ROUNDTABLE | LAST MILE LEADERS 2026

Cost-to-Serve, COD & Revenue Leakage

Failed deliveries, reattempt economics, and what good looks like

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THE QUESTION ON THE TABLE

Cost-to-serve is climbing. The board wants 90 days.

"Last-mile cost has grown from 3.5% to 4.5% of sales over five years. At current trajectory we hit 6% inside three. The CFO has given us 90 days to put a credible plan in front of the board.

What's in that plan, and what's the order of operations?"

Diagnose

Where is leakage real vs perceived?

Prioritise

What moves the dial in 90 days?

Execute

What survives the culture, the sales team, the data?

How this session will work

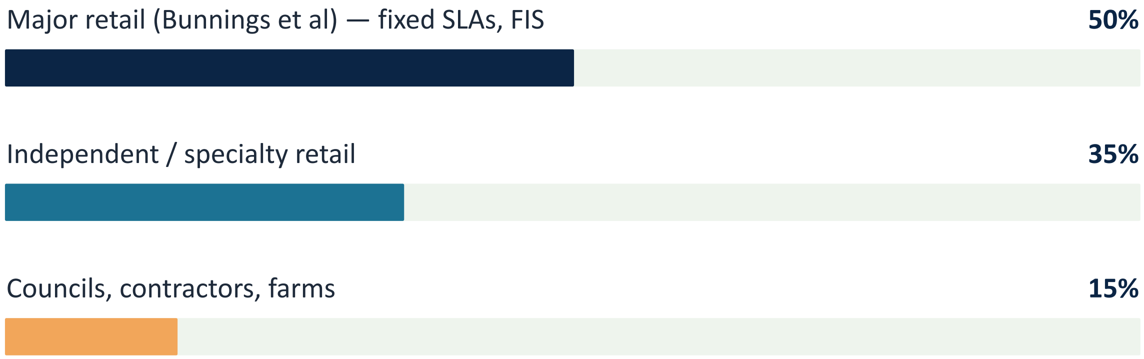
0 – 15 min	**Session overview & case study**	How this works, the company, the numbers, the question on the table.
15 – 18 min	**Break out**	5-6 tables, five lenses, same problem. Rules of engagement.
18 – 48 min	**Group work**	30 minutes. Top 3 levers, sequencing, what you'd kill first.
48 – 65 min	**Synthesise**	Each table 3 minutes. We connect the dots across lenses.
65 – 75 min	**Wrap & benchmarks**	What good looks like. Open floor. Q&A.

The business

Profile

- Diversified agricultural and chemicals manufacturer/distributor
- Private equity owned
- Strong YoY growth, much of it acquisitive
- 20% manufactured locally; remainder sourced AU, Asia, US, EU

Customer mix



$100M
Annual turnover

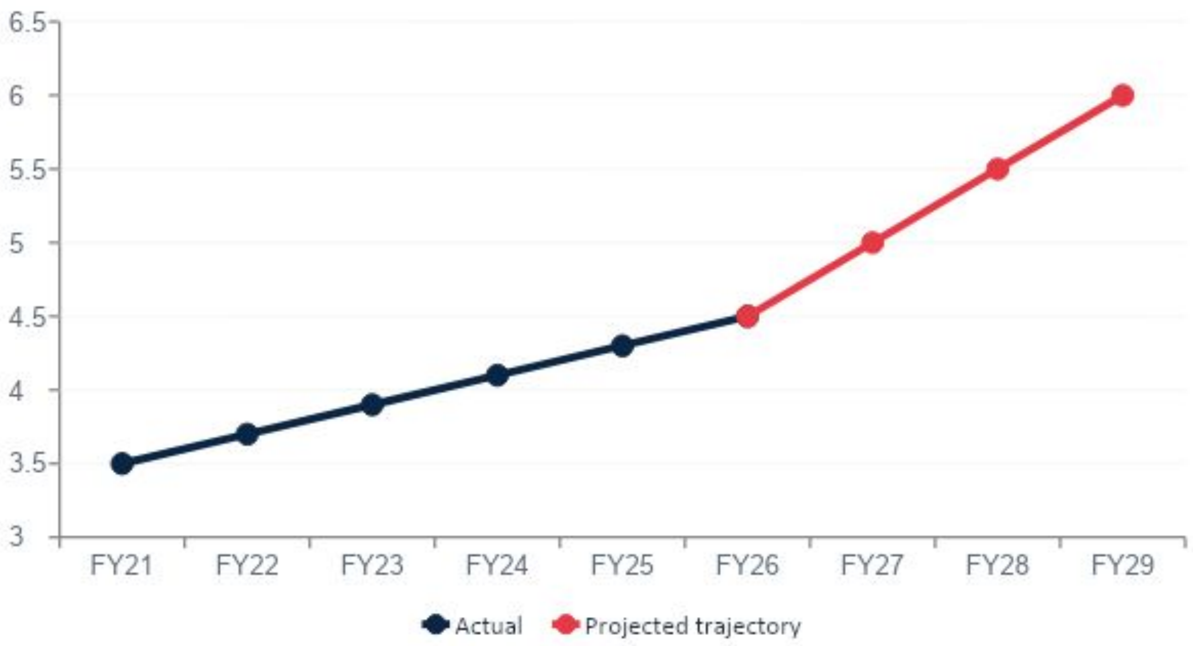
3,000
Active SKUs (20% DGs)

