
2008

Anderson Trucking Service
St. Cloud, Minn.

Built a custom 19-axle trailer in response to a customer's need, enabling the company to pursue more 'super-sized' business.

Trailing ahead

When a customer had a load that was too large to move, Anderson Trucking Service had a trailer built to haul it

By Dean Smallwood

Anderson Trucking Service's Heavy Haul Division, with the help of trailer manufacturer Trail King Industries, designed a 19-axle trailer that can carry loads up to 205,000 pounds.

There may one day be a shipment that's too big or too heavy to move from one place to another, but don't tell that to the people in charge at ATS Heavy Haul.

ATS Heavy Haul is a division of ATS Specialized, a wholly owned and operated subsidiary of Anderson Trucking Service Inc. With offices in the United States, Europe and the Caribbean, ATS is No. 55 on the *CCJ* Top 250 ranking of the nation's largest for-hire trucking companies by revenue, equipment and drivers.

The St. Cloud, Minn.-based carrier, founded in 1955, started out hauling building granite and granite monuments, and has decades of experience moving oversized, overdimensional freight. Today, the company owns and operates more than 2,100 tractors and nearly 5,300 trailers, and employs more than 600 company drivers and about 1,600 owner-operators. Besides heavy haul, ATS also offers specialized, flatbed, van, logistics, specialized furniture, intermodal and international transportation services worldwide.

Five years ago, ATS Heavy Haul had two 13-axle trailers; now, with more than 175, ATS has the nation's largest such fleet. During the same timeframe, the division's 4-axle tractor fleet has expanded to more than 110. "Part of our business strategy has been to grow when the needs of our customers grow," says Brent Anderson, operations director of the Heavy Haul Division. "It has been an exciting time for ATS Heavy Haul to grow this quickly."

ATS Heavy Haul also has 7-axle and 10-axle configurations. The division's equipment is diverse and customizable to meet customer requirements, Anderson says, with tractors that average 18 months of age and trailers 24 months. "ATS' fleet is one of the youngest on the road, important when safety and dependability are key," he says.

But even with the division's substantial assets, one customer's request simply couldn't be handled. "We've evolved as one of the largest wind transportation companies," says Mark Keul, Heavy Haul supervisor who works with Anderson. "One of our customers needed us to be able to haul a 200,000-pound piece to a wind tower."

So the Heavy Haul Division — with the help of trailer manufacturer Trail King Industries — designed a monster-sized trailer to handle the mammoth load. In August, the 19-axle behemoth — which can carry loads up to 205,000 pounds — began hauling the customer's wind-tunnel equipment.

Anderson says the 19-axle design also adds substantial flexibility for additional transportation solutions the company now can offer. The trailer has a 32-foot flat deck — expandable to 38 feet — for conventional heavy-haul cargo. The flat deck can be changed out for a 50-foot beam deck to haul equipment that needs specialized requirements. "Some of the bigger transformers and equipment built by ATS customers go on multiple, multiple axles," Keul says. "We want to move whatever our customers need."

In addition to the 19-axle trailer, ATS Heavy Haul also has fabricated a trailer to transport cargo more than 130 feet in length, Keul says. The company recently hauled a 130-foot stainless steel tank that was 10 feet in diameter and weighed more than 120,000 pounds.

"The market is strong," says Rollie Anderson, ATS president and chief executive officer, who says he is pleased with the Heavy Haul Division's growth. "That — coupled with the recent demands in the wind, energy and power

In August, ATS Heavy Haul began using its custom 19-axle trailer to haul a customer's wind-tunnel equipment that weighs 200,000 pounds.

ATS Heavy Haul fabricated a trailer to transport cargo more than 130 feet in length, which was used to haul this 130-foot stainless steel tank that was 10 feet in diameter and weighed more than 120,000 pounds.

industries — has allowed ATS to grow with our customers and add this type of equipment. We look forward to the challenges and opportunities this equipment will bring to the marketplace."

Making arrangements

Of course, maneuvering a piece of equipment this size down the road is no Sunday drive. Considerable arrangements have to be made weeks in advance, Brent Anderson says.

"Part of our business strategy has been to grow when the needs of our customers grow," says Brent Anderson, ATS Heavy Haul operations director.

Overweight shipments require careful planning and attention to details such as permits, routing, safety and equipment to ensure safe, on-time delivery. "Our in-house permit department speeds the up-front process," Keul says.

ATS Heavy Haul offers national coverage — including Alaska — with service to Canada and Mexico, and can handle most international demands in tandem with its sister division, ATS International Services.

The company, with its computer-linked national network, can quickly locate the best-fit equipment nearest the customer and send it to their doorstep. And once the truck and trailer are on the road, ATS uses technology like satellite tracking to monitor its progress.

Maneuvering a 19-axle trailer down the road is no Sunday drive.

Of course, all of the technology and equipment in the world won't perform up to par without having the best, most experienced drivers behind the wheel. "Safety is always one of our top concerns," says Fred Koval, safety manager. "ATS Heavy Haul drivers average more than 18 years of experience. They go through intense training, including quarterly updates that are required of all ATS drivers."

Many ATS drivers are decorated with top honors, including million-mile awards. Some drivers already are into their second million and halfway to their third — with zero accidents, Koval says. ATS handpicks drivers to fit the specifications of the project: A 30-year company veteran is the primary driver of the truck pulling the massive 19-axle trailer.

"ATS customers have unusually high expectations, and we like that," Anderson says. "It inspires us to the achievement of their goals. It motivates us to overcome challenges, big and small, and it drives us to success. That is what our customers tell us." ■

Innovators profiles carriers and fleets that have found innovative ways to overcome trucking's challenges.

If you know a carrier that has displayed innovation, contact Avery Vise at avise@ccjmagazine.com or (800) 633-5953.

Celadon Trucking Services
Indianapolis

Used a high-level Wellness Council to steer major improvements in employee health management.

Highway to health

Celadon tackles thorny problem of unhealthy employees

By Avery Vise

In the area of health management, the deck is stacked against truck drivers. Long periods sitting behind a steering wheel, limited options for good nutrition and rare visits home during typical physician office hours discourage wellness. An aging work force compounds these problems. For Celadon Trucking Services, these challenges may be even greater than for the average carrier.

