

UNRECOVERABLE DOLLARS:
HOW SEEMINGLY SMALL DECISIONS ERODE MARGIN



Margin erosion in transportation rarely appears as a single dramatic failure. It accumulates quietly through thousands of small, unmonitored decisions that generate costs no one planned, no one challenged, and no one recovers. When freight policy is unclear, unenforced, or misaligned with financial intent, operational decisions create costs that affect the P&L, gradually eroding margin integrity over time.

Unrecoverable Fees Signal Margin Leakage

Unrecoverable fees are one of the clearest indicators of unmanaged freight execution.

These typically include:

1. Accessorial charges that could have been avoided through proper planning
2. Premium service upgrades inconsistent with policy
3. Charges resulting from non-compliant routing decisions
4. Added fees, reclassification, and reweigh charges driven by execution breakdowns
5. Carrier invoice errors that go unchallenged
6. Exceptions granted without financial accountability

Unlike negotiated rates, which are visible and governed, these unrecoverable fees accumulate quietly, embedded within thousands of shipment executions. These costs share a defining characteristic: they were never intended.

Small Decisions, Significant Margin Loss

Most organizations underestimate the scale of unrecoverable fees because the losses are distributed across many shipments — and their invisibility is one of the most damaging aspects. Individually, a charge may seem immaterial. Collectively, they represent a structural margin drain. Each shipment reflects the outcome of a series of human behaviors and choices. When these decisions are not governed by clear policy and accountability, cost variability increases, resulting in a widening gap between the expected and actual cost.

HOW UNRECOVERABLE FEES ERODE MARGIN



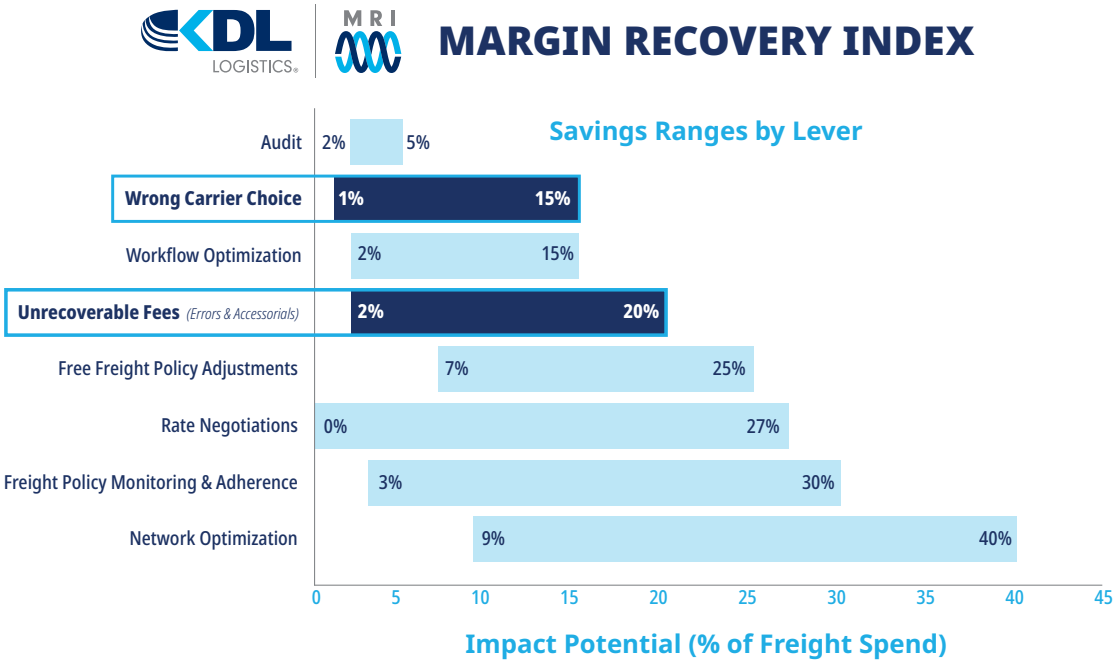
Why These Fees Are Highly Recoverable

These fees are largely within the organization's control. Market conditions don't drive them, behavior does, making them one of the fastest and most sustainable sources of margin recovery. The most important step is maintaining policy discipline.

Final Take

KDL helps organizations recover margin by governing the behavior and freight decisions that shape financial outcomes.

Through our proprietary Margin Recovery Index, KDL gives our clients the visibility, policy structure, and governance discipline required to transform freight from an unmanaged expense into a controlled financial system. The result is not temporary savings. It is sustained margin recovery.



TO FIND OUT IF FREIGHT POLICY DECISIONS ARE ERODING MARGIN, SCHEDULE YOUR SCAN.

Contact **info@kdlog.com** to find out how a complimentary Margin Recovery Index scan can expose hidden costs within your supply chain.

People Drive Logistics

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