
2005

innovators

Barr-Nunn Transportation

Granger, Iowa

Aggressively promoting a bold fuel price guarantee that provided a marketing edge in its recruitment of owner-operators

Barr-Nunn Director of Recruiting Doug Albrecht (left) and President and COO Rene Beacom, worked with a group of company executives to develop a program that guarantees owner-operators 99-cent diesel fuel. Since the program began late last summer, the company's owner-operator fleet has increased by 50 contractors and turnover has dropped to 60 percent.

Fueled for success

Barr-Nunn Transportation's diesel price guarantee drives owner-operator turnover down 30 percent.

By Linda Longton

Early last year, carriers began touting pay package increases and unprecedented sign-on bonuses as the competition for drivers and owner-operators heated up. With page after page of recruitment ads filling the major driver publications, Barr-Nunn Transportation — a 48-state general commodities hauler — sought to differentiate itself. The Granger, Iowa-based carrier, which uses both company drivers and owner-operators, specifically wanted to find a way to grow its owner-operator base while improving retention.

Given the complexity of many carriers' pay programs, "we looked at the difficulty of a prospective owner-operator being able to interpret and trust the ads they were looking at," says Rene Beacom, Barr-Nunn president and COO. "We wanted to have an ad message that was credible, substantial and broke the mold of just being the best and greatest."

With that in mind, in the second quarter of last year, Barr-Nunn gathered a group of six to eight executives for a two-day brainstorming session. They agreed that the company's pay package and fuel surcharge program were strong, but that many owner-operators didn't understand them. With a gallon of diesel at the time averaging around $1.75 and climbing, the group knew the high price of fuel was their owner-operators' top concern.

Using a tool developed by the company's research and development department, Doug Albrecht, Barr-Nunn's director of recruiting, had a good idea of his owner-operators' fuel economy and what they were paying for fuel. Under the company's existing fuel plan, owner-operators already were averaging between $1.15 and $1.25 per gallon, with some fueling out of network in the $1.50 per gallon range. About 84 percent of Barr-Nunn owner-operators were taking advantage of the fuel plan at the time, so the company also wanted to come up with a way to encourage more owner-operators to fuel within the network. "A lot of them were sitting at an intersection of five fuel stops and trying to decide where to fuel instead of fueling in our network," Albrecht says.

Armed with this knowledge, "we started trying to think of a theme that would enhance our pay package," Albrecht says. The company was already offering 99 percent no-touch freight and 99 percent tolls paid. "And then someone said, 'What about 99-cent fuel?' and everyone gasped," Albrecht recalls.

The fuel price guarantee was the type of bold move management was seeking. In late summer, ads guaranteeing 99-cent diesel fuel hit driver publications. At the same time, Barr-Nunn aggressively began marketing the program to its existing owner-operator base through monthly newsletters, training programs at terminals and phone calls with individual owner-operators. Those participating in the program receive detail sheets monthly that provide a breakdown of fuel stops, discounts received and pump price.

The first month of the program, owner-operator turnover dropped from 90 percent to 20 percent. It currently averages around 60 percent. "We've gone from losing 14 to15 owner-operators per month, to losing four to six per month," Albrecht says. Since the program's inception, Barr-Nunn's owner-operator base has grown from 135 to 185. In-network fueling has reached 99.38 percent.

But the improvements have not come easily. "We've had to battle owner-operators on the phone telling us it's too good to be true, you can't do that," Albrecht says. To help owner-operators understand the program, Albrecht created two approaches. "When you talk cents per mile you can't talk cents per gallon. It confuses them," he says. When it comes to the cost savings, "we can talk about it being 20 cents per mile or $1.40 per gallon. If he's getting 6 mpg, just with our fuel surcharge, he'll save $1.08. If it's $2 at the pump, right there it's 92 cents." Savvy owner-operators who understand the program say it's saving them between $1,500 and $1,800 per month, Albrecht says.

Barr-Nunn guarantees the program in its owner-operator contract. Participating owner-operators must fuel within the company's network of Flying J, Pilot and TravelCenters of America truck stops. Owner-operators achieve the 99-cent guarantee through a combination of fuel discounts at these chains and a fuel surcharge. For example, owner-operators who average $1.04 per gallon for the month will receive a 5-cent per gallon rebate that brings their cost down to 99 cents. A small group of owner-operators has been able to average around 80 cents per gallon.

"At first it cost us a pretty penny, but now our fuel surcharges have caught up with it," Albrecht says. Improved network participation also enabled the company to negotiate better discounts to help cover the cost of the program. However, with fuel prices averaging 20 cents to 30 cents higher per gallon than when Barr-Nunn conceived the idea, beginning this month the company will guarantee $1.04 per gallon through June 30.

While the fuel program has proved an unqualified success, Beacom is quick to point out that when it comes to recruiting and retaining owner-operators, there is "no silver bullet. This is only one of part of a bigger program and one we need to continually look at improving," he says.

Beyond its fuel price guarantee, Barr-Nunn offers owner-operators access to business services, pay increases every 60,000 safe miles and an aggressive referral bonus. Company drivers such as Richard Beverly (shown here) can take advantage of Barr-Nunn's lease-purchase program, which began in February.

Barr-Nunn's owner-operator pay package starts at 87 cents per mile. For every 60,000 safe miles, owner-operators get a ½-cent per mile pay increase, which caps at 90 cpm. Owner-operators pay for only four things — fuel, fuel taxes, mobile communications ($10 per week) and any insurance they get through Barr-Nunn, such as physical damage, bobtail or accident, Albrecht says. In addition, the company offers owner-operators the opportunity to work with American Truck Business Services, which helps them run the day-to-day aspects of their businesses.

"ATBS takes away all of the major concerns and issues about running the business and allows them to do what they do best — drive," Albrecht says. Regular reports from ATBS show owner-operators their operations' strengths and weaknesses and highlight areas for improvement. Barr-Nunn currently has 40 owner-operators in the program. "When those guys ask questions, they ask all the right questions, according to our dispatchers," Albrecht says. "They're all about the right stuff."

Beacom credits the improvements to Barr-Nunn's owner-operator programs to a corporate philosophy that encourages all team members — owner-operators, drivers and office and shop personnel — to participate and share in the company's success. To that end, Barr-Nunn continually gathers feedback from its owner-operators through in-cab messaging, telephone calls and meetings, and asks them to rank ideas for improvement.

"The industry changes every day," Albrecht says. "You have to work to stay on top of it and to stay a page ahead of everyone else." ■

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O&S Trucking
Springfield, Mo.
Uses twice-yearly strategic planning sessions and weekly "huddles" to set – and reconsider – the company's strategic direction.

President Jim O'Neal and Charlotte Eckley, chief business development officer, lead the strategic planning efforts that have resulted in major changes at O&S Trucking.

Plan of action

Missouri carrier relies on planning and continual measurement to recognize and seize new opportunities.

By Avery Vise

Last summer, the key managers for O&S Trucking convened to review their performance according to the business plan for 2004. Heading into its annual mid-year review, the Springfield, Mo.-based carrier seemed to be following the financial and operational objectives it had set six months earlier, but there was a glaring problem.

"We saw that we weren't hitting our numbers because we weren't filling all the trucks," says O&S Trucking President Jim O'Neal. The game plan was based on operating 390 trucks, but O&S Trucking was operating only 350. Management left the session, which spanned several days, with a resolve to tackle the problem. "We needed to do something to offset empty trucks and the loss of owner-operators."

O&S Trucking started by reallocating resources. "We took an outside salesperson and put him in truck stops looking for drivers," says Charlotte Eckley, O&S Trucking's chief business development officer, who is responsible for marketing, strategic planning, recruiting and other functions.

But soon a bigger opportunity arose. One of O&S Trucking's large shippers was using another carrier that filed for Chapter 11 bankruptcy protection and announced that it would be filing Chapter 7 and liquidating. Despite the carrier's financial troubles, it had good freight that would fit well within O&S Trucking's business.

More importantly, the failing carrier had a great driver force – generally five to 25 years of experience – and an excellent safety record.

O'Neal quickly began negotiating a solution that would keep the operation together under O&S Trucking ownership. In December, O&S Trucking brought over 53 drivers as well as two fleet managers in a mostly seamless transfer.

The drivers were happy, and O&S Trucking had solved its problem. "We filled our empties, which put us back to plan," O'Neal says. "By the fourth quarter, we were within 3 percent of plan."

The management of O&S Trucking didn't need a mid-year review to tell it that it had a driver recruiting challenge. But the review pinpointed driver supply as the fundamental reason O&S Trucking wasn't making its numbers and brought everyone together to seek a solution. That resolve opened O&S Trucking to the opportunity.

A major new direction

If 2004 sounds like a triumph of planning at O&S Trucking, it has nothing on 2003. The problem addressed at the mid-year review was different but no less challenging. The carrier's largest shipper – representing as much as 50 percent of its business – was planning to rebid all existing lanes without giving an edge to incumbents. The carrier risked losing a huge piece of the account at the end of 2003.

O'Neal and his team also discussed an emerging economic rebound and tightening capacity due to thousands of trucking company failures and the upcoming revision in hours-of-service regulations. O&S Trucking needed to diversify to protect itself from the possible loss of business, and the carrier could capitalize on the industry's capacity crunch by growing its own operation.

The mid-year review led to a decision to diversify into food as freight because it wasn't vulnerable to economic cycles. And O&S Trucking managers agreed family-owned businesses were good targets for capacity in that segment. Many had entered the market after the 1980 deregulation act and were facing succession challenges. So O&S Trucking, which operated only dry vans and had always grown internally, set out in July 2003 to grow through acquisition in the refrigerated sector.

In three separate acquisitions completed between Thanksgiving and New Year's Day, the carrier created a new division, O&S Refrigerated, that today represents approximately 45 percent of the overall operation's trucking revenues.

As vital as the company's planning sessions are to O&S Trucking's strategic success, they also bring benefits that are more fundamental, Eckley says. Key managers are expected to examine their areas of responsibility, identify key issues and deliver PowerPoint presentations to the whole management team. That process has led to greater self-confidence among managers, Eckley says.

Weekly huddles keep managers focused on how the company is performing versus plan and on the benefits of continual improvement.