"Our drivers are probably different than most at over-the-road trucking companies," says Steve Russell, chairman of the Indianapolis-based truckload carrier. "Our average driver is 47. Also, about 13 percent are women, which is substantially higher than average." And Celadon's average length of haul is more than 900 miles. "It's tough to see a doctor," Russell says.

These were some of the challenges on Sara Glore's mind in late 2005 when she stumbled upon the idea for how Celadon could ensure that employee health received greater attention.

Glore, Celadon's vice president for human resources, and Pam Ruterbories, benefits manager, had been attending various seminars and workshops related to employee benefits and health, so the topic was top of mind.

"It hit me one day driving into work," Glore says. "We have to start doing something. Benefits costs are getting higher." So in January 2006, Glore organized what she called the Wellness Council, which included senior Celadon executives, a representative of the company's benefits vendor, and the chief executive officer of the local Community Hospitals.

The Wellness Council began by formulating an official mission statement: "To research, identify and recommend inventive and progressive strategies to improve the mental and physical well-being of Celadon employees and their families and control rising health costs."

In keeping with the spirit of that mission statement, the Wellness Council set out to explore any options and embrace any that worked. "We decided we wouldn't put any parameters around anything," Glore says. "We would do what we could to bring medical costs down and bring down premium costs for employees."

Celadon began by looking at the situation internally and best practices externally. The company's benefits administrator provided an analysis of Celadon's employee health situation, and managers from other trucking companies were willing to visit and speak about their efforts, Ruterbories says.

"We weren't afraid to have competitors come in, and they weren't afraid to come in and talk to us," Glore adds.

A surprising discovery

Under the guidance of the Wellness Council, Celadon hired additional staff to carry out the various elements of its program, which it has dubbed "Highway to Health." The company already had a nurse practitioner and a medical assistant, and the carrier hired a full-time nurse and a wellness coordinator. The team started by conducting health-risk assessments of its employees. These assessments revealed something that surprised and startled Glore and others.

"When we gathered all the information from our health-risk assessment, we found that our administrative staff was just as unhealthy as the driving force," Glore says. About 43 percent of office staff was obese, roughly the same proportion as the driving force. And even though the office staff didn't have the lifestyle excuses that over-the-road drivers have, 74 percent of them didn't exercise three or more times a week, she says.

The Highway to Health program offered a number of wellness initiatives, including health fairs, personal wellness coaching, diabetes counseling, employee education "brown bag lunch" sessions and even ensuring that the headquarters cafeteria carried healthy alternatives.

Community Hospital conducts health screenings for Celadon to the tune of about 60 per week, Ruterbories says.

"We were finding about six people per week who were newly diagnosed diabetics. That's a group we have tried to focus on helping." The company provides free glucometers to those who need it and has worked out a deal for reduced-cost testing strips. "That's a group we have tried to focus on helping," Ruterbories says.

In January 2007, Celadon offered Weight Watchers to its administrative group. Fifty-three of the 350 employees signed up – from technicians to vice presidents. And the mix of men and women was about even, which surprised Glore. The deal was if the employee lost 5 percent of his body weight, he would get his $140 fee refunded. But even those who made an effort had some incentive. If a worker attended at least 10 of the 12 sessions, he would receive half the registration fee back even if he didn't lose enough weight.

In 12 weeks, Celadon staff lost 961 pounds. The Weight Watchers program continued, and as of Nov. 1 last year, the total weight lost was about 1,800 pounds.

Sara Glore, vice president for human resources, in late 2005 conceived the idea of a high-level council to guide Celadon's wellness initiatives.

Celadon Wellness Coordinator Sean Canfield reviews the results of a personal health screening assessment with a driver.

Walking to Laredo

Glore has found that incentives built around challenges and specific activities have been effective in encouraging healthy behaviors. For example, the "50 points for 50 bucks" initiative lets employees earn points – and ultimately, cash – for things like getting physicals, mammograms, eye exams and so on.

And over the most recent holiday season, the company sponsored a program called "Maintain No Gain" in which employees weighed in before Thanksgiving and then periodically through Jan. 4. During that period, the goal was to gain no more than 2 pounds, with prizes awarded to those who succeeded. Of the 59 employees who participated, 38 maintained their weight, and most of the others missed it by only a pound or two. "We were very pleased with the results," Glore says.

One of the more creative and engaging wellness initiatives was the "Walk to Laredo" that Celadon staged during the spring of 2007. Laredo, Texas, is Celadon's southernmost terminal. The idea was that each participant would, in about three months, walk the equivalent of the distance between Indianapolis and Laredo. Employees signed up individually or in teams of four and earned points for covering a certain number of miles. In addition, prizes were awarded at certain benchmarks – the distances from Indianapolis to terminals in Paducah, Ky., and Little Rock, Ark., for example. The "walk" aspect was flexible. Some biked and others ran. The "track" was the Celadon headquarters building; four times around it is a mile. More than 120 employees participated.

Glore concedes that pegging a specific return on investment for Highway to Health is tricky because you can't always quantify what health problems – and consequently costs – you might avoid through better overall wellness and early intervention. But based on the change in culture and testimonials from drivers and others, Glore is convinced that the Wellness Council is accomplishing its mission. She cites one example of a truck driver who went from 320 pounds to 215 pounds – something that clearly was a life-changing event.

Russell believes the money his company has spent on Highway to Health to have been a solid investment in driver quality and retention. And Celadon remains committed to continuing efforts to ensure that drivers have an opportunity to obtain medical care, he says. For example, Celadon in July expanded its medical team again to add a part-time nurse practitioner and two more medical assistants with the goal of expanding into more of a clinic-type atmosphere.

Says Russell, "Our objective is to make sure that our drivers are the healthiest and wealthiest of any in the country." ■

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Dedicated Logistics Inc.
St. Paul, Minn.
Re-engineered its dedicated transportation offerings to give customers the option of sharing capacity in exchange for lower rates.

