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- Change with effective date of
- New bulletin with effective date of Feb. 1, 2006
- Reminder
- Replaces bulletin #

DIVISION/BULLETIN NO: HHGS Operations 01-06

DATE: January 13, 2006

FROM: Domestic Operations Services

TO: All United Domestic and Canadian Agents

SUBJECT: Fulfilling Service Commitments

PURPOSE/OBJECTIVE:

To advise agents of recent changes to the Overflow and Returned Hauling Assignment policies, which become effective February 1, 2006.

KEY POINTS:

Since 1996, disincentives have been applied to a number of operational situations where service may fail or has failed on a shipment. Agents are charged for failure to fulfill their hauling commitment or other operational responsibilities. The amounts collected are used as needed to offset higher payments to agents and van operators to adequately compensate them for providing service when standard payments are lacking or non-existent, as a result of the initial service failure.

Two issues will be addressed in this bulletin -- Overflows and Short-Notice Shipment Give Backs.

While policies are already in place to discourage overflows and returned hauling assignments, the penalty provisions are apparently not forceful enough to produce the desired results.

With the intent of encouraging agents to follow through on their service commitments, the UniGroup Board of Directors approved in December, management's recommendation to strengthen the penalty provisions of the Overflow Policy and the Returned Hauling Assignment Policy.

Overflow Policy Changes

The following disincentives shall be assessed when there is an overflow on any household goods shipment (self-haul, request-to-haul or open order) without obtaining prior approval of UniGroup Operations.

<u>Weight of Overflow</u>	<u>Disincentive</u>
0 - 2,500 lbs.	\$250
2,501 - 5,000 lbs.	\$500
5,001 - 7,500 lbs.	\$750
7,501 and above	\$1,000

NOTE: Motor vehicles, which are left behind without Operations approval, will also be subject to the above assessments.

The overflow disincentive will be charged back to the responsible party, i.e., the origin agent (for bad estimates) or the hauler (for over-planning the van). Disincentive chargebacks can be waived by UniGroup Operations management under extenuating circumstances.

In conjunction with the above stated assessment, the timeliness in reporting an overflow will be an additional factor in assessing a chargeback. Overflows should be reported by the hauling agent/van operator to UniGroup Operations by 9 a.m. Central time the next business day after the shipment loaded. In a recent 12-month analysis, we found that a total of 4,862 overflows occurred in the combined United and Mayflower systems. Of the 4,862 overflows, 40% were not reported for two or more days after the shipment loaded, *resulting in the late delivery of 2,239 (46%) of the overflows.*

To address the late reporting of overflows, effective February 1, 2006, any overflow which is reported to UniGroup Operations 2 days or more after the actual loading date of the shipment shall be subject to a \$50 per day assessment for each day beyond the required reporting date. The \$50 per day assessment will be capped at a maximum charge of \$500 per incident.

Here's how the new overflow policy will work...

Example: 5,000 lbs. overflow occurs and is not reported until four days after loading.
\$500 assessment based on the weight of the overflow
\$150 late reporting (3 days X \$50/day)
\$650 total assessment

NOTE: An explanation of responsibilities for overflow reporting, along with guidelines for items to be included in the overflow, can be found in Operations Bulletin 23-01, dated April 27, 2001.

Returned Hauling Assignment Policy Changes

The following disincentives are currently levied when shipments are returned to the system as "open" orders after the advance registration notice deadline:

- ⇒ Self-Hauls: Booking commission reduced by 10 percentage points.
- ⇒ Request-To-Haul and Open Orders: Flat \$250 assessment

Short-notice returned hauling assignments create the same service problem, regardless of whether the shipment is a self-haul, request-to-haul or open order. Other factors which contribute to the problem include the weight of the shipment, the number of days between the customer's requested load date and the giveback date, and the time of year the giveback occurs. To take all factors into consideration, the Returned Hauling Assignment policy will be modified as follows, effective February 1, 2006:

<u>Weight of Shipment</u>	<u>Non-Peak Assessment Amount</u>	<u>Peak Season Assessment Amount</u>
0 - 5,000 lbs.	\$250	\$250 plus \$25*/day
5,001 and over	\$250	\$350 plus \$25*/day

*Because short notice returned hauling assignments are more difficult to service during peak season, in addition to the flat charge, a \$25-per-day penalty will be levied for each

day inside the published advance registration guideline. For example, a 5,000 - pound shipment given back 4 days from the load date with a 10-day advance notice in place would result in an assessment of...

\$250	Flat fee
Plus \$150	(\$25/day x 6 days = \$150)
TOTAL \$400	

ACCOUNTABILITY:

Agency Operations and Finance staffs and van operators should be made aware of these important policy changes.

CONSEQUENCES FOR NON-COMPLIANCE:

Unnecessary chargebacks to agency or van operators.

ACTION REQUIRED:

None

CONTACT: Questions about these policy changes should be directed to your Household Goods Operations manager or director at United World Headquarters.

ATTACHED: None.