

UPDATE

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What to do about empty trucks....

The trucking industry continues to struggle with empty trucks. Carrier management blames this circumstance on the aging of the driver force and the lack of people entering the industry to drive. We lament driver turnover as another factor that keeps empty trucks at the fence.

What makes this situation even more frustrating is the existence of freight that could keep these empty trucks very busy, besides helping improve carriers' profits. How do we address this serious dilemma?

I have heard of very significant pay increases, which on the surface appears to be one solution, as drivers have not been fairly compensated for their work over the years. I have also listened to carriers describe attempts to bring new people to the industry, for example immigrants who under the supervision of the carriers learn English and how to drive a truck. I have also watched shippers and carriers work more closely together to improve loading and unloading conditions, in large part a result of effective collaboration among various industry groups and I applaud this cooperation.

But rarely do I hear much discussion among carrier management describing helping new drivers, whether they are experienced or right out of driving school, acclimate themselves to conditions of the new employer. And more times than not I hear drivers state they feel lost once they get that first dispatch on their own. I realize very large carriers have well established transition programs, a lot of drivers do not want to work for these large companies, not because they are not good people, but because they would

rather work for a smaller organization. And, it is a fact that the trucking industry's strength is the existence of a combination of large and small companies.

So, what should the smaller carriers do; the carriers with 50 trucks, 200 trucks, and even 500 trucks. I have found carriers who employ a formal 90-day new driver transition program have less than turnover and better productivity from their trucks. Investing time and effort to work more closely with drivers during the first several months of their employment accomplishes two objectives; it helps new employees or owner operators get an indication of how much the company want them to be successful and it teaches them ways to be more productive which can help them earn more and the company to earn more.

The two major parts of this program are the progressively less oversight that occurs during the 90 days and the symbol the carrier uses to confirm graduation from the program. Human nature appreciates help from others at something new and recognition for a job well done.

I urge carriers to embrace this approach in their management. It will serve as another method to address the driver shortage reality affecting our industry.

Managing maintenance....

Over the past five years trucking companies have more carefully acquired rolling stock. From a time in the mid-90s when carriers purchased equipment with the anticipation of freight to follow, we have evolved into a philosophy that careful growth is better. There are several reasons why this has become an overriding management approach, and certainly the empty truck dilemma is one of them.

What this has done is highlight the importance of keeping the fleet in excellent running condition, particularly if the equipment may run an extra year or an extra 100,000 miles. Carriers are establishing more

rigid replacement programs, which need strong maintenance support. What I have found is the equipment speccing and buying discipline is sound, but the maintenance support frequently is lacking.

None of us can minimize the importance of solid Maintenance department whether it is the preventive maintenance routine that a carrier implements, the decision-making process to outsource certain maintenance activities, the use and replenishment of parts, the solidness of the administrative activities (i.e., computer technology), and the timeliness and quality of on-road mechanical work.

We have to invest the same training and financial capital in this area as we do in the other departments of the company. This is particularly true of senior management of Maintenance. Where in the past a shop supervisor may have been adequate to handle the 50 or 75 trucks in the fleet, with the emergence of more advanced support technology and the importance of close coordination among all departments as a carrier grows, more seasoned leadership is now necessary.

To use a couple of analogies...a Model T will get run over on an interstate highway and a handjack is no match for a hydraulic lift.

The sooner carriers bring their maintenance management and systems up to the level of their other departments the better their financial results will be. Too much money is gathering dust in the shop for carriers to delay action.

Dedicated service....

Shippers are waking up. The negotiating playing field is more evenly balanced for shipper and carrier than it has been for many years. Whether this is a short-term trend or one that will become embedded in the shipper-carrier relationship permanently is anyone's guess, but I think it offers carriers an exciting opportunity to strengthen their position with carefully selected customers for the future.

To do this I return to a business approach I have advocated for years...providing dedicated service to customers. Unlike a private fleet, dedicated operations give carriers a 'leadership' or 'favored' relationship with customers. There is no guaranteed of mileage or revenue for units on a daily or weekly basis. There are no fixed and variable pricing models so popular with some logistics companies.

But, what this offers the carriers is consistent freight flows, regular lane coverage, and regular streams of revenue. This helps carriers plan their use of equipment and drivers over an extended period of time, make investment decisions in a more organized manner, and protect their business (and indirectly their customers' business) from exceptions or emergencies.

My experience is so favorable in the sense that the customer becomes intrinsically connected to the carrier, making it very unlikely they will want to change the relationship. 'They become comfortable with the availability of equipment, the knowledge that the carriers' personnel, especially the drivers, know their unique needs, and the flexibility to request reasonable deviations from the standard.

So, it becomes mutually beneficial to both parties. But, what I believe is most appealing to the carriers is there is less need to discount rates at the level I see with private fleet conversions. Customers understand that with the greater flexibility they have to use equipment, comes a price, and if they are comfortable with their ability to manage their logistics requirements the savings they generate from that management supports the freight rates carriers will charge.

I think every carrier should strongly consider this business relationship.

Menaker & Associates, LTD
1159 Wilmette Ave., Suite 240
Wilmette, IL 60091
847.256.6553 Fax: 847.256.6554
Wiltrucker@aol.com