Committed to flexibility

St. Paul, Minn.-based carrier redefines dedicated transportation around service rather than equipment

By Avery Vise

For Tom Wintz, good enough wasn't good enough. Several years ago, Wintz – chief executive officer of St. Paul, Minn.-based Dedicated Logistics Inc. – faced a turning point. He had acquired the foundation of what is now DLI from his father in 1995 and had grown the company from about $18 million in revenues to more than $100 million. With diversified operations in dedicated transportation, brokerage, local pickup-and-delivery and warehousing, DLI was doing well – but he was concerned about the future.

Wintz had read "Straight from the Gut," the best-selling book by then-General Electric Chairman Jack Welch. Welch's message was potentially discouraging: If you aren't dominating a market, figure out a way to do so – or get out. In some specialized and technical fields, it's not implausible for a relatively small player to dominate. But even in high-quality transportation, size matters.

Rather than take a hint that perhaps he should pursue a new career, Wintz saw Welch's advice as a challenge. He drew together managers throughout the enterprise for intense strategy sessions.

"We asked, 'What does it take to create an entity that is far afield of the competition?' We knew that if we developed an industry reputation of being the best, the rest would follow."

Fair enough, but exactly what would such a "game changer" be in transportation? Ultimately, Wintz and his team needed to figure out how to offer superior service *and* cost savings, because customers were motivated by both concerns. Dedicated transportation traditionally has been all about service and not so much about efficiency.

Re-engineering the model

DLI's strategic planning began with an overview of the situation and challenges it faced:

- Dedicated local fleets typically are billed hourly.
- Most trucks return empty as the inbound materials typically come from outside of the customer's service area.
- From the customer's perspective, there often are integrity concerns because they see drivers paid by the hour with little incentive to maximize productivity.
- Perceived and actual downtime in equipment utilization bothers some customers.
- Even though dedicated transportation is attractive, driver competition effectively caps capacity.
- Customers increasingly worry about pricing and cost.
- Traffic congestion in the Minneapolis-St. Paul metropolitan area adds to the constraints on utilization.

While these all were daily concerns for DLI, it took the perspective of a formal planning exercise for Wintz and his team to focus on them and, more importantly, begin to see how interrelated these challenges were. In essence, dedicated local transportation creates an excessive amount of empty miles, Wintz says. Every day, hundreds of DLI trucks ran much of the time empty while drivers got paid and fuel burned in traffic. The entire system was rife with inefficiency.

True, this was precisely the situation customers had bargained for in choosing to pay a premium for dedicated equipment and drivers, but as far as Wintz was concerned, it didn't have to be that way. Why couldn't customers have the dedicated service they demanded without tying up specific trucks and drivers in ways that promoted inefficiency?

"We set out to re-engineer the local fleet business model," Wintz says.

To prove that DLI customers could have their cake and eat it too, Wintz needed data, and he didn't have it because customers handled dispatch. So DLI installed a mobile fleet management system in 100 dedicated tractors so it could collect data for about three months with an eye toward finding ways to manage the assets more efficiently. During the test, customers continued to dispatch as usual, but DLI collected detailed information on truck movements. The point of the exercise was to answer a basic question, Wintz says: "If *we* dispatched, how much money could be saved?"

The answer was a significant amount. So DLI built a route optimizer system that would minimize the number of tractors and miles and also ensure that a tractor would end the day where it started. The system – called Integrated Fleet Solutions – takes orders through the Web and generates load assignments.

IFS highlights exceptions such as major delays or excessive loading or unloading times so that dispatchers can adjust, if possible, to ensure an on-time delivery. IFS also gives customers access through the Web to load status and other metrics at no additional charge. And rather than pay by the hour, customers would pay a flat rate based on zone pricing from pickup to destination. The result would be lower and more predictable transportation costs.

About two dozen DLI dedicated transportation customers expressed initial interest in the IFS concept,

Dedicated Logistics owner Tom Wintz suspected – and confirmed – substantial inefficiencies in the management of trucks and drivers in traditional dedicated transportation.

although only about a half dozen have taken the plunge so far. Wintz isn't certain why the holdouts are choosing to stick to the traditional dedicated model, but he acknowledges some likely reasons, including comfort in the status quo, a desire for direct control and perhaps the realization that some employee positions would no longer be necessary.

In some cases, reluctance appeared to be grounded in an unwillingness to change standard operating procedures. For example, so that it can establish daily routing assignments that maximize efficiency, DLI needs the day's orders entered by 4:30 a.m. But many interested customers said that wouldn't be possible until 9 a.m., Wintz says.

Customers choosing the IFS approach had to make other adjustments, too. For example, now that the truck and driver were no longer linked to a specific customer, excessive delays threaten the success of the whole system. So customers who previously treated DLI trucks as their own now are subject to detention

DLI proved customers could have their cake and eat it too.

charges. DLI and the customer receive warnings at 30 and 45 minutes; at one hour, detention begins.

The notion that delays mean higher costs has driven customers to create efficiencies that are more significant than even the rate cut, Wintz says. Of course, that incentive really was always there since customers previously paid by the hour and fewer hours would have meant lower transportation costs, he adds. But for whatever reason, that incentive to be efficient wasn't as effective as the threat of detention charges.

Although more trucks in the IFS model would yield even greater routing options and potential efficiency gains, participating customers are seeing net savings of at least 15 percent – and in some cases more, Wintz says.

"I didn't realize how much inefficiency there was in the system." ■

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Key executives involved in Dart Transit's efforts to gain driver flexibility include (left to right) Dan Oren, vice president; David Oren, president; and Gary Volkman, vice president of safety and compliance.

SAFELY PRESERVING PRODUCTIVITY

DART TRANSIT CO.'S CAMPAIGN TO PROVIDE BETTER-QUALITY REST AND MORE FLEXIBILITY TO DRIVERS EARNS IT THE DISTINCTION OF *CCJ*'S 2008 INNOVATOR OF THE YEAR.