Gaming the system

Planning at O&S Trucking isn't just a twice-yearly event. The process starts several months before the beginning of the year when managers begin drafting plans and projections for the coming year. By yearend, there is a plan for the year with specific numbers set as goals. Each week, key managers in all departments huddle to report key metrics – about 25 of them – and compare them to plan. They can also play with numbers, estimating the impact of squeezing out another tenth of a gallon in fuel economy, for example.

O&S Trucking wasn't always so committed to planning. Like many other carriers, the trucking company grew rapidly in the 1990s, realizing annualized growth of about 18 percent from 1992 to 1999. And also like many other carriers, O&S Trucking's growth wasn't according to any strategic plan. "We could grow, so we decided to," O'Neal says.

The carrier hit a crisis in 1995. "We were growing fast, and we were literally growing broke." O&S Trucking had to determine what was wrong and fix it. O'Neal and his team decided that they needed to enhance their measurement capabilities, examine work processes for efficiencies and capitalize on the latest technologies. They dabbled with some of the popular business fads, such as total quality management, or TQM, and other concepts of continuous improvement.

O'Neal credits the formulation of his company's management approach to developments at another company based in Springfield – SRC Holdings. Taking over the heavy-duty component remanufacturing business as part of a management buyout in 1983, Chief Executive Officer Jack Stack led a dramatic turnaround based on the principles of open-book management and instilling employee empowerment and ownership. He chronicled those achievements and philosophies in *The Great Game of Business*, a best-selling business book published in 1992.

O'Neal got to know Stack personally and saw that the Great Game principles meshed well with the direction he was already taking O&S Trucking. He even hired Eckley from SRC about three years ago to help set strategic direction. O&S Trucking has adopted quarterly and annual incentives based on company performance and in January 2000 advanced the cause of ownership by establishing an employee stock ownership plan.

"We believed in psychic ownership," O'Neal says. "Now we wanted to create real ownership." ■

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Shaw Transport
Dalton, Ga.
Uses a driver route analysis to determine where improvements in driver efficiency can help the private fleet deliver product more cost-effectively.

The heart of efficiency

Flooring giant's private fleet creates – and evolves – reporting tools that help ensure trucking operations are judged by metrics that most benefit the corporation.

By Aaron Huff

Analyze this. Two drivers work out of the same facility. One makes 20 stops, works 9.5 hours and travels 180 miles. Driver number two makes 15 stops, works 9.5 hours and drives the same number of miles. Which is more efficient? Based on the information presented, you probably would choose the first driver. Or consider two other drivers. One drives 150 miles and makes 20 stops, while the other drives 300 miles and makes the same number of stops. Is the second driver really more productive?

The number of stops and total miles traveled aren't necessarily the best metrics. What's missing is the quantity and type of products the driver delivered at each stop. After all, a trucking operation – especially a private fleet – is really in the business of delivering goods.

Until about five years ago, Dalton, Ga.-based Shaw Transport – a private fleet serving Shaw Industries, the world's largest carpet and flooring manufacturer – lacked the tools to do that analysis. With a fleet today totaling about 900 trucks, Shaw Transport was and is organized into three principal operations – interplant, line haul and regional. The need for better efficiency analysis especially was apparent in the large regional operation, where routes and product deliveries changed each day.

So in 1999, Shaw Transport began to standardize performance measurements with a driver/route analysis report that compared drivers, routes, loads and many other key variables in a spreadsheet application, says Bill Forthman, manager of special projects for Shaw's regional operations. Each day, drivers reported through paper forms and voice mail the number of hours worked, miles traveled, square yards and pounds delivered and the number of stops. Drivers also logged start and stop times, which was helpful in route analysis. Administrative clerks at each of Shaw's 31 regional distribution centers entered the data, which was reported in Lotus spreadsheets.

The driver/route analysis report represented a significant improvement for Shaw Transport and its parent company. Managers now could drill down to a measurement appropriate to corporate objectives – cost per pound – as Shaw Industries expanded its flooring products to include tile and hardwood flooring. Now, Shaw Transport had a key performance indicator that could be used for all types of products, drivers and routes, regardless of the number of stops or miles, Forthman says.

This common unit helps isolate deviations from averages and either correct them or model them, as the case may be, says Randy Black, E-business manager for Shaw Transport. A high cost per pound on a route would lead to an investigation, which might reveal, for example, that drivers were delivering more carpet pad than average, thus reducing the pounds hauled. This might lead to a decision to change how pad is transported on certain routes, perhaps by using vans rather than trucks, Black says. On the other hand, a low cost per pound might yield a discovery of a new best practice being used by a driver or manager.

The tools evolve

The driver/route analysis improved management's visibility into the trucking operation, but it was far from perfect. Shane Faulkner saw opportunities for improvements. Several years ago, Faulkner – an industrial engineer by training and a project engineer for Shaw's regional operations – was tasked with chairing a committee to lead a technology upgrade.

One of Faulkner's first projects was improving how the driver/route analysis was reported to the managers of Shaw's 31 regional distribution centers. Using Visual Basic and Microsoft Excel, he replaced the antiquated Lotus spreadsheets with reports that allowed managers to sort data more quickly and to isolate deviations from the norm more readily.

But there were other, more systemic drawbacks to the original approach taken in the driver/route analysis. The data entry required 30 minutes each day for each terminal. Plus, with a two-stage approach – driver reporting and data entry by clerks – the opportunities for error rose. And of particular concern was the fact that many drivers were on the honor system. About 70 percent of the 500 drivers working in the regional division begin and end their work shifts from a domicile location, such as a Penske or Ryder yard. These drivers did not clock in and out at a company facility but rather reported their work by telephone, often through voicemail.

"We knew we had some exposure there, and we needed to bring accountability to drivers," Faulkner says.

Management wanted a way to verify drivers' hours and activities, such as detention times at each location, and time spent along the routes. That focus already had led Shaw Transport to consider mobile communications. During a beta test of a wireless system in 2002, Faulkner designed a way to populate data in the driver/route analysis report without the data entry. Administrative personnel at Shaw Transport now can obtain a "raw data" CSV file from its communications system and import it into Shaw's various reports on a daily basis, Faulkner says.

With wireless data, the speed and accuracy of reporting has improved, but it remains a work in progress. Today, 18 of the 31 regional distribution centers still use a paper-based End of Shift form to capture the data Shaw needs for its driver/route analysis and other reporting tools. However, all 31 locations can obtain start/stop data from Shaw's onboard communication system.

Grappling with complexity

Another challenge in reporting relates to the sheer scale of Shaw Industries' operation, which serves some 30,000 customers. "It's hard to set standards based on routes," Faulkner says, adding that routes change daily based on customer orders. In addition, drivers often stop at customer locations that are not entered into the database.

To begin capturing this data, Shaw Transport sends a driver using mobile communications a "customer GPS location" form when he arrives at an unmarked stop. The driver enters his location, the number of the plant where he is employed, customer name and the customer's Shaw account number. Back at the office, a clerk establishes the customer as a landmark in its mobile communications system. Currently, Shaw Transport has 75 percent of its 30,000 customers landmarked, Faulkner says. Landmarks allow Shaw to analyze start/stop data not just by driver but also by customer, which significantly improves the value and usability of Shaw's reporting tools.

Sean Kelley

Shane Faulkner, project engineer for Shaw Transport, designed a tool for fleet managers to evaluate the efficiency of all drivers, customers and routes on a daily basis.

"One customer may have a lot of volume, but on average drivers are spending 1 to 1.5 hours at that stop when it should only be 20 to 25 minutes," Faulkner says. Using the data, discussions can then take place with the customer in an effort to get drivers in and out faster, he says.

But internal management remains the heart of Shaw Transport's reporting. With improvements in technology, Faulkner has been able to create for each driver a standard efficiency report that gives a basis to compare all drivers on stops-per-hour, average speed and cost information, such as cost per pound and cost per stop. Managers quickly can catch performance that is under standard and take corrective action on variables that really drive the business — customer service and delivery cost.

Says Faulkner, "From all the analysis we have done, the more information we can get to the driver level, the better off we are." ■

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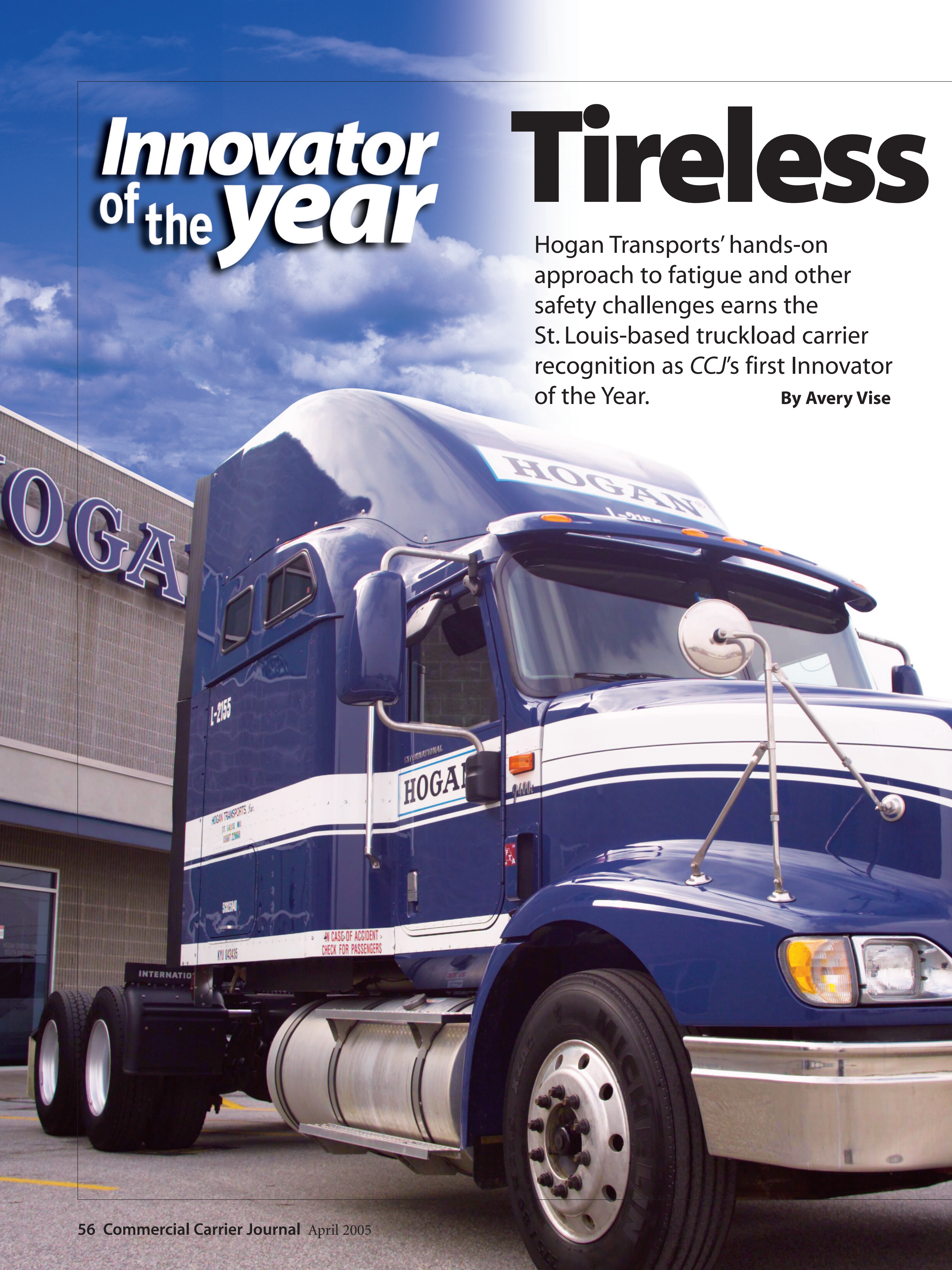
Innovator of the year

