FOR FINANCE LEADERS

The CFO's Freight Budget Playbook

A practical guide to building your 2027 freight budget before the rate increases land — mode by mode, dollar by dollar.

AFS™

START HERE

Freight is going up. The question is whether you know by how much.

Every year, freight costs move—rates, surcharges, fuel, accessorials. That part isn't news. What most finance teams don't have is a reliable way to quantify exactly how much it's moving, by mode, before the budget is locked. Freight is one of the few operating expenses where the budget can appear accurate at the total level while masking significant exposure underneath by mode, carrier, lane, or surcharge category. So the number often gets estimated, the increase gets absorbed somewhere by default, and the real impact shows up mid-year instead of during planning.

What this playbook is for

It isn't a pitch. It's a working document for finance leaders who want to pressure-test their freight budget the way they'd pressure-test any other line on the P&L—with real numbers, not assumptions. Use it to:

- See what's actually driving freight cost up heading into 2027, mode by mode.
- Score your own budget process against five controls that separate a defensible number from a guess.
- Decide, deliberately, who pays for the increase—before it's decided for you.

"Do you know how much your freight cost is going up next year? Are you sure?"

THE FRAMEWORK

The five freight budget blind spots

Nearly every budget surprise in freight traces back to one of these five gaps. The pages that follow define each one, what it costs, and the control that closes it.

1. You're budgeting off this year's actuals, not next year's exposure
2. You don't know your GRI exposure by mode
3. Your rate card is already stale
4. You haven't decided how the increase gets paid for
5. You don't have real visibility into what you're being billed

BLIND SPOT 01

You're budgeting off this year's actuals, not next year's exposure.

THE PROBLEM Most freight budgets start with what you spent this year and add a single inflator across the board. But truckload, LTL, and parcel aren't moving together—or at the same rate.

WHAT IT COSTS A blended assumption over-funds the modes that are actually flat and under-funds the ones that are accelerating—so the total budget can look right while being wrong in every direction underneath it.

THE CONTROL

Mode-specific forecasting, built on freight audit and payment data across billions in transportation spend, so each mode gets budgeted on its own trajectory instead of one blended assumption.

17.7%

Q3:2026 Truckload Freight Index—a four-year high, up 11.0% YoY

76.8%

Q3:2026 LTL Freight Index—a historic high, up 5.9% YoY

38.7%

Q3:2026 Ground Parcel Index—2026 on track for the highest CPP on record

BLIND SPOT 02

You don't know your GRI exposure by mode.

THE PROBLEM

General rate increases don't land evenly. FedEx, UPS, LTL, and truckload carriers all move on their own schedule, and the surcharges riding along with each often move more than the headline GRI itself. Even outside parcel, truckload capacity tightened through 2026 into Q4—a sign pricing power is shifting back toward carriers broadly.

WHAT IT COSTS

Budgeting one number for “the GRI” misses the specific surcharges and tier changes that actually drive the increase—the ones a shipper only discovers after they've already shipped.

THE CONTROL

AFS tracks GRIs, surcharges, and accessorials by mode and carrier as they're announced, so the budget reflects what's actually changing instead of a rounded estimate.

$4.05

FedEx Ground Economy/SurePost peak demand surcharge—now the single most expensive demand surcharge FedEx charges, more than 5x the Ground Residential rate

2.6–2.7%

real-dollar impact of UPS's latest export fuel surcharge hike—while its domestic fuel surcharge quietly moved 50 basis points above FedEx's

> *“If you're a shipper with meaningful export or import volume, line it up against your FedEx/UPS contract and make sure you understand which carrier is actually cheaper on each leg of your international lanes, because that gap is exactly where these small, quiet moves add up.”*
>
> **—Mingshu Bates, Chief Analytics Officer and Parcel President, AFS**

BLIND SPOT 03

Your rate card is already stale.

THE PROBLEM

Contracts negotiated years ago rarely keep pace with volume growth or the current market—and few in-house teams have the bandwidth to review them often enough to catch it.