BY AVERY VISE

For Dart Transit Co., leading the trucking industry is nothing new. Not long after Earl Oren founded the company in 1934, Dart began pushing the envelope on trailer capacity. Indeed, members of the Oren family hold several patents on trailer designs.

As standard trailer lengths grew, the Orens went a bit further than others – 35-foot trailers when 32 feet was standard and 42 feet in response to a 40-foot standard, for example. Dart Chairman Donald Oren, Earl's son, recalls lobbying for 53 feet when the standard was 48 feet.

"I went from state to state with my 48-inch ruler that had a 5-inch extension," Oren says. He tried to show that adding five feet at the back of the trailer without changing the wheelbase would allow for more capacity without a significant change in the turn radius. And when 102 inches became established in law as the maximum width, Donald and his son David – now Dart's president – worked with Wabash to develop a plate trailer with walls thin enough to allow pinwheeling of can pallets, providing 13 percent more capacity in a 53-foot trailer.

"I'm extremely proud of our efforts to get longer trailers," Donald Oren says, adding that allowing nine trailers to handle the freight that once required 10 trailers contributes significantly to reduced traffic congestion and increased safety.

While political realities and other considerations may have ended the era of ever-larger trailers, Dart Transit is leading the industry in other ways – including one initiative that bears a greater connection to high-cube trailer designs than you

Gary Volkman has sheparded Dart Transit's efforts over several years to identify and pursue ways that drivers could be as or more productive while obtaining better-quality rest.

might think.

In June 2007, Dart asked the Federal Motor Carrier Safety Administration to exempt 200 of its owner-operators from the 14-hour clock and the split-rest limitations of the hours-of-service rules – provided they abide by a comprehensive fatigue risk management system, including use of electronic onboard recorders and a requirement that drivers receive at least six consecutive hours of sleep between 9 p.m. and 9 a.m. FMCSA sought comments on the proposal late last year and now has the request under review.

So what's the connection between increasing trailer capacity and obtaining greater flexibility relief from some aspects of the hours-of-service regulations? As with past efforts with trailers, Dart's exemption request would help increase highway capacity, Donald Oren says. Allowing drivers the ability to avoid rush-hour traffic in congested areas without being penalized with lost driving time could help lessen gridlock in major metropolitan areas.

FMCSA has yet to act on Dart's petition, so it's not clear that the Eagan, Minn.-based truckload carrier ultimately will be allowed to proceed. Regardless, Dart's initiative and willingness to test whether carriers could increase productivity, reduce congestion and preserve safety are why it is *CCJ*'s Innovator of the Year.

Early efforts

Dart's management has long seen that in some situations there's a conflict between what the hours-of-service rules dictate and what makes sense. For example, a driver choosing to take a break to avoid congested freeways in Chicago might be making the wise decision from a safety and fatigue standpoint – but the 14-hour clock ticks away, discouraging the driver from doing so.

"The hours-of-service regulations have taken away too much flexibility from the driver to manage his own day," David Oren says. Vice President Dan Oren, who is David's brother, recalls one driver the company had to counsel due to log violations. "But everything he did was safer than what he should have done to comply with the rules," he says. "He wasn't legal, but he did exactly what the motoring public should want him to do." Of course, given regulatory and tort liability, truck-

KEY ELEMENTS OF DART'S PROPOSAL

- 200 independent contractor drivers (out of about 2,350 total)
- Screening of each exempt driver to exclude risks of untreated sleep disorders
- Education for each exempt operator and their respective fleet managers on fatigue and sleep
- Two-year exemption from the limit on driving to a window of 14 consecutive hours and from split-sleep limitations (10 hours minimum daily rest, maximum 14 hours on duty per 24 hours, 11 hours driving per day and 70 hours per 8 days still would apply)
- Electronic onboard recorders to monitor hours-of-service records
- Documentation of a minimum of 6 hours continuous rest between 9 p.m. and 9 a.m. each 24-hour period
- Daily analysis of driver fatigue risk using Circadian Technologies fatigue risk software
- Daily delivery of fatigue risk scores to fleet managers and to participating drivers, with instructions on how to improve scores
- Regular assessment of progress in improving fatigue risk scores
- Maintenance of safety records to ensure safety is maintained or improved
- Monthly reporting of fatigue risk management and safety performance to FMCSA

ing companies have little choice but to remain legal even when doing so isn't the most practical or even the safest course of action.

The carrier's active interest in fatigue management dates back to early this decade when Donald Oren learned about research into the issue by Dr. William Dement at Stanford University. A handful of Dart's independent contractors agreed to participate in training at the university's Sleep Disorders Clinic and Research Center, where they learned about biological clocks and how to manage their work and sleep patterns to minimize fatigue. "It had a huge impact on the independent contractors that went through it," says Gary Volkman, vice president of safety and compliance.

Dart planned in 2001 to seek an exemption that would have allowed a small number of independent contractors to use fatigue management techniques and technologies in place of the hours-of-service rules. But ultimately the plan just seemed unworkable.

"It just kind of died because we were struggling with some sort of device to measure fatigue, but they all fell short and were expensive," Donald Oren says.

As Volkman puts it, "There's not a lot of margin in trucking to pay for research and development."

Nor was the approach very practical, Dan Oren adds. "We would have had to put something on the driver that monitored him 24 hours a day."

After another attempt at a broader industry effort fizzled a few years later, Dart's management once again began looking seriously at an alternate approach following FMCSA's decision to restrict split rest, effective October 2005. Those restrictions compounded the impediments to driver flexibility that came with the 14-hour window, which was implemented in 2004, David Oren says. Drivers were finding it even harder to adopt common-sense trip planning than in the past.

Moving forward

Volkman and Dan Oren began looking for alternatives in early 2006. One of Dart's consultants, FleetRisk Advisors, referred them to Lafayette, La.-based Dupre Transport, which had implemented a fatigue management system for its drivers. (See "Innovators," July 2005.) Volkman and Dan Oren visited Dupre and met with Al LaCombe, Dupre's director of safety.