Tireless

Hogan Transports' hands-on approach to fatigue and other safety challenges earns the St. Louis-based truckload carrier recognition as *CCJ*'s first Innovator of the Year.

By Avery Vise



pursuit of safety

In the pre-dawn hours of Feb. 23, Jim Lager ordered two drivers to park their trucks and rest. Carriers shut down drivers all the time when they bump against hours-of-service restrictions. These two drivers, however, were perfectly legal under the hours rules. In fact, most of the drivers Lager has grounded in the past four years were operating well within the federal safety regulations.

Lager is fatigue supervisor for St. Louis-based Hogan Transports, which operates about 1,000 trucks throughout its truckload and dedicated businesses. Each night, Lager monitors 200 or more drivers – 239 were driving on the night of Feb. 22-23 – who drive between 11 p.m. and 5 a.m. Based on information drivers provide to him nightly in phone calls and voice mails, his own verification of their status through satellite tracking and even reviews of messages between the driver and dispatch, Lager identifies drivers who might need special attention.

The position of fatigue supervisor was the product of Hogan's executive-level attention to safety and loss control, including a lengthy management safety committee meeting held every month. *CCJ* recognized Hogan Transports as an innovator in June 2004 for its simple yet unusual approach to fatigue management and for the management safety committee that produced the idea. We spotlight Hogan once again as the most innovative among the carriers profiled in 2004.


Photos by Sean Kelley

Companywide commitment

If your picture of an innovator is an upstart or new kid on the block, Hogan Transports isn't it. The carrier has operated in St. Louis since President David Hogan's grandfather launched it in 1918. For decades, the company focused strictly on local drayage. By the 1970s, it had broadened its scope to regional operations. And by the late 1980s, Hogan Transports was operating nationwide truckload service. The company now is in its third generation. David Hogan has worked in the business for 26 years and has been president for 21.

The idea for the management safety committee came about five years ago, Hogan says. "Like most carriers, we had the safety department driving safety." While that may seem obvious, the problem with this approach, Hogan says, is that safety can become compartmentalized and underappreciated by other departments that must be involved in promoting it. "We needed a way to help drive the process throughout the company." Today, Tom Lansing, vice president of safety and driver services, calls the management safety committee "the key to the whole safety program."

On the last Thursday of each month, a group of about a dozen people meet for several hours to analyze Hogan Transports' safety performance. The committee includes Hogan, Lansing, the chief financial officer, vice presidents and leaders of various operating departments, senior safety officials and representatives of Lockton, the carrier's risk management consultants. The point is to draw safety and operations together so that each understands the needs of the other. "You have to have good dialogue

President David Hogan (right) uses the management safety committee as a tool for ensuring adequate communication across departments at Hogan Transports.

among the departments," Hogan says.

A typical management safety committee meeting starts with a review of any major losses during the month, Lansing says. That means dissecting accidents, workers' compensation claims or cargo losses to determine whether a change in policy or procedures could reduce the likelihood of a similar loss in the future.

Then discussion turns to analysis of safety-related data, such as reports from roadside inspections and both internal and third-party safety observations. For example, a select group of Hogan drivers observes the actions of other drivers, yielding monthly reports on the most commonly observed unsafe behavior. The goal in this second portion of the committee meeting is to identify and correct safety problems before they lead to accidents. Meetings generally run three to four hours, and the approach is methodical with unresolved items flagged for follow-up in future meetings.

One of the strengths of the management safety committee is that it dives into the details rather than merely delegating them. While this approach is time-consuming, it ensures everyone has input into the issues and possible solutions. For example, toward the end of a four-hour meeting on Feb. 24, the committee addressed the security of equipment operated by drivers who are domiciled remotely. What ensued was a thorough discussion of the costs and benefits of kingpin locks versus gladhand locks.

Tom Lansing, vice president of safety and driver services, has directed the implementation of most decisions of the management safety committee, including the fatigue supervisor, the winter weather shutdown policy and the Hogan Observation Safety Team.

Committee members concluded that gladhand locks were a cost-effective solution. But more controversial was the question of whether the company should reimburse drivers for using them. Doing so might send the message that it's OK for drivers to drop loaded trailers for their personal convenience. Ultimately, the committee decided to look at the issue more closely and revisit it in future meetings.

Tackling fatigue

Over the past five years, the management safety committee has spawned a number of programs to improve safety and loss control. To help identify bad habits among drivers and coach them to improve, the committee adopted the Hogan Observation Safety Team. A winter weather shutdown policy notifies drivers when the company considers it unsafe to continue operating in a given area. And the fatigue supervisor pulls drivers off the road when he believes they are too tired to operate safely.

About four years ago, the management safety committee discovered that many of its accidents occurred between 11 p.m. and 5 a.m., and they often involved new drivers. Hogan Transports attributed 23 of its accidents in 2000 to fatigue, and the pace continued into 2001. The policy always had been to allow drivers to determine their own needs for rest as long as they remained within the regulations.

The management safety committee realized that this policy wasn't working. But Hogan Transports also recognized that driver fatigue is not easy to manage with a single policy.

"David Hogan was the one who said that in order to improve the safety of our drivers and the public it was best to take the decision out of the driver's hands," Lansing says. Given drivers' desire for independence, it wasn't an easy decision. But a fatigued driver cannot judge his own levels of fatigue, Lansing says.

Lager – a veteran safety professional who came to Hogan with 29 years' experience at two private fleets – joined Hogan as fatigue supervisor in May 2001. The company was so pleased with the initial success of the program for new hires that it soon expanded it to any driver operating between 11 a.m. and 5 a.m.

Lager begins his work day at 7 p.m. For several hours, he listens to drivers who check in by voice mail or in person. Lager wants to hear their voices, so drivers can't check in by e-mail or text message. He wants to know what they have been doing, when they last drove and when they plan to drive that night. Lager verifies each voice mail or conversation by checking vehicle location history. It's a time-consuming process, but discrepancies between what drivers tell Lager and what satellite tracking tells him often clue him in to a problem.

Another tool at Lager's disposal is a GPS-based report of all trucks operating after 11 p.m. He matches tractor numbers on that list with his own list of tractor numbers for drivers who have checked in. Any tractor that moves without the driver checking in is a major red flag. Occasionally, a driver forgets, but often he is trying to avoid scrutiny. All he does is draw it.

Lager cites several factors behind the program's success. First, he operates independent of dispatch. When he shuts down a driver for fatigue, he doesn't take into account the nature of the load. Dispatch often can cover the load with another driver, but there are cases when Lager's decision may lead to a service failure.

One of Lager's favorite examples of this outcome occurred shortly after he joined Hogan. Someone in operations questioned his decision to shut down a driver with a very time-sensitive load. Lager quipped, "I didn't know those kind of loads made a driver less tired. We need to get more of those loads."

These disputes don't happen anymore. Lager believes that one reason is his relative seniority, compared to other

The good HOST

Select Hogan drivers help coach others

Mike Crook is one of the elite at Hogan Transports — and not just because of his 23-year tenure with the company. Crook is one of 38 drivers in Hogan's work force of more than 1,000 who have been selected as members of the Hogan Observation Safety Team. The idea for HOST drivers was suggested to the management safety committee by risk consultants Lockton as an expansion of a program already used in Hogan's shop, says Tom Lansing, Hogan's vice president of safety and driver services.

HOST member Mike Crook (left) shares his safety observations with driver Vern Marten.

HOST members observe their peers in areas such as following distance, signaling, speed and climbing into and out of trucks. HOST drivers coach others on proper technique and complete forms that are used to track critical safety behaviors — not for discipline or enforcement. The HOST form covers 11 safety behaviors, although the HOST driver covers only those he observes.

Drivers can be leery of others watching them. Crook tries to put them at ease by emphasizing that most of all, the driver being observed has most to gain because his personal safety is at stake. "I tell them, 'Don't do it for me. Do it for yourself.' "

Whenever possible, he points out the importance of a safety behavior by referring to real-world situations where failure to operate safely led to problems.

Crook operates in the St. Louis area, so most of his observations are in the yard or local roads. The most common problem Crook sees is failure to follow Hogan's backing policy — four-way flashers and a brief tap on the horn. After that, the most frequent problem is failure to maintain three points of contact with the truck during entry and exit. Other frequently observed behaviors include speeding and following too close.

"We have created a group of veterans with excellent safety records, and that has been very well received by drivers," says President David Hogan. "Sometimes it's more effective to hear from a peer than from a safety manager."

All's well with Wooster

In their deliberations over selection of the Innovator of the Year, *CCJ*'s editors quickly narrowed the field to two companies — Hogan Transports and Wooster, Ohio-based Wooster Motor Ways. The debate was spirited, and the decision was close.

