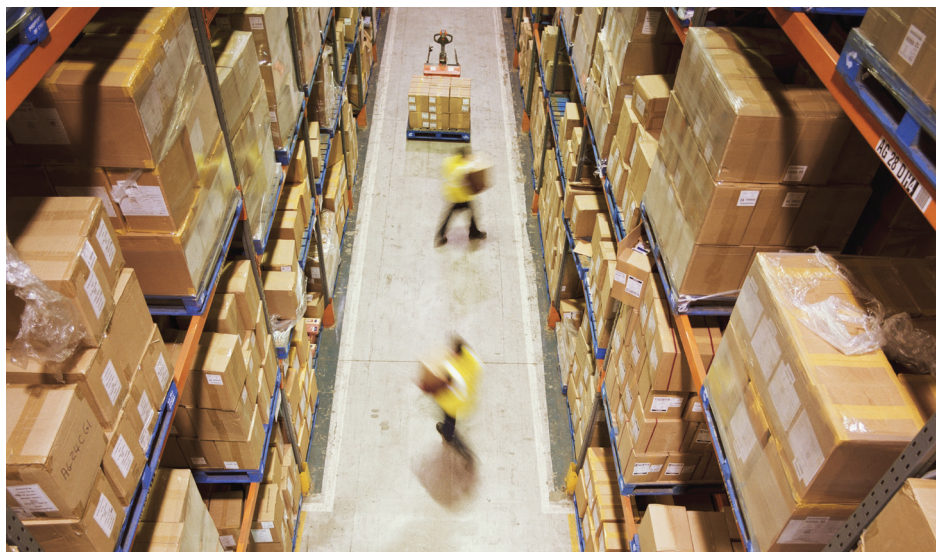


Small Package Shipment Tip Sheet



Introduction

Not everything is best fit for the small package shipping environment. Protecting your shipment as it makes its way among the millions of other packages handled by the largest carriers will take some effort. Chubb Marine Risk Management offers some tips to help you navigate this unique but ubiquitous mode of transportation.

Discussion

The small package systems are designed in hub and spoke networks giving them the ability to cover wide service areas and offer fast, predictable transit times all while enjoying operational efficiencies and economies of scale. However, this is not ideal for goods that are fragile, need special handling like perishables, or are high value and theft-attractive.

Shipments are handled multiple times, sometimes up to eight times or more, as they move from operating sort centers to substations to hubs and finally to the consignee via last-mile delivery vehicles.

The packages undergo manual and mechanical handling, often traveling along conveyor belt sections with slides, chutes and rollers with multiple drops, as well as being transported via truck, air, rail and even ocean cargo conveyance.

Packaging must be prepared to deal with compression due to stacking by superimposed loads, shock, vibration as well as exposure to temperature extremes.

Additionally, shipments can be lost (e.g., mis-directed) or stolen.

Recommendations

Understanding that transportation providers often have limited liability for loss or damage to cargo during shipment, unless a shipper declares a value and pays for additional protection, being pro-active is the best approach for the Beneficial Cargo Owner. Here are some suggested best practices to help minimize exposure to loss and damage to cargo in transit.

- If the goods are uniform and will be shipped frequently, package testing makes sense. Here are testing procedures developed by International Safe Transit Association.
- Design packaging to protect contents from all sides as shipments will be handled, loaded and unloaded from any angle as these carriers cannot or will not honor orientation (“This End Up”) marks or directional arrows.
- Design packaging to protect contents from superimposed loads since cargo handlers cannot or will not always comply with shipper instructions such as “Do Not Stack” or “Top Load Only.”
- Use corrugated cartons that are durable and strong enough to resist repeated impacts at least double wall construction having bursting test strength of at least 275 pounds per square inch or a corresponding Edge Crush Test rating of 48.
- Select interior packing materials, cushioning and void fill, that afford adequate protection and maintain the required clearance between the product and the carton walls and between adjacent products within the same carton.
- Limit the weight of the product to one-half the maximum allowable weight listed on the box maker’s certificate. However, shippers should still consider consolidating a number of smaller packages into a larger carton (still adhering to the weight restriction) or unitizing several cartons to facilitate handling and locating any shipments that have been lost in the carrier’s system.
- Use other types of packaging carefully. Although infrequently handled, these carriers accept wood crates/cases, pails and drums for transportation. Any protruding handles, hinges, latches, locking rings or wheels/casters need to be recessed or otherwise shielded so that they do not get hung up in sorting operations or damage other shipments
- Any marks, including shipper, consignee or handling/cautions must be legible and durable. However, avoid openly identifying the contents of the shipping unit, especially if they are high value and/or theft-attractive. Having the address details on two sides of the carton may be helpful as they would be easier to spot and could avoid misrouting
- If you are shipping multiple cartons, consider marking them 1 of 2, 2 of 2, etc. to inform cargo handlers that the shipment consists of a number of pieces that should remain together during transit.
- Insist that the carrier perform their first shipment scan at the shipper’s premises rather than waiting for arrival at the nearest sub-station. This will not prevent losses per se but will create a clearer chain of accountability from point of origination to point of destination.
- Request that the shipment be made on a time-definite basis, preferably overnight, for a set delivery time.
- Limit shipments late in the week even if it is on an overnight delivery basis. If a delay occurs, the cargo may sit in a large sort center or hub over at least part of a weekend when risk of theft or damage may be heightened.
- On high value shipments request that the carrier provide Signature Service, or equivalent. This means that every time a shipment changes hands within the transport chain, carrier personnel will physically sign for as well as check count and condition.
- Provide the carrier with enough information so that any astray shipment can be positively identified as belonging to a shipper. This can be as simple as placing a colorful label on each carton

so that it can be positively identified if one or more get separated from the rest of the shipment. The shipper should also request that their representative be allowed to visit the “Overgoods” or “O, S & D” Over, Short and Damaged (similar to a Lost & Found) Section to search for their shipment if it, or part of it, is lost.

A Final Word

Parcel shipping is a major part of the domestic supply chain and its importance in the international arena is growing. It offers quick and relatively inexpensive transportation for small packages and limited size pure freight shipments. However, it is not or should not be for everyone.

High value items are not the optimal candidates simply because the shipment will change hands repeatedly. This makes their packaging more vulnerable to damage and once its structural integrity is gone, so too is its security.

Fragile products, especially those that require handling and transportation in a given orientation are also difficult matches for small package shipping. Again, you have multiple points of handling by both mechanical and manual means. In addition, as was previously stated, carriers will not always comply with shipper instructions.

Shippers seeking a higher degree of care for your goods should opt for another mode of transportation, for example smaller, more customer-focused and specialized LTL, less than truckload, or airline small package products that can provide specialized handling and more direct and logical routing between origin and destination. Also, many major small package companies (e.g., DHL, FedEx and UPS) have specialized and/or industry sector-specific services.

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