"We came away with an understanding that you can develop systems to help drivers get rest," Volkman says. He notes that Dupre was able to develop a system

DART WINS INDUSTRY SUPPORT

PROPOSAL DREW ONE MAJOR OPPONENT

Given the intense focus on the hours-of-service issue, it's perhaps surprising that only one of the major safety advocacy organizations is opposing Dart Transit Co.'s request for an exemption from certain portions of the hours rules. In a lengthy filing in January, the Advocates for Highway and Auto Safety voiced its strong opposition to Dart's request, arguing that it must be denied because the Federal Motor Carrier Safety Administration repeatedly has affirmed the need for a regime that ensures drivers have an opportunity to obtain eight consecutive hours of sleep each shift.

Dart filed a point-by-point rebuttal to the Advocates comments. The carrier argued, for example, that its proposal for minimum nocturnal rest achieves FMCSA's goals better than a 10-hour rest period that often would occur during the day. Dart further pointed out that the Advocates itself has acknowledged that attempts to obtain sleep during the daytime typically leads both to shorter duration of sleep and poorer quality of sleep. Dart further pointed out that the whole point of an exemption is to test whether an alternate approach could be just as safe. So a departure from a premise of the regulation isn't a basis for denying an exemption.

Dart's request met with far kinder comments from the trucking industry. The Owner-Operator Independent Drivers Association said FMCSA likely "will gain additional empirical knowledge about the safety benefit inherent in giving drivers more flexibility within the current hours-of-service regulations." The American Trucking Associations said Dart's application serves "to clearly point out the difficulty for some drivers and motor carriers to operationally implement the current, inflexible sleeper berth provision." And the Truckload Carriers Association said it was "encouraged by what should be viewed as an innovative approach to current regulations."

For all the comments on Dart's exemption application, visit www.regulations.gov and search FMCSA-2007-0056.

Dart Transit Chairman Donald Oren (right) several years ago launched the company's first efforts to pursue a fatigue management system for its independent contractors. To Oren's left is John Gill, a Dart independent contractor who was recognized last month by the Truckload Carriers Association as its Independent Contractor Driver of the Year.

that worked even in a three-shift local operation. "Dupre has a much more challenging environment," Dan Oren adds. He came away from the meeting with the belief that it should be easier to implement a fatigue management system for Dart's over-the-road environment than it was for Dupre's slip-seat local operation. But Dan also recognized that a successful system would have numerous elements. "There was no silver bullet," he says.

In developing its fatigue management program, Dupre had been the first trucking company to work with Circadian Technologies, a consulting firm that had helped implement fatigue mitigation programs for other industries. Soon after the visit with Dupre, Volkman and Dan Oren began meeting with Dr. Martin Moore-Ede of Circadian Technologies in an effort to develop a fatigue risk management system for Dart.

The team that developed the proposal now under FMCSA consideration included several departments – such as information technology, operations and legal – in addition to safety and compliance. For example, operations under the leadership of Gary Randall, vice president of operations, helped analyze the options to determine whether the proposed regime, if implemented systemwide, would prevent Dart from serving any customers. In fact, the carrier found that a very small portion of its customer base would be negatively affected, but it chose to move forward with the pilot anyway.

One of the key elements of Dart's proposal is the carrier's willingness to use electronic onboard recorders for the independent contractor drivers who volunteer for the pilot program. "The decision to use EOBRs was really based on the idea that the government likes them," Volkman says. David Oren also notes that the EOBRs will supply the data needed for the Circadian Technologies fatigue management software that Dart will use to assess participating drivers' sleep scores.

Volkman believes one of the most important aspects of Dart's proposed program is education and training on fatigue and the value of obtaining sleep at night. Whether the driver is operating under today's regulations or under the pilot program, he must understand fatigue and respond to it. "We will never know if the driver actually slept."

That sense of personal responsibility lies at the core of Dart's culture, Donald Oren says. The heart of Dart's safety program is ensuring that the driver understands that protecting the public is the right thing to do, he says. "We teach the safety people that if they don't believe they can get people to change their behavior, they don't belong in the safety department." ■

ABOUT THE AWARD

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 2007.

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.

This year's award was announced and presented at the *CCJ* Innovators Summit, a networking event for previously recognized innovators that was held Jan. 30-31 at the Hawk's Cay Resort in the Florida Keys. Representatives of innovative trucking operations shared best practices and updated one another on the results of their initiatives.

CCJ's Innovator of the Year program is sponsored by PeopleNet, Castrol and J.J. Keller. For more information on the program, links to previously recognized innovators or a copy of the nomination form, visit www.ccjmagazine.com and click on the Innovators tab in the upper right corner. Or contact Avery Vise, editorial director, at 800-633-5953, avise@ccjmagazine.com

Going green

Drayage carrier Southern Counties Express strives to turn environmental pressures into a plus.

By Avery Vise

Southern Counties Express
Rancho Dominguez, Calif.

Worked with ports, a fuel supplier and an equipment developer to implement LNG technology, offer a recruiting incentive and establish an environmentally friendly image.

About two-and-a-half years ago, Brian Griley heard something that would change his company's direction significantly. The ports of Los Angeles and Long Beach held a meeting with executives of about 30 carriers serving the ports to discuss liquid natural gas (LNG) technology for heavy-duty trucks. Port officials and representatives of LNG fuel supplier Clean Energy and LNG engine developer Westport Innovations explained capabilities and environmental benefits.

Griley – president of Rancho Dominguez, Calif.-based Southern Counties Express – listened with some interest, but he says his peers mostly dismissed the idea out of hand, raising worries about fueling infrastructure, engine reliability and power, and so on. Most of the trucking executives knew that some local grocery fleets had used earlier LNG technology and had problems with it.

"No one listened to it with an open mind," Griley says. "For an hour and a half, they just beat these guys up."

But Griley sought out more information from the parties involved and quickly learned that Southern Counties could apply for grants from the ports covering about 80 percent of the purchase cost of LNG-powered trucks. The catch was the LNG trucks cost a little more than $200,000 each; indeed, one of the grant program's goals was to spur demand and ultimately bring unit costs down. Also, for each truck the carrier bought, Southern Counties would have to destroy a pre-1989 diesel truck that already was serving the ports – either one the carrier already operated, or one that it obtained from another port operator. There were other strings attached, such as a requirement that the truck remain dedicated to port operations for at least seven years.