Paul Rodarte

Wooster Motor Ways President Paul Williams believes his company's wellness program contributed to lower health care costs in 2004.

In May 2004, *CCJ* recognized Wooster for its wellness program, which included free physicals for drivers and spouses, educational sessions and newsletters on health and nutrition, healthier snacks in the driver lounge and a fitness facility for employees. Since last spring, the popularity of the fitness facility — built within a refurbished tractor trailer — led Wooster to add more fitness equipment, says President Paul Williams.

Williams believes that attention to wellness and healthier lifestyles helped lower Wooster's health care costs, which dropped by about $250,000 in 2004, resulting in lower employee co-pays for the current year. "I'm probably the only employer I know who was able to lower employees' health care costs as well as their weekly contributions to the plan," Wooster says.

nighttime personnel. "When I was new, I was challenging the status quo. Now, I'm the status quo."

Another reason for the program's success, Lager believes, is that he doesn't hand down discipline. Lager's job is to ensure a tired driver isn't behind the wheel. When he intervenes to shut a driver down, the driver isn't accountable for a service failure. Lager tries to develop trust, often asking the driver how much rest he thinks he needs. Then Lager often tacks on another hour or two.

One of the biggest reasons the program works is that it exists, Lager concedes. Drivers have learned to police themselves because they know Lager is watching. The process has forced drivers to think ahead, and that alone is one of the biggest deterrents to fatigue, he argues.

Since Hogan hired Lager in 2001, accidents attributed to fatigue have dropped to six or seven each year.

Continual improvements

With the management safety committee as its guide, Hogan Transports continually strives to improve and tweak its programs. In fact, one of the items on the agenda for the Feb. 24 meeting was a reevaluation of the company's programs to see if they are still worthwhile, Hogan says.

Hogan also believes in leveraging technology to improve safety. For example, the carrier's new trucks are equipped with automatic fifth wheel releases to cut down on injuries incurred when uncoupling tractors and trailers. And as part of Hogan's fleet replacement, all of its system fleet tractors by the end of 2005 will have automated transmissions, requiring a clutch only for launching the vehicle. Hogan is convinced that drivers will be safer if they can focus more attention on the road and less on the mechanics of clutching and shifting.

Hogan Transports' fatigue supervisor, Jim Lager, assesses the alertness of more than 200 drivers that typically operate between 11 p.m. and 5 a.m. When he decides to pull a driver off the road, he does so independent of the operations department or delivery schedules.

"We try to achieve an environment where safety is the No. 1 priority," Hogan says. "It sounds corny, but I feel it's our responsibility. If we don't have safe drivers, the stuff about taking care of our customers and so on – that flies out the window."

About the award

CCJ launched the Innovator of the Year award in 2004 to recognize carriers for trying new things and succeeding. By soliciting nominations and investigating leads, *CCJ*'s editors recognize innovators throughout the year and select one for special recognition as Innovator of the Year. Innovators considered for the current award were those recognized in the magazine in 2004.

Innovation in any aspect of the operation is eligible for recognition. To qualify, the carrier or private fleet must operate at least 10 power units in Classes 3-8 and maintain a satisfactory safety rating, if rated. Selection of innovators for recognition is at the sole discretion of *CCJ*'s editors.

CCJ's Innovator of the Year program is sponsored by PeopleNet. For more information on the program and previously recognized innovators or to download a nomination form, visit www.randallpub.com/ccj/innovators. ■

Ace Transportation & Dynasty Transportation
Lafayette, La.

Spearheaded consortium of trucking companies to obtain state funding for a driver training simulator they believe will improve safety and retention.

Glen Clarke

The driving force

Affiliated carriers recruit others to launch a state-funded driver safety program.

By Aaron Huff

In September 2000, Louisiana trucking executive Bob Lagneaux was nominated for the state's Workforce Investment Board (WIB), which helps individuals and companies access information and services to increase employment.

At one of his first WIB meetings, Lagneaux learned of the Incumbent Worker Training Program from the Louisiana Department of Labor, a grant program that helps businesses train their current workers with assistance from local colleges and other training providers.

Lagneaux is chief financial officer and vice president of administration for Lafayette-based affiliated carriers Ace Transportation and Dynasty Transportation, as well as Total Transportation Services, which serves as an administrative services company for the two carriers. Together, Ace and Dynasty operate about 1,900 trucks with more than 90 terminals, primarily in Louisiana and Texas.

Immediately after returning to his office from the WIB meeting, Lagneaux called Richard Yandle, risk manager for Total Transportation Services. Lagneaux wanted to obtain an incumbent worker grant to provide the company's drivers, who are all owner-operators, with advanced simulation training. "We felt that the truck driving simulator was the only way to provide drivers with real-life types of situations to teach them the accident avoidance techniques they needed," Yandle says.

To apply for the grant, Yandle contacted officials at the state Department of Labor and the Louisiana Technical College (LTC) in Lafayette, a school that offers commercial driver training.

About a year later, the state DOL rejected a grant for $270,000 to buy a fixed-site simulation unit at the college and to pay for training expenses. The concept was fine, but the cost of training on a per-student basis was too high, Yandle was told. State DOL said the program could win the grant if it had more participants. The program allows businesses to form consortiums with other local companies to increase the number of trainees.

"Initially we were kind of selfish. We were looking to use the grant only for Ace and Dynasty," Yandle says. "After we got rejected the first go-round, we lost a little hope, but then we said 'we need to find another way to try and get this accomplished.' "

To build a consortium, Yandle made calls and wrote letters to local, noncompetitive trucking companies to invite them to meetings at the college. Throughout 2002, Yandle helped arrange quarterly gatherings at the school, with representatives from the college and the state DOL on hand to encourage attendees to apply.

"We had people attend the meetings, but when it got down to making a commitment and getting involved, that was a more difficult process," Yandle says. To join the consortium, attendees had to complete a lengthy application and commit to train a certain number of their drivers. But "a lot of companies that had not been involved in a grant before didn't like the paperwork and bureaucracy."

One fleet eager to join the consortium was Dupre Transport, a 360-truck van and liquid bulk hauler based in Lafayette. Throughout 2002, Dupre Transport was ineligible to participate, however, because it already was in the midst of completing its own two-year incumbent worker grant to train office workers with computer skills.

"(The consortium) looked good," says Al LaCombe, Dupre Transport's director of safety. "We wanted to be an early adopter of this state-of-the-art equipment. It uses the same technology and process used to train commercial pilots."

Dupre Transport came aboard when it was eligible and committed to train 360 drivers. Another smaller carrier – Crowley, La.-based John N. John Tank Lines – also joined the consortium and planned to train all 30 of its drivers.

To train their drivers, the consortium decided that one fixed-site simulator would not suffice, Yandle says. The consortium therefore applied for a $1.5 million grant to fund four mobile simulators along with a tractor and trailer. By 2003, the consortium still was lacking in numbers, however. It had approximately 590 drivers eligible for training, but it needed 700 to obtain the $1.5 million grant. Although Ace and Dynasty had hundreds of drivers in Louisiana, it had limited its number of drivers to be trained to 200 – at least initially.


Glen Clarke

Richard Yandle, risk manager for Lafayette, La.-based Ace Transportation and Dynasty Transportation, worked more than four years to build a consortium with other local carriers to apply for a state incumbent worker grant to fund a driver training simulator program.

"With the grant, the one thing we are focusing on is the retention of drivers," Yandle says. "Because of that, we are looking at drivers we felt needed some additional driver training to be able to retain those folks."

By late 2003, the project's participants almost gave up hope. "To get $1.5 million, we had to train a lot of people," says Debbie Burkheiser, Louisiana Technical College's dean of workforce development. "To get trucking companies to understand that this is a good thing was the only way we could overcome the challenge."

In February 2004, driver simulator developer MPRI Ship Analytics brought a trailer equipped with mobile simulation units to the college for visits to Lafayette, Baton Rouge and other areas to jumpstart interest in the program. Those efforts finally paid off when Karie Mire – director of human resources for Milk Products LP (DBA Borden's) – saw the simulator on a news show and contacted the college. Borden's added 130 drivers for training, bringing the total trainees to more than 700 – enough for the grant to be approved.

In April 2005, the trucking consortium and college officially launched the training program. The simulator is based at the Louisiana Technical College in Crowley, La., and Nick Treadway is the training coordinator and driver of the simulator tractor-trailer unit. The consortium has agreed to use weekly rotations to spread the specialized simulation training equally. Simulation training is customizable for each fleet's operations – the simulators can use the specific load dynamics and stopping distances of a heavy flatbed or liquid bulk trailer, for example. The training is designed to improve the skills of professional truck drivers in areas such as shifting techniques, fuel management, emergency maneuvers and speed and space management.

Once the two-year grant ends, the mobile simulator training will belong to the college, which will continue to offer training, but chances are it will be hard to schedule. For example, once the grant is completed, Ace and Dynasty will pay to continue using the simulators to train drivers at its terminals throughout the state, Yandle says.

Ace and Dynasty now are applying for a similar grant in Texas to use simulators. The effort likely will require building a consortium again – a formula already proven to work. "There have been a lot of setbacks, but we persevered," Yandle says. "This is an important milestone in our safety program." ■

Aaron Huff

Al LaCombe, director of safety for Lafayette, La.-based Dupre Transport, says his company wanted to be an early adopter of the driver trainer simulators that use the same technology and process used to teach commercial pilots.

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Western Distributing Transportation Corp.
Denver, Colo.

Translated a family passion for motorsports into inspiration for a customized enclosed automobile transporter that offers more flexibility and payload.

Racing ahead of the pack

Denver-based carrier enters a new line of business and promptly rejects the industry-standard equipment in favor of a more efficient design.

By Avery Vise

In February 2004, Western Distributing Transportation Corp. was presented with a sudden opportunity for diversification. Most of the Denver-based carrier's 210-truck fleet is dedicated to hauling produce in refrigerated trailers, although WDTC at the time owned a few small divisions involved in armored transport, flatbed and towing.

A personal friend of WDTC's owners owned an enclosed automobile transport business and was looking for an exit strategy. The operation hauled high-dollar value automobiles around the country, and many of its clients were celebrities and professional athletes. WDTC took the plunge, buying the business and retaining its former owner, Leroy Koop, as its manager.

