

B. DECIDING WHETHER TO "MAKE" OR "BUY" TRANSPORTATION

There is no immediate obvious rule of thumb to follow in terms of choosing the "right" mode by which to ship your goods without investigating the options. Shippers in British Columbia and Alberta have generally convenient access to all modes (except marine to a lesser extent for Alberta shippers) and will choose the appropriate means of transport predicated on their particular needs for a particular movement to a particular market. Which mode or means of transport should you use?

When sourcing materials to manufacture your products, you can either purchase them directly from primary suppliers, or obtain them through a middleman or broker, or make them yourself. Purchasing transportation services is much the same in that you can either make arrangements directly with the carriers in each mode (air, motor carrier, rail, intermodal and marine), or you can farm out your transportation arrangements by making use of the bargaining power of intermediaries (freight forwarders, transportation brokers, shippers' agents, and shippers' associations), or you can transport the goods yourself in your own private fleet of trucks.

The decision to make, buy, or farm out transportation services will depend on a number of factors. For example if your firm already owns its own private fleet of trucks and sufficient idle capacity is available, you may wish to "make" your own transportation to the Western U.S. (Detailed analysis discussed in the subsection on private carriage, pages 31 and 32, should be undertaken before purchasing a truck or a fleet of trucks for the single purpose of hauling your Western U.S. exports.) If your company does not have the staff resources to seek out different carriers, negotiate rates, prepare export documentation and monitor shipments there are a number of middlemen or intermediaries such as freight forwarders, transportation brokers, shipping agents and shippers' associations who can look after the arrangements on your behalf for a commission charged to the carriers they select and/or nominal fees to shippers for specific services rendered. Finally, if your domestic sales are large enough to have warranted your hiring full time transportation service management staff you may likely be in a position to "buy" transportation services directly from airlines, motor carriers (including independent contractors or backhaulers), railways and marine carriers.

Whether the internal resources you have available indicate that you should make, buy or farm out transportation services, your goods will ultimately move to the 13 Western United States, Hawaii and Alaska by either one of four modes - air, highway, rail or marine. (That is, if you "make" transportation your own trucks will carry the goods over highways. If you use an intermediary, they will also select one or combinations of the four modes.)

The nature of your goods or the terms of sale to customers are likely to have an important bearing on the type of transportation arrangements you may end up choosing. As example of points to ponder in making the decision, the following table rates the suitability of different types of modal arrangements on a high, medium, or low general efficiency basis according to the types of goods you will be exporting to the 13 Western States, Hawaii and Alaska.