Lots of grant proposal writing and problem-solving discussions later, Southern Counties was poised last month to take delivery of its first of 50 LNG-powered Kenworth T800 trucks under the ports' first grant – half of the whole grant program – for implementing the LNG technology. At $184,000 per truck, that's $9.2 million for Southern Counties, which has approval for another 21 LNG trucks through a different grant subject to funding availability. And Southern Counties has worked to turn its environmental friendliness into an asset.

Finding the upside

Griley quickly saw the potential for recruiting drivers and growing Southern Counties. Drayage equipment is notoriously old and less than desirable; that's one reason trucks have been such a focus of ports' "green" campaigns.

"Owner-operators don't have an opportunity to buy a new truck," Griley notes. But with the grant funding in place, a driver could get a new truck, including maintenance and extended warranty, for a lease payment of about $500 a month. A few existing operators working for Southern Counties are interested in the new T800s, but Griley plans for a majority of them to go to new drivers so he can grow the operation to about 200 trucks from 160 today. "Our recruiters already have a waiting list of about 40 guys," he says. But with such an attractive package, Griley plans to be very selective and methodical in leasing out the LNG trucks. "I want to know what their work habits are."

Each LNG truck under the grant means that Southern Counties must scrap an old diesel-powered truck. But the carrier still can use the LNG trucks to grow its fleet because it can buy those trucks from other fleets and owner-operators – provided they currently serve the ports. Griley already has bought about a dozen trucks in preparation for the first deliveries of the LNG-powered T800s.

It's possible that some trucks could come from drivers

Southern Counties Express participated in a ribbon-cutting ceremony in December to open the first public LNG fueling station in the Los Angeles area dedicated to port trucking. Participating in the event were, from left, Andrew Littlefair and Boone Pickens with Clean Energy, Carson Mayor Jim Dear, Los Angeles Mayor Antonio Villaraigosa, Long Beach Mayor Bob Foster, Brian Griley with Southern Counties and The Green Fleet, and State Sen. Alan Lowenthal, D-Long Beach.

that jump to Southern Counties for the lease on a new truck, but there is no connection between the leases the carrier offers and the demolition-bound trucks it buys. In fact, Griley doubts that he will find many owner-operators who currently run such outdated equipment to be the type of driver he wants operating his trucks.

Another way Griley is trying to capitalize on the LNG trucks is by promoting Southern Counties' environmental friendliness through branding and image. He is calling the LNG operation "The Green Fleet" and has adopted a logo, website (www.thegreenfleet.com) and other promotional materials. Griley wants to make Southern Counties' commitment to the environment as clear and widely known as possible. In a supply chain that's increasingly environmentally sensitive, these efforts could yield tangible benefits in terms of customer satisfaction and development.

Making it work

Even with the benefits that could flow from recruiting and brand image, the grants might not have been a big enough incentive to buy LNG trucks unless Griley could address some other important concerns. For example, there were hardly any public fueling stations in the area. And since Southern Counties would be an early adopter, it would have no good track record to judge the efficiency, reliability and durability of heavy-duty LNG trucks. So on-site maintenance would be highly desirable.

If Southern Counties were to operate its own fueling facilities or conduct its own LNG engine maintenance, however, the necessary capital and operating investments almost certainly would have trashed the economics of the deal. Ultimately, Griley resolved these challenges by negotiating "win-win" arrangements with both Clean Energy and Westport Innovations that ensured the cost-effective availability of both fuel and maintenance services.

Griley struck a deal with Clean Energy whereby the fuel supplier opened on Southern Counties property the area's first public LNG fueling station dedicated to port trucking. The facility opened in December to much fanfare, including a ribbon-cutting ceremony that involved Los Angeles Mayor Antonio Villaraigosa.

The solution for maintenance was similar. Southern Counties leased its maintenance facility to Westport Innovations, which will perform LNG modifications and conduct maintenance there for Southern Counties as well as other truck owners.

In the end, Griley's efforts showed the power of positive thinking. Rather than focusing on why LNG technology couldn't work, he chose to figure out what he had to do to make it work. ■

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A. Duie Pyle
West Chester, Pa.

Stresses its ongoing, evolving commitment to driver training and loss prevention as a fundamental element of its corporate culture.

A culture of safety

A. Duie Pyle's initiatives and results reap honors from peers.

By Dean Smallwood

Even in an industry that insists on safety, A. Duie Pyle has managed to stand out. Recently, the New York State Motor Truck Association recognized the West Chester, Pa.-based provider of less-than-truckload, truckload and logistics services throughout the Northeast as its Carrier of the Year for Safety for the second year in a row. That's just one of a number of safety honors A. Duie Pyle has received, including top awards from the American Trucking Associations.

To qualify for the NYSMTA award, the company first had to win a preliminary award based on reportable accidents vs. mileage in New York State; A. Duie Pyle placed first in the division for medium-sized companies. They then competed against first-place winners in the small- and large-size company divisions for the overall title.

"A. Duie Pyle was chosen for the award based on the thoroughness of the company's safety effort," says NYSMTA Acting President Kendra Adams. "They go above and beyond what is required. The company really goes the extra mile."

Peter Dannecker, A. Duie Pyle's director of loss prevention, believes that winning the award two years in a row is a tribute to the employees of the family-owned company. "There is a total buy-in and commitment to the health and safety of employees by company leadership," says Dannecker, who is responsible for the development and execution of his company's safety programs governing almost 2,000 employees, 835 trucks, 700 drivers, 15 terminals and six warehouses throughout the Northeast. "It's a comprehensive team effort. Our leadership sets a vision of what the expectation is — it's set as a core value."

The nearly 85-year-old company — which hauled war materials during World War II, including materials used in the "Manhattan Project" that produced the Atomic Bomb — has been honored in the past with numerous other awards from local, state and national organizations for its long-term record of safety and security, and for the extensiveness of its safety programs.