WDTC was faced almost immediately with some decisions, says Dino Guadagni, WDTC's vice president and head of all the transportation divisions, including automobile transport. Perhaps the most important financial decision was what to do about the trailers, which were leased and in some disrepair. They were about eight years old and rusting badly, he says.

Guadagni looked at the standard equipment for enclosed automobile transport and was struck at how ill-designed it was for the task. "The trailers that everyone else uses are Kentucky dry vans outfitted to haul cars," he says. "It's not the most efficient configuration. They are basically drop-decks with sides on them."

In addition to operating a trucking company, Guadagni's father has competed in drag racing for about 18 years. For most of that time, the family has purchased its racing trailers from Competition Trailers, a custom specialty trailer manufacturer based in Henderson, Texas.

Guadagni quickly realized that the trailer the team used to transport its drag racer around the country was an ideal design for an enclosed auto transporter. The problem with the common drop-deck design is that it doesn't maximize the available trailer height. With a standard trailer, for example, transporting a large SUV might reduce the total number of vehicles that could be hauled. That's important, Guadagni notes, because luxury SUVs rapidly are becoming a vehicle of choice for the wealthy. Another limitation is the air ride suspension used in certain premium makes, such as Cadillac, Mercedes or Lexus. Those suspensions tend to flex, requiring more vertical clearance. "You need every inch of the drop belly," Guadagni says.

So a month after WDTC acquired the auto transport business, Guadagni and Koop traveled to Henderson to begin work with Sam Harris at Competition Trailers on the first replacement trailer. In addition to maximizing interior height by taking advantage of the drop belly – as well as using smaller wheels and bigger brakes to accommodate them – the first trailer featured a hydraulics system that allowed the car racks to move all the way up and down and to be pitched at various angles. The hydraulics were powered by a generator, which was a common feature of racing trailers as significant power is needed for tools, computers and other devices.

The first 53-foot trailer was finished in June, and immediately Competition Trailers began work on the second. As work progressed on the second trailer, Leroy worked with the driver of the completed trailer to discuss possible enhancements. Modifications included changes to the ramps and a hydraulic rear door, among

After installing tie-downs and other hardware, Western Distributing dedicated one refrigerated trailer for auto transport. Although it can transport only three vehicles rather than six, the trailer can be used to haul produce on return loads when no automobile loads are available.

other changes.

The hydraulic back door, which replaced chains, allowed it to function as a ramp rather than as a flat platform. That helps with length just as the drop belly and hydraulic racks help with height. “Most people can’t get limos in a transporter,” Guadagni points out.

Work started on the third trailer once the second was delivered. Two major changes were the elimination of the generator and adoption of a cordless remote for the hydraulics. Because the racing trailers Competition Trailers previously had built required substantial power, it had not occurred to anyone previously that the hydraulics – the only power consumption by the auto transport – could be run off 12-volt power. Removing the generator saved considerable weight as well as maintenance.

The cordless remote was significant because previously drivers had to get out of the vehicles to adjust rack position to ensure proper clearance and to maximize space. That often meant entering and exiting the vehicles several times to move ramps with the corded control, thus increasing the potential for dents and dings in the door. A cordless remote allows drivers to adjust position while they remain in the vehicle’s driver seat.

The focus with the fourth trailer was to reduce weight. For example, WDTC and Competition installed a translucent roof to replace the metal one on which fluorescent lighting had been used. Instead of rubberized floor on aluminum sheet metal, Competition installed an aluminum diamond plated floor. The fourth trailer also has bigger brakes as well as a back-up hydraulics system to reduce the risk of downtime.

The six-car specialty trailers aren’t the company’s only option for WDTC’s auto transport operation. In addition to several smaller trailers for use where tractor-trailers are impractical, Guadagni has one refrigerated trailer dedicated to car hauling. With about $2,500 in modifications – principally tie-downs – WDTC can haul three cars in a reefer van. That’s half the payload of the specialized trailer.

So why do it? Guadagni notes that WDTC can’t always find vehicles in both directions. So a driver might haul beer or meat to New York and bring cars back. Or he might transport cars to Florida and bring produce back. Having freight in both directions offsets the reduced vehicle payload, and the carrier might not have a full load of cars anyway. In the early days of its operation, WDTC modified and used several refrigerated vans until the specialized trailers came online. Those trailers still are available if demand warrants, but only one is used routinely for auto transport.

Meanwhile, a fifth auto trailer is in the works, and Guadagni sees adding another two or three eventually. But modifications on these $180,000 units seem to be winding down. Says Guadagni, “We’re getting to where we’re running out of things we can improve on.” ■

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Dupre` Transport

Lafayette, La.

Implemented and continues to refine a number of awareness, training and accountability initiatives with the lofty goal of becoming the safest carrier in North America.

Turning it around

Faced with a crisis, Louisiana carrier establishes a thorough, diversified safety program

By Aaron Huff

In early 2000, Lafayette, La.-based Dupre` Transport reached a painful climax to what had already been a bad time for the company. In 61 days, Dupre` Transport had three severe accidents, leading to a moment of truth for Reggie Dupre`, chief executive officer, and other senior managers.

"We were hurting people, and one of our company values is that we treat our people like we want to be treated," says Doug Place, chief financial officer of the 300-truck carrier. "We decided that we were either going to get safe or sell the business."

Since that time, Dupre` Transport has reinvented itself from top to bottom with the goal of becoming the safest carrier in North America. In the past five years, management has implemented and continues to refine a number of new safety awareness, training and accountability programs and technology tools.

In early 2000, the company laid the bedrock of its safety turnaround by launching a behavior-based training and awareness program, "AIM for Safety." The company uses this program to analyze and document each work step for safety hazards, from doing a pre-trip inspection to unloading a trailer. Each time management identifies a new task, it assigns a manager and a group of drivers to document the task using a job safety analysis (JSA). The JSA then is entered into a database and distributed for fleetwide training and awareness, says Al LaCombe, Dupre` Transport's director of safety.

In fall 2000, management sought additional help from its insurance carrier, which referred the company to Circadian Technologies, a Lexington, Mass.-based fatigue management consulting firm. Circadian had several railroad clients, but Dupre` Transport was to become the first in the trucking industry, LaCombe says.

Circadian consultants began their work by gathering accident data and hours-of-service records from driver logs. They also conducted interviews with drivers and managers to evaluate work schedules, such as days off, length of shift and break times.

Dupre` Transport has 24/7 operations in both local and over-the-road fleets. In 2000, its local fleet used slip-seat operations to pick up and deliver gasoline in six different 12-hour shifts. Shift times began and ended at 2, 3 and 4 in the morning and afternoon. In the over-the road fleet, single drivers operate tankers and dry vans. Drivers in this division are on dispatch for 10 to 12 days maximum. In 2000, these drivers did not have shift schedules other than following hours-of-service rules.

After months of fact-gathering and testing, the consultants came to a manager's meeting in March 2001 with their proposals. Following their recommendations was a major change from an operations standpoint, but management quickly put them into practice, LaCombe says.

Dupre` Transport's local drivers switched to 12-hour morning and night shifts – from 5 to 5 morning and night – with an 11-hour dispatch. Drivers also must take a minimum two days off after working for a maximum of six days straight. The major change Dupre` Transport made in its over-the-road division was requiring drivers to take a minimum three-hour break between midnight and 6 a.m. – the time when fatigue is greatest, according to Circadian's research.

To ensure its drivers adhere to this policy, the safety department uses an application that was developed internally for auditing the time and location data sent from its satellite tracking and mobile communications system. The application reports the shifts and start/stop times for each driver and the length of time a driver is on dispatch.

In 2004, Dupre Transport was recognized as the safest transportation and logistics company in Louisiana. From left: Brian Friesing, director of operations, site logistics; Reggie Dupre, CEO; Bruce Bartals, general manager, asset-based logistics; Doug Place, CFO; Al LaCombe, director of safety; Tom Voelkel, COO; and Jim Butler, director of operations, tank division.

Based on the data obtained, Dupre` managers counsel drivers on fatigue.

Fatigue was not the only focus in 2001. Senior management began holding a monthly "stewardship" meeting to eliminate the "Big 4" accidents: lane changes, rollovers, rear ends and intersections. The Big 4 accidents account for 80 percent of the dollar amount of accident losses, Place says. In the meetings, managers tie the root cause of all accidents into the AIM program and discuss prevention strategies.

In 2002, the company began to tighten its hiring practices. One of the first new requirements was a "Ready for Duty" test to assure that drivers are physically and mentally able to perform the work required. On Monday, the first day of new driver orientation in Lafayette, drivers must take a 2½-hour functional test at a nearby clinic. An occupational therapist monitors a driver as he goes through a simulation of hooking and unhooking hoses, cranking landing gear, squatting, climbing a ladder, etc. The driver's pulse is monitored during the test.

"Some say 'you're trying to disqualify me,' " LaCombe says. "This is actually to make sure we are bringing on the right people who meet the job description." The company later added personality testing to the process, using the characteristics of its top 25 drivers as a baseline.

In the spring of 2002, Dupre` Transport began using a forward-looking collision avoidance and blind-spot detection system throughout its fleet: This system now is factory-installed on all new vehicles it orders. The company also began using its mobile communications system to monitor hard-braking events. It recently developed an application to flash hard-braking events on the computer screens of terminal managers and safety managers. As a result of this awareness tool, the need for counseling of drivers on hard-braking events was reduced significantly.

In April, the company began using a sophisticated simulation-based driver training program to train drivers with real-life accident avoidance techniques and defensive driving methods, among other skills. The company joined three other Louisiana-based carriers in a consortium to obtain a state grant to fund the program (see "Innovators," *CCJ*, May 2005).

Dupre` Transport also recently began working with FleetRisk Advisors, a firm that provides technology-based risk management services: Dupre` Transport was its launch customer. FleetRisk completed an analysis of seven years of data aimed at determining the relevant factors associated with accidents and to calculate the risk signature and risk profile for each driver. FleetRisk modeled driver data such as tenure, marital status, etc. against a database it compiled using sources of information from Dupre` Transport.

Management plans to use these analytical tools to improve its training programs, LaCombe says.

Technology will continue to play a role in the fine-tuning of Dupre` Transport's safety programs, but the movement's key to success is the commitment from managers and front-line employees to safety, LaCombe says.

