



March 8, 2022

*WatchDog seeks to keep our clients better informed about the issues facing airport and seaport truckers.*

**Talk about sticker shock:** when your cartage agent filled his tank last week, it cost about \$40 more than the week before – and the poor drayage guys, with 200-gallon tanks, had to shell out **\$150** more than just a few days earlier.

*These skyrocketing costs are coming your way.* Forwarders need to understand how to best manage them.

## What's happening

### Fuel cost is going bonkers.

The average price of diesel at the pump rocketed up \$.75 in just one week – far and away the biggest increase in the last 30 years.

### We've entered uncharted territory in fuel volatility.

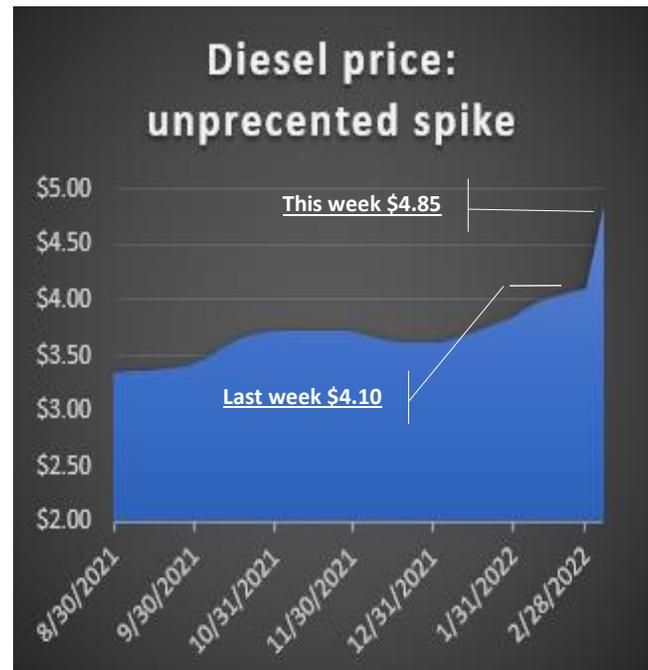
And that volatility will continue, at least for the short term. With fast-changing world events, the one thing we can be certain of is further radical change in prices at the pump – in both directions.

## Why it matters

As they must, truckers will be passing these costs on to you.

Ex Works has unusual visibility into how and what truckers charge forwarders for fuel, because every business day we process over \$1.2 million in invoices from cartage, drayage and LTL truckers to their forwarder clients. Here are some general observations:

- Even before the already skyrocketing increases, forwarders have been spending an average of \$50 plus per pickup or delivery on fuel surcharges. This is a big-ticket item – and it is only getting bigger.





- Trucking companies have divergent methods of adjusting their fuel cost percentage, making any apples-to-apples comparison of what they say they are charging challenging.
- The bottom line? While they all pay approximately the same cost at the pump, **what forwarders are actually charged on their invoices diverges wildly**. In February, fuel surcharge as a percentage of freight cost for all invoices processed through Ex Works was as follows:
  - Loose freight: from 14% to 38%
  - FCL and FTL: from 6% to 28%.

Same cost at the pump – but radically different “costs” being passed on to you. And because of the record-breaking spike in diesel cost, those percentages are sure to be much higher in March.

**Without the means to analyze much less control what they are being charged for fuel, forwarders are sitting ducks for intentional or inadvertent overpayment of this increasingly significant expenditure.**

## What you can do

First, understand and respect that the cost of fuel is a very significant issue for your trucking vendors, and that they have no choice but to adjust their income through adjustments – and sometimes radical adjustments – to their fuel surcharge.

That said, you nevertheless need to manage those surcharges to ensure you aren't getting gouged. Here are some steps you should take:

1. If you have truckers who don't use an automatically adjusting fuel table, urge them to use one. When truckers randomly adjust their surcharge percentage up and down, like most of us, they are likely to increase it quickly when their costs increase, and less likely to bring it down quickly when the pump prices decrease. A fuel chart eliminates that problem.
2. Using invoices as your tool, make yourself well aware of what you are paying for fuel surcharge from each of your vendors.
3. Once you have that critical information, you will be equipped to handle it with the outliers.

### We can help

Ex Works' forwarder clients have access to reports with granular information on each invoice – they know exactly what each of their trucking vendors is actually charging for fuel, month-to-month, week-to-week or shipment-to-shipment.

We will also be providing our clients with benchmark data, based on all invoice data passing through our system. Forwarders will be able to evaluate how each of their vendors compares to industry averages – and take action where appropriate.

Now, more than ever, it is critical to be aware of swings in diesel fuel cost ([reported weekly here](#)) – trust me, the truckers are! – and to ensure that what you see on your invoices corresponds to these shifts.