12
Distribution centres

15
Carriers via single 3PL

The numbers that matter

Last-mile cost as % of sales



4.5% Last-mile cost vs sales (vs 3.5% five years ago)

<30% Freight cost recovery from customers

25% Variance between quoted and invoiced charges

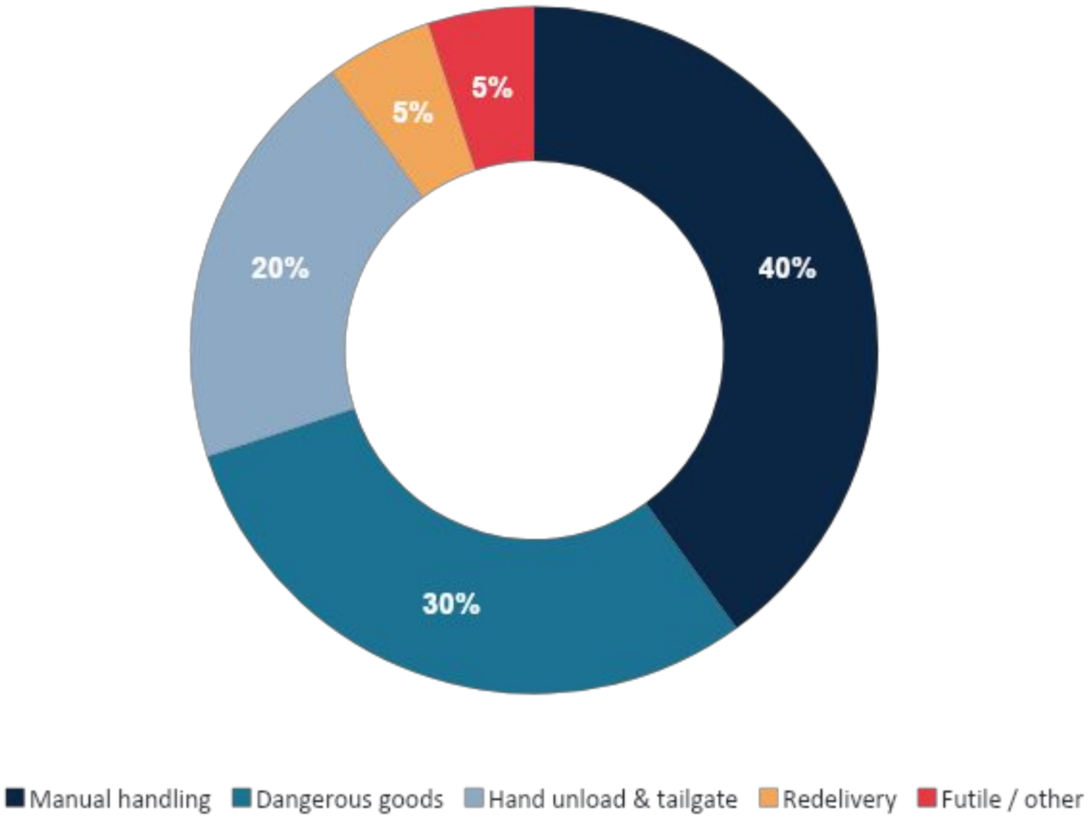
18% Of total freight cost is inter-warehouse transfers

12% Of total freight cost is same day express courier charges

10% Of cost is non-fuel surcharges (8 fee types)

*The 4.5% is **direct freight** only. Internal handling, rework, manual reconciliation, and customer-credit costs are not in this number.*

Where the surcharges are coming from



What it tells us

Manual handling dominates

40% of surcharges. This is operational, not commercial. The fix is at origin — packaging, palletisation, manifest accuracy.

