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Have a PIP Method in place to plan, identify and process shipments to deal with damaged cargo.

AFTER WORKING 25 YEARS IN THE SUPPLY chain business there are two things that I personally know as true. One: forecasts are almost always wrong and if not you are lucky. And two: no matter how well you plan, secure and protect the shipment, cargo can still be damaged. I'd like to talk on the second item since we are in the middle of wind farm construction season and there is no escaping having to deal with damage cargo. For all of my projects I use what I call the PIP method covering cargo damage. PIP stands for Preparation, Identification and Process.

Preparation covers such items as route planning, packaging, securement analysis, insurance coverage and contingency planning. Understanding the route before shipping can actually eliminate surprises. For example, after reviewing a rail route we discovered that there were bushes that had not been cut back and would scrape against or over wide wind tower sections. We had the railroad perform track maintenance and cut the limbs back prior to delivery.

Proper packaging may seem obvious, especially with high value cargo, but I have experienced projects where OEM's neglected the proper packaging, which resulted in damage during transport. Always review the packaging details with the manufacturer before shipment.

One of the tasks prior to shipment especially for oversize and overweight cargo is to create a securement plan. This plan is an analysis of how the cargo will be secure based on the mode of shipment and includes not only lashing or rigging diagrams and instructions, but also an analysis of the forces the cargo will incur during transport. These plans should be approved either by the carrier or the manufacturer.

Align your insurance coverage with all the other parties involved in the project. Make sure there are no gaps. And communicate with the insurance company your plans and analysis.

Last, remember to have a contingency plan in place in case there is damage. Can you easily replace the cargo? Can the cargo be repaired, onsite or returned to the factory? Have this plan in place and communicated prior to the shipment.

Identification simply means documenting the damaged cargo. The best time to document the damage is at the moment it occurs. Have a simple procedure to follow and most importantly train the personnel involved on how to use the procedure. I cannot emphasize the importance of having oversized cargo inspected at every touch point. What I mean by a touch point is when it is handled. Either have the carrier inspect the cargo or have an independent surveyor perform this inspection and reporting task. One of the things I do is to have inspections sheets made up with a cargo diagram, so if someone notices damage during the transport they can easily show on the diagram where the damage is. I also advise personnel to take pictures and lots of them. When reporting the damage, make sure all documents reflect the damage, including packing lists and Bills of Lading. These documents along with a formal damage claim and pictures will assist in processing claims quickly.

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Have a process in place to document, report and follow up on damage. This process includes filling claims and processing to completion, but may also be used as an analysis on the incident itself. Do a root cause analysis of the damage and use this experience for improvement with the next shipping order. Having a process in place gives structure to events that can often be stressful and chaotic, and it greatly helps in capturing all the necessary data required for damage claims.

Damaged cargo is a fact of life in the transportation industry, but how one mitigates damaged cargo and responds to the incident can spell success or failure for a project or even a company. Try using my PIP method as a guideline when dealing with damaged cargo.

Now if I could just figure out how to improve my forecasting.

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