WHAT IT COSTS

Every shipment moves at a rate that was competitive when it was signed and may not be anymore. Across a full year of volume, that gap is real, recurring spend.

THE CONTROL

Benchmark current contracts against real market data across modes, industries, and company sizes to see exactly where the agreement has fallen behind.

70+

pages a typical carrier rules tariff now runs—some exceed 200. It was once 1–2 pages.

2,000+

contracts AFS reviews every year—versus roughly 5–10 for a typical in-house shipping team

BLIND SPOT 04

You haven't decided how the increase gets paid for.

THE PROBLEM

Every dollar of freight increase lands somewhere—margin, price, or the customer's shipping bill. Most budgets get finalized before anyone decides which one it should be.

WHAT IT COSTS

Without a real number, the choice gets made by default, often midyear, and rarely on favorable terms—whether that's absorbing it quietly into margin or reacting late with a price change.

THE CONTROL

Quantify the actual increase by mode before the budget locks, so the decision—raise prices, raise the freight budget line, adjust free-shipping thresholds, or absorb it deliberately—gets made on real numbers.

> *"If you increase your cost of shipping, will you still be competitive? If you offer free shipping, are you planning to change the threshold—or absorb the increase? Either way, you need to be prepared for 2027."*

BLIND SPOT 05

You don't have real visibility into what you're actually being billed.

THE PROBLEM

How are you auditing invoices today—and can that process actually keep up with rate and surcharge changes that shift by carrier, mode, and ZIP code every quarter? Most audit processes catch what they were built to catch this year, not what's changing right now. And it's not just audit: are there surcharges you have no visibility into today—accessorials, packaging or dimensional charges, service-level creep—quietly adding up in invoices nobody's fully checking?

WHAT IT COSTS

Errors and overcharges ride into the budget unnoticed, and by the time anyone would catch them, the invoice is already paid and the number is already locked into next year's "actuals." Whatever you're missing today, you're budgeting to miss again in 2027.

THE CONTROL

Pair invoice-level freight audit with real-time shipping analytics, so every charge—including the ones a standard audit misses—is checked against contracted rates before payment, and every mode, lane, and packaging choice is visible in one place.

99%+

of overcharges caught by AFS freight audit before payment

$39B

of shipping spend visibility across AFS's benchmarking dataset

If you don't have a freight audit company today, you should get one-audited invoices are the foundation every other number that this playbook depends on.

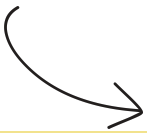
SELF-ASSESSMENT

Score your 2027 freight budget.

Five questions, one per blind spot. Answer honestly. Every box you can't check is a place your 2027 budget is at risk today.

- [ ] Have you forecasted your freight cost by mode for 2027?
  Most companies just apply one blended increase across the board—but truckload, LTL, and parcel aren't moving at the same rate.
- [ ] Have you quantified your GRI and surcharge exposure by mode and carrier for next year?
- [ ] Have your carrier agreements been benchmarked against current market rates in the last 12 months?
- [ ] Have you decided who covers next year's freight increase—your customers through higher prices, your budget through a bigger freight line, or your margin by absorbing it?
  If you're still weighing this, you're not alone—most finance teams are.
- [ ] Is every invoice audited and visible before it's paid—or are you trusting the monthly total?

0–2 boxes checked? There's a strong chance your 2027 budget is built on assumptions rather than numbers. **3–4?** You're ahead of most—but the unchecked box is usually where the biggest risk hides.



One more question worth asking: who's actually paying for your inbound freight-and is that still the right call? Vendor-paid inbound feels free. It isn't. It's priced into your cost of goods whether you can see it or not.

THE NEXT STEP

Know your numbers before you finalize your budget.

Bring the questions from this playbook to a working session with AFS. We'll quantify your freight cost trajectory by mode, determine your GRI and surcharge exposure, and help you decide—with real numbers—how 2027's increase gets paid for.

AFS clients have saved more than **$183 million** annually through benchmarking, freight audit, and transportation analytics.

Schedule Your Free Freight Budget Assessment →

AFS™

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