DG handling is a fixed cost of doing business

30%. Less negotiable. Question is whether DG SKUs are priced to recover this from the customer.

Redelivery is only 5%

Suggests B2B/FIS dominance is keeping COD-style failures low. But it's a leading indicator if independent/specialty mix grows.

The technology state

ERP & TMS islands

Microsoft Dynamics ERP. Licensed TMS but no integration — SAP migration planned in 12–18 months. Operators key consignment details into TMS from picking slips, then back into ERP after the CN is created.

Loose carrier logic

TMS holds basic address book and common item types. Default = least cost routing with geography overrides. CS and sales can manually override based on customer preference. No auto-consolidation.

Data integrity gap

Inconsistent naming conventions across 3PL invoiced transactions. Reporting depends on manual cleansing. Quoted vs invoiced variance over 3 months: 25%.

Reporting cadence

Cost-to-serve analysis is ad hoc, manual, completed well after the event. Rarely changes operational behaviour. No live dashboard.

The constraints that change the answer

Culture

Acquisition-heavy growth, sales-driven. Strong internal resistance to anything that looks like friction with the customer or commission.

Governance

P/E owners on the board. Earnings pressure is the loudest voice in the room. Anything 18+ months to value will struggle to fund.

Tech timeline

SAP migration 12–18 months away. Major TMS replacement is off the table until that's done. IT team reluctant to spend time on new integrations.

3PL leverage

Single 3PL with 15 carriers. Contract renewal cycle and visibility into rate cards will determine how much commercial lever is available.

Same problem. Five lenses.

Five tables of [six to seven – TBC]. Each table allocated one lens — no two adjacent tables on the same lens. You're not solving the whole thing. You're stress-testing one angle.

1

Commercial

Segmentation, SLA-to-cost alignment, freight recovery, contract terms.

2

Operational

Manual handling, consolidation, manifest accuracy, returns and reattempts.

3

Data & technology

What's possible without waiting for SAP. Reporting cadence. Carrier selection logic.

4

Culture & people

Sales incentives, governance, who owns the cost number, how to break resistance.

5

3PL & carriers

The 15-carrier sprawl, the 25% variance, contract renegotiation, performance management.

Each table delivers

Top 3 levers | Sequencing | What you'd kill first

How the break out works

Table size

5 tables of 6–7.

Lens allocation

Each table allocated one lens. First in, first served. No two adjacent tables on the same lens.

Time

30 minutes flat. Everyone speaks.

Output

Top 3 levers. Sequencing. What you’d cure or kill first. One spokesperson reports back.

Rules of engagement

01 **90-day horizon only**

If it can't start inside three months, it doesn't make the list.

02 **Levers, not slideware**

What's the lever, how you pull it, how you'd know it's working in 30 days.

03 **No vendor pitches**

If the answer is buy something, say what it has to do — not who sells it.

04 **Disagree on the table**

If your table can't reach consensus, bring the disagreement to synthesis.

Table worksheet

Use this on your table or use flip chart paper. Whatever helps you think.

01 — Your lens

Which lens did your table take? Who's the spokesperson?

02 — Top 3 levers

The three things you'd act on. For each: what it is, what it costs, what it returns, how you'd measure it in 30 days.

03 — Sequencing & what you'd kill

Order of operations. What's the first 30 days? And — what would you stop doing right now to free up the bandwidth?

Pulling it together

Each table, three minutes. One spokesperson. Top 3 levers, sequencing, and the one thing you'd kill.

What we're listening for

Where lenses converge

If three tables independently land on the same lever, that's a signal worth acting on.

Where lenses disagree

Operational and commercial often fight. Surfacing the fight is more useful than hiding it.

What's missing

Things that should have come up and didn't. Returns. Customer profitability. Carrier scorecards.

What surprised us

Counter-intuitive moves. Things the room thought were second-order that someone has actually run.

