



## **“CAW 101”**

At a conference a few months ago, I was drawn into a side conversation about the merits of “CAW,” or “Cube-Adjusted Weight.” This is a concept that pops up from time to time in manufacturing and distribution, but for the most part gets pushed aside because it’s a little tricky to grasp. Here’s an attempt to simplify and clarify:

CAW is a calculated unit of measure which has the ability to help determine trailer utilization across a wide range of product cubes and weights. Legend has it that CAW was introduced by Kraft’s Retail business years ago, but its spread to other manufacturers and channels has been slow. As manufacturers buy into new product categories or consolidate shipments from their various divisions, they deal with a new level of complexity in determining price brackets and building shipments. Using CAW can help.

It’s the old “truckload of bowling balls vs. a truckload of ping-pong balls” equation. You can fill a trailer with roughly 40,000 lb of goods, or 2,000 cubic feet of goods. Dense products like canned goods and liquids will “break weight” first, so price bracket definitions are generally based on pounds ordered. Low-density products like baked goods or scouring pads will “cube out” first, so bracket definitions are often based on total cubic feet ordered.

So what happens to the company who wants to ship dense chemicals along with lightweight plastic containers? If a customer orders 20,000 lb of chemicals (small, heavy cases) plus 10 pallets of containers (big, light cases) it may not all fit on the truck.

The solution is to assign a Cube Adjusted Weight to the lighter items. This CAW would take a large, 12 lb case and assign it a weight of perhaps 20 lb, thus accounting for the extra space required. The 20 lb CAW counts toward determining bracket price, and also helps the Supply Chain guys build efficient truckloads.

CAW is one of those topics that gets bogged down in the disconnect between the tangible world of transportation and the intangible world of marketing and selling. With fuel prices and product lines being what they are, it’s a good time to find out if CAW makes sense for your business – just call or send me an email if you’d like to find out more.

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*For much more on Price Structure, Redistribution Strategy, Product Line Optimization, and other services, please visit [www.franklin-foodservice.com](http://www.franklin-foodservice.com)*