As a result of all of Dupre` Transport's efforts, the company saw a 91 percent drop in personal injuries and a 43 percent drop in total accidents from 2000 to 2004. Accident cost per million miles dropped by 75 percent.

"We're going to have hiccups," LaCombe says. "But when I put my head on my pillow at night, I know we're trying to improve, to be innovative and to make it better." ■

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Arnold Transportation Services
Jacksonville, Fla.
Spearheaded a mobile business training initiative for owner-operators using a video it produced, written materials and a trailer it modified to provide training at truck stops and trade shows around the country.

Ultimate initiative

Arnold Transportation Services saw that owner-operators needed more business education and created the Ultimate Road Trip traveling classroom.

By Avery Vise

In early 2004, Dick Follis got what seemed to him to be a wild idea. Follis, director of fleet development for Jacksonville, Fla.-based Arnold Transportation Services, was frustrated by what he saw as a lack of basic business management skills among many owner-operators. Many were safe, dependable drivers, but they would go broke because they didn't really know what they were doing financially, he says.

Follis thought that Arnold, which operates about 1,500 power units including nearly 500 owner-operators, should do something about the problem – and not just for his company's benefit. The idea he took to upper management, including President and CEO Mike Walters, was a business education tour, taking presentations and materials out on the road.

"When I first suggested it, I didn't think it would go past my boss," Follis says. "I almost fainted when I brought this up to them and they thought it was a great idea. There has never once been a question about cost."

For Walters, there was no question that Follis' idea was the right thing to do. "I have been in this industry 27 years. You used to be able to get family members [to become owner-operators]. Today, one of the ways is to move a company driver into being an owner-operator." The drawback, Walters says, is that everyone expects these newly minted owner-operators to suddenly know how to be businesspeople.

The ability of owner-operators to manage their costs is critical not just for the owner-operators themselves but for the industry as a whole, Walters says. "Customers can only pay so much for their services. There's only so much you can pay an owner-operator and still make a buck on it."

While Arnold was willing to spend some money, it wasn't prepared for the full costs of building an owner-operator education program from scratch. So with the OK from the top, Follis set out to pull together the resources he needed to accomplish the daunting task.

The biggest financial support came from Specialty Risk Inc., a trucking insurance agency Arnold worked with: In fact, Arnold Transportation Services and Specialty Risk share top sponsorship of the program, which came to be called the Ultimate Road Trip. Others, including industry suppliers, trucking publications and even other trucking companies, have joined as sponsors, often through bartering goods and services. They are recognized on the trailer, on workbook materials and on the Arnold Transportation Services website (www.arnoldtrans.com).

Follis had to build both the content of the training program and the logistics of delivering it. He was aware of a program called Partners In Business, which is an owner-operator business education training program produced by *Overdrive*, a sister publication of *CCJ*. Follis acquired an ample supply of Partners In Business manuals that were printed with the logos of Arnold and Specialty Risk on the cover.

While written materials were important, Follis saw some kind of presentation as key. A traveling expert to give live presentations clearly was too expensive, so Arnold opted to videotape a presentation. Arnold approached Kevin Rutherford, a financial planner who specializes in working with owner-operators, and taped a 90-minute presentation, which Arnold copied to DVD. On its tour of truck stops and truck shows, Arnold's dri-

Left photo: Dick Follis (right), director of fleet development for Arnold Transportation Services, selected Frank Reed (left) as driver of the Ultimate Road Trip truck because of his background in education.

Right photo: Truckers sit in air-ride truck seats as they watch the 90-minute video presentation on owner-operator business management. Modifications to the trailer totaled about $80,000.

ver plays the DVD and hands out copies to current and would-be owner-operators, along with the Partners In Business manual, a workbook and a hat and T-shirt.

Aside from the ongoing operating expenses of a driver, fuel, maintenance, lost revenue for the new Kenworth tractor and so on, the truly big-ticket item for the Ultimate Road Trip was the trailer for screening the DVD at each stop on the tour. Arnold kept these costs down by modifying an existing trailer in-house under the supervision of Brett Wacker, vice president of maintenance. In addition, Sears Seating, one of the sponsors of the Ultimate Road Trip, donated 16 air-ride truck seats. Even so, modifications, including DVD and sound system, cost $80,000.

Follis also needed venues for staging the Ultimate Road Trip. He contacted TravelCenters of America, which is Arnold's principal fueling chain, and found the company happy to help. TA helps Arnold get the word out to individual stops to promote Ultimate Road Trip visits with fliers.

Finally, Arnold needed a driver. After a careful review, Follis chose Frank Reed – someone who appreciated the importance of education. Reed has a master's degree in education and once was a teacher in the New York City school system.

Hitting the road

All these preparations took about six months, and the Ultimate Road Trip debuted in July 2004 at the Walcott Truckers Jamboree. In 2004, the Ultimate Road Trip lasted about four months, ending in October. Due to the response, Arnold and Specialty Risk did it again this year, starting at the Mid-America Trucking Show in Louisville, Ky. in March. The tour stopped again at Walcott last month and will be at the Great American Trucking Show in Dallas at the end of this month.

Between truck shows, Reed has a full schedule of truck stop visits. For example, between May 28 and July 15, the truck visited 29 locations, usually staying one day and night. Reed typically hosts two presentations – at 4 p.m. and 7 p.m. In addition to welcoming drivers and owner-operators and running the video, Reed distributes the manuals and workbooks, as well as the hats, T-shirts and refreshments. This year's tour ends Oct. 21 in Lafayette, La. A schedule appears on Arnold's website.

Follis didn't set out to make the Ultimate Road Trip a recruiting tool, nor has it turned out to be one. Arnold's management didn't want drivers and owner-operators to feel that there was a catch. Although Arnold does recruit at truck shows in conjunction with the Ultimate Road Trip, its truck stop visits – the vast majority of locations on the tour – involve no recruiting.

Arnold does make the Ultimate Road Trip materials available to its own owner-operators and requires those receiving a truck through Arnold's lease-purchase program to watch the presentation.

"There's benefit to our contractors obviously, but the biggest benefit we get is the goodwill we generate with the trucking community," Follis says. He thinks that goodwill and the education Arnold's independent contractors receive contributed to an improvement in the overall driver turnover rate to 70 percent – low in today's driver market.

Arnold plans to continue the Ultimate Road Trip in the future, perhaps at different venues or with new materials aimed at company drivers.

The Ultimate Road Trip costs Arnold between $100,000 and $125,000 a year. "I seriously doubt it's paying us back," Walters admits. "But I think it's paying the industry back." ■

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Benton Express
Atlanta

Uses common performance metrics and technology to improve the management and customer service of its 26 terminals throughout the Southeast.

Setting the standard

Regional LTL carrier improves service and profits by managing key operating indicators and adopting flexible technologies.

By Avery Vise

The 26 terminals operated by Benton Express may be physically spread out among six Southeastern states, but that's not how Mark Headrick sees them. As director of information technology for the Atlanta-based regional less-than-truckload carrier, Headrick thinks in terms of the facilities' ability to communicate and act as a unified enterprise.

"From a technology standpoint, we don't have different cities and states, but different floors in the same building," Headrick says.

For example, Benton Express recently completed installation of a voice-over Internet protocol (VoIP) telephone system at all its terminals. The system gives Benton Express significant communication benefits, including the ability of terminals to contact each other and headquarters by punching just five buttons – as if they were in the same building.

VoIP connectivity among facilities saves time and communication costs, but the real benefit for Benton Express is improved customer service. One of Headrick's major projects today is integrating VoIP into the customer support center in the Atlanta headquarters. Once fully implemented, a centralized customer care operation will be able to work with each terminal – again, as though they were in the same building.

In the past, a customer might call the terminal for a special rate quote or other information that only could be supplied by headquarters. That often meant giving the customer another number to call. And once the customer obtained the necessary information, he might have to call the terminal back to tender the load. That's three phone calls. With VoIP technology, these could be seamless transfers – and the agent at the terminal could stay on the line with the customer the whole time.

"If you make it so easy for customers, they will come back again and again," Headrick says. That's important for any trucking company, and especially one that commits as its slogan to the promise: "We Do It Right The First Time."

With VoIP now in place at every facility, Benton Express uses a single, standard phone set in the company – from the president's desk to the driver lounges.

Standardization simplifies training and inventory management, Headrick says. But customer service is the driver. Headrick envisions future enhancements that will match phone numbers of incoming calls to company databases so that anyone answering the phone will have immediate access to key information about the customer.

Managing key indicators

Linking 26 facilities with seamless technology is a continuing challenge, but it's probably easier than managing them on a daily basis. Until fairly recently, Benton Express executives graded their terminals and terminal managers on one thing only: operating ratio. That's certainly a key metric, but it's a broad one, says Clete Cordero, vice president of business improvement.

"One terminal might operate at an 80 OR and the other at 100, and we had no easy way of knowing why," Cordero says. Especially as Benton Express grew, this lack of insight into the numbers was troubling.

So in 2003, Cordero implemented key operating indicators, or KOIs. The KOIs measure each terminal on eight or nine different monthly goals. Each terminal has its own goals based on past performance and the expectation of continual improvement, Cordero says. A group including Cordero, the company's senior vice president and its regional managers

innovators

Collaboration among managers is important, says Benton Express President Chip Matthews. He cites the complementary management styles of himself and Senior Vice President Benny Cordero as well as a strategic planning process that involves quarterly meetings of senior management.

establishes new goals for each terminal each December and distributes them in an annual meeting each January.

The KOIs are based on a point system, with OR counting for 20 points and all others counting for 10 points. The other KOIs common to all terminals are accessorial additions, billing accuracy, claims ratio, on-time performance (origin and destination) and revenue (outbound and inbound). Terminals that use lift trucks equipped with scales also are judged on weight and inspection, ensuring that weight of a shipment as listed on the paperwork matches actual weight.

"There isn't a terminal that hasn't shown an improvement in some area," says Bill Jones, regional manager for Georgia and manager of the Atlanta terminal.

Once set for the year, monthly KOI goals don't change – even if a terminal is beating them easily. "I don't think it's fair to say, 'You did what we ask, now you have to do more'," Cordero says. "If you make something a moving target, people lose interest in the program." But Cordero's team certainly will take a terminal's ease in achieving goals into account when setting the following year's goals.

