

Beyond the Freight Rate

Understanding Total Landed Risk

The freight invoice tells only part of the cost story.

A freight quote tells you the price of a defined transportation service. It does not, by itself, tell you what a missed appointment, damaged shipment or delayed replenishment could mean for your business. Comparing transportation options starts with the rate and continues with the requirements, uncertainty and consequences surrounding the move.

WHAT TOTAL LANDED RISK MEANS

JTR uses Total Landed Risk (TLR) to describe the aggregate enterprise exposure surrounding a logistics decision. That includes uncertainty, service variability, operating rigidity, response capability and defined failure consequences.

In practical terms: what could go wrong, how much flexibility do you have, who can respond, and what would the consequence be? TLR is a decision framework. It is not simply another name for landed cost, and every risk does not need a dollar estimate to deserve attention.

WHERE THE EXPOSURE SITS

Handling and condition. Additional transfers, unsuitable packaging or incompatible freight can create damage and rework exposure. Ask what handling is planned and whether it suits the shipment.

Timing and flexibility. A missed appointment may be manageable at one facility and consequential at another. Evaluate receiving windows, inventory buffers, production needs and available recovery options.

Response and responsibility. An update is useful only if the right people can act on it. Establish who evaluates an exception, who authorizes a change and who keeps the customer informed.

Customer and commercial consequence. A disruption may affect commitments, confidence or future business. Record those consequences even when there is no defensible way to assign a financial value.

ILLUSTRATIVE SCENARIO ONLY

One disruption, several costs.

Illustrative scenario only. The following amounts are invented to explain the method. They are not JTR rates, a customer result, an industry benchmark or a forecast.

Assume a shipment has a \$450 transportation charge. It misses its receiving appointment and requires another delivery attempt. The delay also creates a separate rework-material expense and two hours of staff coordination. For this example, the original quote excludes those additional items.

COST ITEM	ASSUMED BASIS	AMOUNT
Original transportation	Quoted charge	\$450
Additional delivery attempt	Separate charge	\$150
Rework materials	Separate expense; excludes staff labor	\$100
Staff coordination	2 hours at \$45/hour	\$90
Additional consequence	\$150 + \$100 + \$90	\$340
Combined economic cost	\$450 + \$340	\$790

Of the \$340 additional consequence, \$250 represents assumed additional charges and materials; \$90 values staff time. Staff time is an economic resource cost and may not produce an additional payroll payment. Recovering that time does not automatically create cash savings.

The example excludes damage, penalties, lost sales and other effects. No credits or recoveries are assumed. The \$790 is the cost of this hypothetical disrupted shipment, not an expected cost for every shipment or a complete measure of TLR. A shipment without the assumed disruption would not incur these additional items.

FROM AN EXAMPLE TO A DEFENSIBLE COMPARISON

To compare options before booking, you need evidence about both the likelihood and consequence of relevant failures. One disruption does not establish a failure rate. A higher quote does not establish better service, and a lower quote does not establish greater risk.

Use comparable shipment and lane history, consistent definitions and a stated review period. When estimating financial exposure, disclose the assumptions and uncertainty. Keep modeled exposure separate from actual expense and verified savings.

FIVE QUESTIONS BEFORE CHOOSING AN OPTION

- 01 What must this shipment accomplish?** Define delivery requirements, handling needs and the business commitments at stake.
- 02 What evidence supports each option?** Review the actual route, planned handling, service commitments and relevant performance history.
- 03 What happens if the plan changes?** Identify recovery options, decision authority and the time available to respond.
- 04 Which consequences can we substantiate?** Trace charges, rework and staff time to the event. Avoid counting the same cost twice, separate resource time from added cash expense, and identify applicable credits or recoveries.
- 05 What uncertainty are we accepting?** Document material gaps and who approves the trade-off. Review the result after delivery to improve the next decision.

HOW THIS APPLIES TO JTR DIRECT

When handling or delivery variability has meaningful consequences, evaluate whether a breakbulk-free or engineered shared-capacity option fits the shipment. Compare it with traditional LTL and other available options using the same requirements and evidence.

The appropriate choice depends on the freight, route, available capacity, commitments and customer priorities. The purpose of the review is to make those trade-offs explicit before the shipment moves.

START WITH ONE RECURRING ISSUE

Bring a recent shipment or lane where damage, rescheduling or repeated follow-up created extra work. Include the freight invoice, shipment requirements, exception record and any supported additional costs. JTR can discuss the shipment requirements and available transportation options with you.

Discuss Your Shipment — jtrlogistics.com/jtr-direct