

Detention and Demurrage: What are we talking about?

- Detention and demurrage not an issue until 2014.
- The problem: Stakeholders can't agree on even basic definitions!
- Detention vs. Demurrage:
 - > What does demurrage mean? Is it about excessive use of terminal space?
 - > What does detention mean? Is it about the box only?
 - > Does detention and demurrage refer to *time* or *late fees*?
 - Billing BCOs: How does it work? How should it work?
- Container Availability: It seems simple, but it's not.
- Time after Time: When does your clock start to remove a container?
- Free time vs. Prepaid Time: Are you really getting *free time* or paying for time in advance?
 - > Just because it's not listed on the invoice doesn't mean it's free.

Detention and Demurrage: Potential Solutions

- Good contracts are crucial. Be clear about what is your responsibility versus their responsibility.
 - > Address chassis shortages, driver unavailability, lack of appointments, inspections, port congestion.
- Pull out a calculator: Do I spend more on chassis or detention and demurrage per year?
 - > Example A: 2,500 containers per year, \$8/day vs. \$13/day for 5 days. Annual savings: **\$62,500.**
 - > Example B: 2,500 containers per year, \$8/day vs: \$16/day for 5 days. Annual savings: **\$100,000.**
- Don't just know which port you use, know which terminal you are using.
 - > Know which terminals are efficient.
 - > Visit the terminal, meet the staff, and develop relationships.
 - > Would you rather put 10,000 containers in one terminal, or 1,000 into 10 terminals?
- Stop clock feature: How you can use this to reduce your exposure?
 - > Do you have an automated system to employ stop clocks?