KOIs allow upper management to drill deeper and more easily into a terminal's operation and identify opportunities for improvement, Cordero says. But the benefits also flow among terminal managers, who meet at least three times a year and often share best practices.

"We had one successful meeting where we asked the best manager in each category to give a presentation on what they did to reach that goal," Cordero says. "I think the managers were very apprehensive at first, but now they see that it has made their jobs a lot easier to focus on what matters. It has helped when we go into an annual meeting and say we've done this and we have had our biggest profits ever."

Jones believes the strength of the KOIs lie in their simplicity. "You don't want to make it so complicated that people don't want to use it," he says.

Based on profit growth over the past three years, the KOIs have been a success, Cordero says. And it's profits that matter. "You rarely see a trucking company go out of business because of lack of freight. It's usually too much freight, too cheap."

Like Jones, Cordero believes that measuring just a handful of metrics keeps terminal managers focused on the most important activities, although Benton Express does plan to add a safety element and a maintenance element to the KOIs, beginning next year.

Complementary management team

Brothers Lex and B.D. Benton launched Benton Express in 1934 as a motor carrier specializing in distributing films to theaters. It was a just-in-time operation. Failure to deliver a film on time meant paying for empty theater seats.

Today, Benton Express, which operates about 350 power units, is led by Chip Matthews, Lex's grandson. But Matthews shares leadership with Benny Cordero, senior vice president.

"We're almost like salt and pepper," Matthews says. "He's an operations guy. I'm a sales and maintenance guy." The two play off each other well, he says. Another tool for ensuring collaboration is a quarterly planning committee of senior management that reviews key decisions.

Innovation isn't new to Benton Express. A number of years ago, the company established its Driver Academy, under which new hires and veterans alike undergo two days of training every two years in all aspects of the job, down to hygiene and interpersonal skills.

And about 10 years ago, cargo theft had become a significant problem for Benton Express, especially in Florida. The most common scenario was a break-in at a lot, a hotwiring of the tractor and theft of the tractor and trailer. So the company's safety manager devised a simple disconnect on the tractor's air tank to prevent the tractor from building enough air to move.

"Our mission is to be the best LTL carrier for our customers, doing it right the first time," Matthews says. Given that its competitors are many times larger than Benton Express, innovation is a necessity, he says. ■

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innovators

Praxair

Danbury, Conn.

Aggressively pursued rollover and capacity solutions by redesigning its tanker subframes and creating a portable storage tank that can be hauled to a customer's jobsite and filled on location.

Building better tankers

Praxair tackles rollover and capacity issues with revamped trailer designs.

By Sean Kelley

It's not like Praxair has a major problem with rollovers. In fact, the company, which operates more than 600 Class 8 tractors and 750 trailers in its North American private fleet, averages only a couple of such incidents every year. In all, it's a solid record for any large carrier.

"We've had years where we've had zero rollovers and years where we've had four or five," says John Mitchell, national manager of distribution for the Fortune 300 company that supplies atmospheric and specialty gases to industries around the world.

But when you're handling potentially dangerous cargo like oxygen, nitrogen, argon, helium, acetylene and hydrogen, one rollover is one too many.

"We typically have one of the better statistics in trucking," Mitchell says. "But safety has to be our first priority."

That's why the Danbury, Conn.-based company is aggressively pursuing both high- and low-tech approaches for reducing the number of its rollovers to zero – every year.

In addition to adopting a high-tech electronic rollover warning system that interacts with drivers, the company also took a hard look at its equipment – standard atmospheric and specialty gas tanker trailers – and asked if it could make them less prone to rollovers. What it found was a low-tech solution to an inherent problem with tankers: Lower the center of gravity and make them less likely to tip.

Building a safer tanker

Unlike many dry vans, most tankers are filled to the top, distributing the load. Where a van might have most of the load and most of the weight near the floor of a trailer, a tanker will have an inherently high center of gravity.

"We looked at our whole tanker fleet," Mitchell says. "We tried to evaluate the instability of a tanker and figure out how to improve it."

This isn't easy on a typical tanker. In addition to the large bulbous tank, tankers that haul cryogenically cold gases also have piping, transfer controls and a pumping system as part of their design. Tinkering with any part of the trailer would create another challenge with those systems.

"The height of a tanker is mainly just the size of the tank sitting on the frame and the subframe," Mitchell says. Any changes in tanker design also could cost capacity, he says.

So Praxair engineers and Amko – Praxair's cryogenic trailer, mobile high pressure and stationary tube rehabilitation subsidiary – focused where it made sense: the subframe. The company redesigned the support braces that tie the tanker to the subframe, making it wider and heavier but shorter. This had two effects: It created a wider base to improve stability, and lowered the tank by 10 to 12 inches without compromising integrity or capacity.

In addition to the shorter center of gravity, lowering the subframe had other benefits, Mitchell says. "The operating equipment was also lowered. This improved ergonomics and maintenance. All the process piping was easier to reach."

The company now is ordering all its new trailers to the new specification; fortunately, this is made easier by owning the manufacturer, Amko. "We can give them a specification, and they can make that component available," Mitchell says.

For now, the company is replacing mainly older equipment but has looked at retrofitting existing trailers. Such tankers can last close to 30 years in Praxair's fleet because of

innovators

Praxair's "Whale" is a portable storage tank that can hold 16,000 gallons of product – three times the size of the company's typical tanker. Praxair drivers transport empty Whale tankers to jobsites and fill them on location, providing customers with a portable terminal onsite. Also, Praxair drivers don't have to wait to offload or load product at a fixed terminal.

the company's aggressive rehab systems. Mitchell says it's possible the company could retrofit subframes during rehab, when a trailer's process piping, running gear and wiring are replaced.

Building a bigger tanker

But Praxair isn't just building safer tankers: It also has created a monster of a tanker for one of its customers in Fort McMurray, Alberta. The new tanker – which the company dubbed the "Whale" – is a portable storage tank that can hold 16,000 gallons of liquid nitrogen. That's three times the size of the company's typical tanker, says Bill Stoll, president of Praxair Services, a subsidiary of Praxair.

The tankers – two have been built, and more are on the way – actually are not used to haul loads. Instead, the company transports the empty tankers to a jobsite and then fills them on location. The innovation was born from the same capacity challenges facing carriers in the United States – not enough drivers and increased demand.

In the case of drivers, Praxair uses both common carriers and its own distribution fleet for deliveries, but the driver shortage has made it difficult to move loads. "We had to come up with something because of the lack of common carriers and our own distribution fleet," Stoll says. "Common carriers are hard to find. They're not available."

The Whale tankers give Praxair better drive utilization at jobsites because tanker drivers are not waiting to offload or load at a fixed location. Several trucks can be offloading while another loads, and since the tanker has three times the volume of a single truck, more product is available at the worksite. In effect, the Whale gives the company a portable terminal closer to its clients.

Customer demand for the product – which in the case of liquid nitrogen is used to purge hydrocarbons from oil field equipment or to cool hot machines before maintenance is performed – also is soaring because the client is extracting oil from the oil sands region of Alberta, near Fort McMurray. As oil prices have gone up in recent years, so has production and the need for liquid nitrogen.

For Praxair, the demand has meant shipping more loads from Edmonton, Alberta – the closest nitrogen filling station – six hours to Fort McMurray. "Up in the Fort McMurray area where the client is, there is no close proximity of liquid production," Stoll says. "There's a lot of roundtrip miles and a lot of logistics challenges. We needed large storage capabilities that are portable."

With the Whale, Praxair's clients don't have to worry about running out; and at the same time, Praxair can minimize driver waiting times. "There's an increasing need for drivers," Stoll says. "We can help by minimizing the amount of time they're ineffective and waiting to offload product."

The company is looking at other applications for the giant tankers. It conceivably could haul product in the tanker, but the current design lacks baffles and would be extremely unstable loaded. Even empty, the company has to worry about the same rollover issue it does with its standard tanker. The Whale has a high center of gravity, which is minimized when it's empty.

The company took the same "safety first" approach to designing the Whale as it did with redesigning its standard tanker subframe. "From a safety standpoint, we wanted to be well within limits of DOT rules, and we wanted good access to the piping," Stoll says. "We wanted to build as large as possible, but stay within height guidelines. Empty, we felt pretty good that most of the weight would be on the low side."

That safety-minded approach permeates the company – whether Praxair is providing greater capacity on a jobsite or reducing accidents en route. By building a safer tanker trailer and designing a bigger mobile storage unit, the company is serving its clients, improving its public image and gaining an edge over its competition. ■

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Watkins & Shepard Trucking Inc.

Helena, Mont.

Leveraged relationships with business partners – a bank and a driving school – to streamline and lower the cost of driver recruiting while opening the trucking industry to more drivers.

Ray Kuntz sees clear benefits of a partnership among a carrier, bank and driving school to Watkins & Shepard.

Driving more drivers

Montana carrier spearheads program to recruit new drivers that need help financing their training.

By Avery Vise

Service to the trucking industry yields rewards, but seldom do the benefits come so quickly and directly as they did for Ray Kuntz and his trucking company, Watkins & Shepard Trucking. Kuntz – chairman and chief executive officer of the Helena, Mont.-based carrier – is a vice chairman of the American Trucking Associations. For several months he has co-chaired an ATA-Truckload Carriers Association task force on driver recruiting.

Operating about 700 power units from a sparsely populated region of the country, Kuntz understands well the struggles of finding enough quality drivers. But his intense focus on the recruiting issue opened his eyes to deeper challenges, including one he heard in a task force meeting this spring from the owner of a major truck driving school. Watkins & Shepard has worked closely with the driving school for many years. Although the carrier offers primary and secondary training at its self-funded school in Missoula, Mont., it also recruits a number of drivers directly out of other truck driving schools.

"Ray had asked me how many drivers we complete in a year," says Gregg Aversa, president of The Sage Corporation, which operates 32 truck driving schools across the United States. "I told him that this year we would have 4,000 drivers in our schools but that we could almost double that number. We have so many drivers who are interested, but they can't get financing."

That comment astounded Kuntz. The trucking industry was begging for quality personnel, and truck driving schools were turning away thousands of interested applicants because of a weak credit history. "These people are low-hanging fruit," he says. "I thought, 'How can I solve the funding problem?' "

Kuntz's idea was that banks involved in financing equipment also could offer the financing of driving school tuition. It seemed logical, because increasing the supply of drivers should encourage fleets to grow.