"It's a lot of little things," says Dannecker, who has been the company nine years. Some of those "little things" include:

• Training new employees on safety-related matters beginning on their first day, as well as annual defensive-driver updates for veterans. "Even a guy that's covered two million safe miles spends a day with a certified instructor for a refresher course," Dannecker says;

• A "mirror-check station" provided at all of the company's facilities — essentially a series of white lines painted on the pavement where a driver parks and makes sure all of his mirrors are adjusted correctly. If the mirrors aren't filled by reflections of the white pavement markings, they need to be repositioned. "All drivers are trained to use them," says Dannecker; and

• Snow-scrapers for trailer roofs that are installed at every facility. "It's an H-shaped plow that lowers onto the top of the trailer," says Dannecker, admitting that while many consider the job a lot of work — it takes three men to operate the device — it's also a critical safety precaution during often harsh Northeast winters. "It's an example of the type of investment this company is taking in the name of safety."

In 2007, Dannecker himself was named ATA's National Safety Director; the award is considered the supreme achievement of safety professionals. He was selected by a committee that included past award winners, representatives of the Federal Motor Carrier Safety Administration and law enforcement professionals. Under Dannecker's leadership, A. Duie Pyle saw a 49 percent improvement in its preventable accident rate from 2000 to 2006. In addition, A. Duie Pyle's in-house driver training, loss prevention systems and safety records have been awarded ATA's President's Trophy, the highest safety award available to motor carriers in North America.

"It's not me — it's this organization, a team that's doing it the right way," Dannecker says. "Our risk management program is organic, it is rooted in our corporate culture, and it continues to evolve as an extension of our company's value system."

Responsible care

As if all of the awards weren't evidence enough of A. Duie Pyle's commitment to safety, the company also recently was named a Responsible Care Partner by the American Chemical Council (ACC). This recognition is awarded only to those companies with exceptional expertise and documented performance in the safe and secure handling and transportation of chemicals. To become certified, A. Duie Pyle currently is undergoing a rigorous two-year certification process.

While participation is mandatory for ACC members, companies that are part of the supply chain can apply for acceptance into the program as a Responsible Care Partner. "While we already had outstanding safety processes in place, we felt that becoming a Responsible Care Partner was the right thing to do," says Steve O'Kane, A. Duie Pyle president. "It further demonstrates our commitment to chemical industry manufacturers, our neighbors, our drivers and the people in the communities where our trucks are traveling."

Peter Dannecker, A. Duie Pyle's director of loss prevention, believes the safety awards and recognition earned by the family-owned company are a tribute to its employees.

Gaining acceptance as a Responsible Care Partner is a rigorous process, and a company first must be sponsored by two ACC member companies who think the nominated company has the necessary senior management commitment to safety and security, and the processes necessary to fulfill that commitment. A. Duie Pyle was sponsored by BASF and Rohm and Haas. Once nominated, a company must provide detailed documentation of its safety systems and performance record. The documentation provides insight into A. Duie Pyle's commitment to safety and why it continues to earn recognition from its peers.

The company follows through on 'a lot of little things.'

The company's current safety and security measures include real-time satellite-enabled shipment visibility; continuous monitoring of personnel; en-route and carrier facility security; a sophisticated infrastructure with guarded, monitored terminals; and secure fleet equipment. In addition, every driver in the A. Duie Pyle LTL and truckload fleet possesses a hazardous materials endorsement, and more than 70 company associates are Hazwoper Level 3 Technicians trained to respond to any hazmat emergency.

Now that A. Duie Pyle has been accepted into the Responsible Care Partner program, the company will be required to meet ongoing safety and security standards that include measurement and public reporting of performance, third-party audits and security management program certification. The company also will be required to conduct a vulnerability assessment and develop security measures to protect against terrorism.

Dannecker is confident that A. Duie Pyle will excel in meeting all of the program's performance standards. "When it comes to safety, it's really all about training and discipline," he says. "We just have an organization that gets it done." ■

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innovators

USA Logistics Carriers
McAllen, Texas

Maintains efficiency and customer service by focusing on McAllen as an alternative to the congested Laredo port of entry.

Breaking the bottleneck

USA Logistics Carriers finds cross-border success off the beaten path

By Aaron Huff

In Monterrey, Mexico, and in several border towns, a number of factories called "maquiladoras" ship a steady stream of freight into the Rio Grande Valley of south Texas.

In this part of Texas, the cities of Laredo, McAllen and Brownsville are the designated ports of entry for commercial vehicles. Laredo is closer to Monterrey and the major hub of San Antonio than the other two. For this reason, Laredo always has been the busiest port as well as the least expensive traffic lane from Monterrey, the city with the largest concentration of maquiladoras.

In late 2000, McAllen residents Aurelio Aleman and Sergio Lagos saw an opportunity to bring a larger share of the traffic through their city. The two trucking veterans started USA Logistics Carriers in McAllen with two trucks. By creating a company focused on customer service, relationships and financial discipline, USA Logistics Carriers has succeeded in capturing a large share of cross-border freight, growing about 50 percent a year to more than 550 trucks today with 2007 revenues of $114.6 million.

The McAllen advantage

Located about halfway between Laredo and Brownsville along the Texas border, McAllen traditionally has been a major trade route for produce from Mexico. Early on, the owners of USA Logistics Carriers decided to target dry van freight because of the booming south Texas economy. U.S. companies had been moving their factories to Mexico to take advantage of shorter lead times than China, as well as low labor costs.

The distance from Monterrey to Nuevo Laredo, Mexico — Laredo's twin city — is slightly less than from Monterrey to Reynosa — McAllen's twin city. However, complicated border-crossing procedures in Laredo add to the already congested conditions to delay traffic between eight to 24 hours, says Aleman, the company's co-owner and chief operating officer. By contrast, freight moves through Reynosa to McAllen in one to four hours, Aleman says.

Although less traffic moves through McAllen, USA Logistics Carriers has gone to the McAllen bridge authority and asked them to stay open longer in order to cross more equipment. "They say that we don't get enough business here to justify it, so we tell them how we're promoting more business through McAllen," says Robert Long, chief financial officer.