MODERATOR PROMPT (if energy flags)

"If you were the CFO, would you actually fund these three things in this order? Why?"

What good looks like

Indicative benchmarks for B2B-led, mixed-channel last-mile operations. Use as direction, not gospel.

Metric	Case study (today)	Reasonable target	Best-in-class
Last-mile cost % of sales	**4.5%**	3.5%	**<2.8%**
Cost per delivery (B2B mixed)	**Unknown**	Tracked weekly	**Benchmarked by segment**
Freight recovery from customers	**<30%**	60%	**80%+**
Quoted vs invoiced variance	**25%**	<10%	**<5%**
Manifest accuracy at origin	**n/a**	95%	**99%+**
DIFOT (Delivered In Full On Time)	**n/a**	95%	**98%+**
First-time delivery success	**n/a**	95%	**98%+**
Stock transfers as % of total freight	**20%**	10%	**<5%**
Surcharges as % of total cost	**10%**	5%	**<3%**
Customer profitability coverage (CTS attached)	**Ad hoc**	Top 80% of revenue	**Every active account**
Cost-to-serve reporting cadence	**Ad hoc**	Weekly	**Daily / live**
What would YOU add to this list?	—	—	***Over to the room***

Sources: composite of ASCLA member benchmarking, MHI, GroceryDoc, Council of Supply Chain Management Professionals indicative ranges.

FIVE THINGS WORTH REMEMBERING

Key takeaways

01

Cost-to-serve is a sequencing problem

The levers aren't secret. The order is. Get culture before commercial, commercial before operational, operational before tech.

02

Manifest accuracy beats new tech

A 25% variance between quote and invoice is fixable in 90 days with discipline, no new system. Don't wait for SAP.

03

Freight recovery is a sales problem, not a logistics one

Anything below 50% recovery says the commercial team is winning the wrong fights. That's an incentive conversation.

04

One number, one owner

Shared metrics get ignored. Cost-to-serve needs a single person whose bonus depends on it.

05

Visibility is the first lever

Until people see the cost in week, not in quarter, behaviour doesn't change. The dashboard is the intervention.

OPEN FLOOR

Questions, challenges, disagreements.

If you've solved any part of this in your own business, the room would benefit more from hearing about it than from anything I can say.

Some prompts if it goes quiet:

- What's the hardest part of cost-to-serve to win a budget for, in your business?
- Where have you seen sales and supply chain genuinely aligned on this — and how?
- What's the one thing you tried that you'd never try again?

Cost-to-serve is the truth that arrives after the invoice.

THANK YOU

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APPENDIX

Wrap-up options

Two versions of the wrap-up — to be chosen on the day depending on how the synthesis lands. Use the post-mortem if the room wants a worked example. Use peer learning if the room has already done the heavy lifting.

What we actually did

What worked

- New 3PL. Carrier rationalisation from 15 to 7 over six months. Aggregated volume, drove direct rate down 8%.
- Master data clean up – 3 weeks. Consistency in naming conventions for ship to addresses and parent customers achieved.
- Manifest accuracy program at warehouse level. Variance from 25% to 9% in 90 days. Pure operational fix.
- Worked with IT to develop basic API integration to include estimated and actual freight cost against order in Dynamics.
- Cost-to-serve dashboard built in Power BI on top of existing data. No new system. Visible weekly.
- Surcharge accountability — line items mapped back to originating warehouse, named owner per fee type.

What didn't

- Auto-consolidation logic stalled on data quality. The address book wasn't clean enough.
- Returns redesign got deprioritised. The number was small but it grew.
- Carrier scorecards landed flat — no consequence attached, so they were ignored.

TBC

What we'd do differently

- Tackle culture before process. Sales incentive realignment had to be prioritised.
- Pick a freight recovery floor and hold it. Don't let it become a sales-by-sales negotiation.
- Build the dashboard in week one, not month six. It's the only thing that changes the conversation.
- Make one person accountable for cost-to-serve as a P&L line, not a shared metric.

What this room just put on the table

Use this version if the room has already done the heavy lifting and a post-mortem would feel like teaching.

Where the room agreed

The two or three levers that came up across multiple tables.

Where the room disagreed

The fights worth having back at your own businesses.

The surprise of the session

The lever no one expected to be on the list.

What gets done Monday

One thing each of you can start tomorrow without waiting for anyone.

The value isn't in the answer. It's in the disagreement.