead of data, you are reactively managing transportation.

And reactive transportation is always more expensive in the long run.