A few weeks after the eye-opening task force meeting, senior management of Transportation Alliance Bank (TAB) – a subsidiary of Flying J that works exclusively in the transportation industry – paid a routine visit to Watkins & Shepard, an important customer. J.J. Singh, vice president of financial services for Flying J and chairman and president of TAB, mentioned in that meeting that he had read about testimony Kuntz had presented to a House Veterans Affairs subcommittee regarding making the Montgomery GI Bill useful for commercial driver's license training.

"Ray said, 'I'm glad you mention it, because we have needs,' " Singh says. Kuntz pitched his idea of the trucking finance community helping to get past the problem of weak credit among prospective drivers. "I said, 'Let me think about it,' " Singh says. Within a couple of hours of leaving Kuntz's office, Singh called to say TAB could do it.

Following a couple of months of calls and e-mails among representatives of TAB, Sage and Curtis Weidner, who heads recruiting for Watkins & Shepard, the program was finalized in late September. By mid-October, seven applicants were being processed.

How it works

Under the program, if a prospective Sage student at certain schools – currently, those in Montana, Idaho, Utah and North Carolina – doesn't have the funds for training and doesn't qualify for traditional financing, the Sage representative considers whether his profile – place of residence, preference for home time, desired routes and type of freight, etc. – matches the needs of Watkins & Shepard's recruiting department. If so, the prospect is offered the option of a low-interest loan that would be paid off in two years – provided he agrees to work for Watkins & Shepard upon completion of his CDL training.

If the prospect accepts, his application goes through Watkins & Shepard's normal hiring process. Approved applicants then accept a TAB loan with a $250 down payment. Watkins & Shepard co-signs the loan.

Payments of about $185 begin about a month after the driver completes Watkins & Shepard's intensive, 10-day secondary training program. But as long as the driver remains with Watkins & Shepard, the carrier pays $100 a month of that cost to TAB under a pre-existing tuition reimbursement program. So the driver's out-of-pocket cost is only about $85 a month as long as he remains at Watkins & Shepard for at least the full two-year term of the loan.

If the driver leaves before the loan is retired, he still is obligated to repay TAB the balance. In the event of a loan default, Watkins & Shepard must cover it.

Wins all around

It's too early to judge the program's success in actually bringing more drivers into the trucking industry, but it is clear that the program could benefit all the parties involved.

Truck driving school applicants get low-interest loans – 5 to 8 percent below the going rate, according to Singh – in situations where they otherwise might not get money at all. And they receive a payment plan that retires their debt quickly with minimal out-of-pocket expense.

For Watkins & Shepard, the program could save tens of thousands of dollars a year. "We'll cut our advertising budget immediately because of this deal," Kuntz says. And he also can reduce the expense of sending recruiters to driver schools. In effect, the program turns Sage's front-line personnel into recruiters.

Kuntz recognizes that Watkins & Shepard bears the risk that it will have to cover the loans of some drivers that quit the carrier and default on their loans. But he thinks his savings in recruiting costs will more than offset what he expects will be a low loss rate.

For Sage, the deal likely will mean more students, and not just for Watkins & Shepard. Since finalizing the structure of the program, Aversa has been discussing similar arrangements with several other carriers that, like Watkins & Shepard, regularly recruit at Sage schools. Moreover, the arrangement could be good for the reputation of truck driving schools and trucking in general, Aversa says. "We try to restrict the amount of money that students borrow because they often don't have an appreciation for how difficult it is to repay a loan." But at some schools, students have to borrow far more than should be necessary and at high interest rates, he says. "Drivers out there are carrying an unbelievably large burden."

Singh sees the program as a great opportunity to help the only industry TAB serves. "The healthier trucking is, the better it is for us," he says. "I'm willing to dip a little deeper in interest rates." Even so, tuition financing – as structured with Watkins & Shepard – is not unprofitable for TAB. In fact, the bank plans to offer the program to other fleets and driving schools, starting with those that have curriculums certified by the Professional Truck Driving Institute. "The success of it really depends on the school being a quality school and working hand-in-glove with the fleet," Singh says.

Although Kuntz sees clear benefits of this partnership among a carrier, bank and driving school to Watkins & Shepard, his larger goal is adoption of the concept throughout the industry. He has shared details with ATA and is referring carriers looking to set up similar programs to Christina Cullinan, ATA's director of workplace and fleet safety (ccullinan@trucking.org).

This kind of program isn't for everyone, Kuntz warns. Trucking companies must be able to provide solid secondary training, and few do that today. "The successful carrier of the future will be the one that has a good secondary training program." ■

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Dalton Trucking
Fontana, Calif.

Partnered with a railroad to build a transloading facility and warehouse as a hedge against softness in traditional lowboy and bulk hauling operations.

Spurred to action

Southern California carrier develops on-site rail connection to diversify business.

By Sean Kelley


Sean Kelley

Terry Klenske is a traditional trucking company owner with a non-traditional diversification: An intermodal transloading facility.

Ask Terry Klenske what kind of company Dalton Trucking is, and he'll likely describe it as a throwback to the carriers of the 1960s and 1970s. For example, the company's 200 trucks are largely older and are kept running in a fully staffed shop. The shop does everything from overhauling engines to rebuilding transmissions to fabricating parts for older trucks. Even the carrier's regular hauls – construction materials, equipment and bulk products like cement and sand – are standard fare.

"We have two basic businesses – we haul bulk materials, and we're one of the largest low-bed carriers in the state," Klenske says. "That's what people think of when you mention Dalton Trucking."

On a recent Wednesday at the company's headquarters in Fontana, Calif., workers were converting a sleeper into a daycab on the company's back lot, repairing dump trailers in its aluminum shop and resurrecting a wrecked power unit in another building. Klenske, whose office doesn't even have a computer, talks about finally hiring a financial director for the company. "We've never really had one."

But the seemingly unsophisticated atmosphere at the carrier is misleading: Dalton Trucking is at the forefront of intermodal shipping in a way that few carriers in the country are.

In 2000, Klenske decided he needed to diversify his business. Trucking rates were depressed, and there was overcapacity. The company's core hauls weren't as profitable. "Trucking didn't look all that attractive," Klenske says. "I needed a hedge against the other things we were doing."

Due to Dalton Trucking's location, in North America's busiest freight corridor, intermodal was an obvious opportunity – but not in the usual way.

The carrier approached the Union Pacific railroad about building a rail spur onto 12 acres on the UP line near Interstate 10 in Fontana. The facility created the only public warehouse at UP's West Colton rail yard, an enormous intermodal stop in the heart of California's freight-rich Inland Empire. The area has one of the largest concentrations of distribution centers in North America and is a stopping point for much of the freight headed into Los Angeles.

Dalton Trucking's rail-to-truck transloading facility was unique when it was built and looks to remain so for the foreseeable future. "The Union Pacific has basically embargoed any new construction from here west to L.A.," Klenske says. "The track is so busy that no new construction is possible without interrupting existing freight."

Direct access

The facility is substantial, capable of handling up to 38 rail cars at one time. Since it opened in the fall of 2002, Dalton's Logistical Services division has been able to offer its customers direct access to rail and proximity to three of California's primary truck routes: I-10, I-15 and I-5.

In addition to transloading services, the company offers indoor and outdoor storage. The facility, which is paved and includes a 30,000-square-foot warehouse, receives rail cars three times a week. Most of the rail cars bring in lumber and rebar to support the Inland Empire's construction boom. But paper and even canned goods come into the facility, and some products are loaded for export, says Paul Hoffman, operations manager at the facility.

"Our biggest challenge is getting everything unloaded and turned around," Hoffman says. "We're getting more and more business each week. A few years ago, if we got 20 cars on a switch, we thought we were doing great. Now, we do that every switch."

Flatbed and box rail cars must be unloaded in 36 hours and readied for pickup by the railroad. But managing that relationship with the railroad isn't always easy. The railroad can charge them detention if the cars aren't unloaded. The Union Pacific often will try to charge Dalton Trucking even when the company fulfills its obligations – so the company keeps an employee on staff just to keep track of that relationship.

There are other places in the Inland Empire where shippers can have their freight transloaded, but none are owned by a trucking company. And few, if any, are as nice as Dalton Trucking's facility. Most are like a public facility a few miles up the road. At that facility, rail cars move down another spur to a dusty industrial site where beat-up rigs wait to be loaded. The facility, which is run by the railroad, is not secured and has no infrastructure improvements like pavement. In fact, the road running parallel to the spur hasn't been repaired and is pocked with holes, ruts and broken asphalt.

While such facilities are adequate for some, those shippers must pay a carrier to move a load from the railhead to a warehouse, lot or distribution center. Several new warehouses are being built next to Klenske's operation, but he questions the wisdom of those investments since none have rail access: A shipper using those facilities still will have to move its freight from the railroad to the warehouse. Today, Dalton has an edge over both warehousing facilities and other carriers: It can give its customers transloading and warehousing services, and it also can offer trucking services.

Revenue and investment

Klenske's hedge has worked out in two ways. The transloading facility now represents 7 to 8 percent of the company's revenue, and Klenske expects that to grow to 15 percent in the next few years. The company's $4.5 million investment is also now worth more than $10 million, giving Dalton Trucking a substantial piece of real estate among its assets.

There are other smaller innovations around the facility

Dalton offers transloading and indoor and outdoor warehousing services at its facility.

Photos by Sean Kelley

as well. The company designed five portable docks, which can be moved into position by forklifts wherever a boxcar needs to be unloaded. Dalton's mechanics have welded together various fittings for its industrial forklifts, including devices to push railcars and lift heavy rail wheels that are shipped in to be repaired by a local company.

Partnering with a railroad may seem like blasphemy in some trucking quarters, but Klenske says it makes a lot of sense in an area of the country where so much freight is intermodal. "You can't believe the size of the ships coming into the port of Long Beach and Los Angeles now," Klenske says. "Today's ships have at least 6,500 containers. But the new ships will hold 8,000 containers, and others are being designed that will hold 15,000. There's no place to put those containers. Seventy-five percent of the U.S. imported freight comes into these facilities."

Klenske knows that means there is plenty of future growth for Dalton Trucking's rail facility. ■

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