

Intro to Rates

Presented by Frontier Supply Chain Solutions Inc.

INTRO TO RATES

Topics of
Discussion



TOPICS OF DISCUSSION

- WHY WE CALCULATE RATES
- IMPORTANT TERMS AND FORMULAS
- LTL VS. PARCEL
- PARCEL: WHEN & HOW TO CALCULATE
- LTL: WHEN & HOW TO CALCULATE

INTRO TO RATES

How Frontier
Calculates



ABOUT FRONTIER AND OUR RATES

Frontier ships anything from small parcels to full skids & LTL throughout North America. At points, we outsource to other courier services for various reasons, i.e. greater reach. This presentation is a guide to calculating rates based on the type & weight of the shipment and the starting and ending locations.



PARCEL SHIPMENTS

- Smaller in size
- Packages weighing less than 150lbs
- Can be shipped in higher volumes
- Specialized
- More risk involved with shipping



LTL "LESS THAN TRUCKLOAD"

- Larger packages
- Weight is 150lbs or greater
- Shipped as pallets or skids

PARCEL VS. LTL

Overview

RATES LEGEND

MC = Minimum Cost

L5C = Minimum Weight Break to 499 lbs.

M5C = 500 lbs. to 999 lbs.

1M = 1000 lbs. to 1999 lbs.

2M = 2000 lbs. to 4999 lbs.

5M = 5000 lbs. to 9999 lbs.

10M = 10000 lbs. to 19999 lbs.

CUBED WEIGHT (PARCEL):

$$\text{CUBED POUNDS} = \frac{\text{Length X Width X Height (in.)}}{172.80}$$

MINIMUM WEIGHT BREAKS (LTL):

$$\text{POUNDS} = \frac{\text{Minimum Costs (\$)}}{\text{Minimum weight break to 499lbs (\$)}} = \frac{\text{MC (\$)}}{\text{L5C (\$)}} \times 100$$

IMPORTANT FORMULAS

How It Relates to
Logistics

PARCEL

Parcel: When &
how to calculate

PARCEL RATES (FOR 0 - 150LBS)

- Based off actual weight or cubed weight (dimensional) - use whichever weight is greater
- Note that carriers will have different rates

CALCULATION STEPS (FOR 0 - 150LBS)

1. Figure out if the cubed weight or actual weight is greater
2. Need to know which carrier to quote with based off the **Frontier's Courier Routing Guide**
3. Calculate the parcel price based off the chargeable weight using the carrier used rates

CUBED WEIGHT (PARCEL):

$$\text{CUBED POUNDS} = \frac{\text{Length X Weight X Height (in.)}}{172.80}$$



PARCEL

Using Loomis

LOOMIS EXPRESS

- Based off delivery zone
- depends where you are shipping from
- Use spreadsheet to determine

STEPS

1. Go to www.loomisexpress.com
2. Go to Services --> Rates & Zones
3. Enter postal code (Hervo)
4. Cross reference the chart, it's a flat cost, no fuel rate, & per pound
5. Anything over 50lbs, take the difference and multiply it by the pound rate
 - a. For 60lbs: $60-50(\text{lbs}) = 10\text{lbs} \times \text{pound rate} =$

BEYOND RATE:

- A certain rate on top of an already calculated rate
- Search postal code to determine
- Beyond zone: extended rate area, add on top of standard shipping rate
- To and from is the same



LTL RATES (FOR 150LBS OR GREATER)

- Based off actual weight or cubed weight (dimensional) - use whichever weight is greater
- Note that carriers will have different rates
- Couriers have general minimum costs and follow a similar rate structure

CALCULATION STEPS

1. Figure out if the cubed weight or actual weight is greater
2. Need to know which carrier to quote with based off the **Frontier's Courier Routing Guide**
3. Calculate the parcel price based off the chargeable weight using the carrier used rates

COSTS

$$\text{COST} = \frac{\text{Weight (lbs)} \times \text{Rate (\%)}}{100}$$

MINIMUM WEIGHT BREAKS (LTL):

$$\text{POUNDS} = \frac{\text{Minimum Cost (\$)}}{\text{Minimum weight break to 499lbs (\$)}} = \frac{\text{MC (\$)}}{\text{L5C (\$)}} \times 100$$

LTL

LTL: When & how to calculate

FRONTIER



FINDING THE MINIMUM WEIGHT BREAK USING THE RATES LEGEND:

QUESTION: Your minimum cost = MC = \$45.51
Your minimum weight break up to 499lbs = L5C = \$14.33

MINIMUM WEIGHT BREAK (LTL):

$$\text{POUNDS} = \frac{\text{Minimum Costs (\$)}}{\text{Minimum weight break to 499lbs (\$)}} = \frac{\text{MC (\$)}}{\text{L5C (\$)}} \times 100$$

SOLUTION: MINIMUM WEIGHT BREAK = $\frac{\$45.51}{\$14.33} \times 100 = 3.175 \times 100 = 317.5$

ANSWER: The Minimum Weight break is 317.50 lbs.

LTL

LTL: When & how to calculate
Example



THINGS TO NOTE

- Once you calculate the rate, either parcel or LTL, this is the carrier's cost to Frontier, so the cost to Frontier's customer will need a mark up on the rate calculated. Standard mark up is 30% - 40%, depending on the customer.
- For LTL: sometimes it may be cheaper at 500lbs than 499lbs (MC vs. L5C). A1 will rate it automatically as 500lbs
- If quoting with a Canadian Carrier, the rates are in CAD so if you're billing your customer in USD, you will need to convert.
- **Deficit Weight:** Is the difference in weight that is used to bump freight to a higher weight group which will produce a lower cost for the shipment.
 - **i.e. a 490 pound shipment may be cheaper at 500lbs.** This 10lb difference is the deficit weight.

PARCEL & LTL

Additional notes