To further relieve border congestion, the McAllen bridge authority is building a third bridge, the Andalzua, between its two existing bridges. USA Logistics Carriers plans to buy more property directly in route with the new crossing, Long says. "We're promoting McAllen as a strategic location," Long says. "With all of the sales staff that we hire, it's all we talk about."

One of the advantages of going through McAllen is that the same Mexican carrier that picked up the load in Monterrey or any other city can deliver the load directly to USA Logistics Carriers' facilities. Its headquarters is located on 36 acres less than three miles from the border — closer than any other carrier in McAllen, Long says. Mexican carriers also can pick up loaded trailers with raw materials that USA Logistics Carriers brings in as backhauls from California and other locations. Freight coming into Laredo, on the other hand, must be carried from Nuevo Laredo by a separate transfer company into the United States (and vice versa), Aleman says.

Satellite tracking, embedded in every truck and trailer, enables USA Logistics Carriers and its customers to track every shipment. Not all customers want to pay a premium to move their freight through McAllen, however, so the company has terminals at all entry points from Mexico, from Brownsville to San Diego, Aleman says. "We want to make it easy for our (Mexican) counterparts to get freight through," Long says.

USA Logistics Carriers also is heavily involved with the McAllen Economic Development Corp. (MEDC), a not-for-profit contractor with the city of McAllen, to attract new industries to McAllen and Reynosa, Long says. According to MEDC, McAllen is one of the fastest-growing cities in Texas and leads the nation in job growth.

Robert Long, USA Logistics Carriers' chief financial officer, has shortened equipment trade cycles to take advantage of better fuel economy and trade-in values. More than half of the company's 553 trucks are 2007 models or newer.

Improving efficiency

In addition to using its location strategically, USA Logistics Carriers says it remains focused on growing to meet customers' needs, but only by doing things the right way — for its drivers, its customers, the community and its own financial success.

"We are trying to do everything the correct way," Long says. "Does that mean we should think small? We don't look at it that way. We want to be the best we can be in order to provide a great service."

Before joining USA Logistics Carriers in 2006, Long worked for the company behind the scenes to obtain financing, first as a lender for The Associates and then for CitiCapital. Long also helped the company entertain customers and acquire equipment to meet the growing demand from major customers such as Panasonic, Black & Decker, Kohler and LG Electronics.

To attract drivers, the carrier pays about 4 cents per mile more than its competitors, Long says; drivers start out at between 36 to 42 cents per mile. It also provides drivers with all the comforts of home by spec'ing trucks with leather seats, automatic transmissions, refrigerators, GPS navigation, auxiliary power units and satellite radio.

"We know drivers are the heart and soul of our company," Long says. USA Logistics Carriers' driver pool is about 98 percent Hispanic. By being a major minority employer, the city of McAllen has given various tax credits to the company, Long says, and the company also has obtained special finance rates from banks.

For fuel savings, USA Logistics Carriers uses APUs and single-wide tires, and sets its maximum speed to 65 mph, Long says; lower speeds have saved about 2 mpg. The company also works closely with its network of lenders and dealers to keep vehicles on a three-year trade cycle to maximize fuel economy and trade-in value.

As a fleet, the company is averaging about 6.8 mpg. It recently purchased some trucks that weigh 900 pounds less and noticed a significant improvement in fuel economy at about 7.6 mpg. "We are noticing that weight was playing a big part of fuel economy," Long says.

Whereas most trucking companies have experienced a slowdown in freight volumes by 12 to 15 percent, Long says being located next to the maquiladoras has helped keep traffic in outbound lanes busy. Overall, the company has seen its business drop by about 6 percent this year, he says.

While USA Logistics Carriers runs a modern fuel-efficient fleet with a stable supply of freight, rising fuel prices may push customers to more cost-effective shipping modes. The company is prepared to quickly ramp up an intermodal rail service between McAllen and its Dallas terminal. It could use the railroad line that passes through the north end of its property to transfer freight to Dallas, where it would make final deliveries by truck to any U.S. destination, Long says.

No matter where the future leads, the executives of USA Logistics Carriers are confident they are in the right place.

"We're aggressively trying to get freight through McAllen," Long says. "We're not the first, but we are one of the largest because we knew it was going to be a niche." ■

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innovators

Linde North America

Murray Hill, N.J.

Pinpoints early indicators of risky driver behaviors that it can modify through coaching and counseling.

Improving the future

Linde thinks proactively when helping drivers change their behavior

By Aaron Huff

Two years ago, a 64-year-old driver for Linde North America received a safety award for 3 million accident-free miles. Soon afterward, a manager noticed a sudden change in the driver's behavior.

The driver had two rapid deceleration events in the same month, signifying a problem with vehicle spacing. The concerned manager had an idea: ask the driver when he had his most recent eye exam. After a doctor's visit, the driver's depth perception was corrected easily with a new prescription.

"He is still working for us," says Joe Gomes, director of safety for Linde North America, a division of the Linde Group, a global producer and supplier of industrial gases whose U.S. corporate offices are in Murray Hill, N.J. Gomes spends most of his time managing risk for Linde North America Bulk Distribution, the largest division of its private fleet. The division operates 750 power units and 2,000 bulk and high-pressure gas trailers.

Identifying and correcting the root causes for changes in driver behavior and performance is not always as easy as getting a new pair of glasses, however. More recently, a manager noticed a driver had an unusual amount of speeding and rapid speed changes. The driver's abnormal behavior persisted for about three to four weeks until he acknowledged he was having marital problems; he was rushing home each day to take care of kids after his wife left, Gomes says. The driver's behavior returned to normal after receiving counseling through Linde's employee assistance program (EAP), and he also continues to work for the company.

Motor carriers and private fleets often manage drivers' safety by disciplining or terminating drivers after incidents and accidents, Gomes says. "We try to use leading indicators to catch the behavior and modify it before it becomes an incident."

In 2005, Linde created a Driver Risk Index to monitor the leading indicators of driver safety and performance. The DRI is a database tool that enables managers to score driver risk efficiently on a 1-to-100 scale and monitor any changes in driver performance. Data for the DRI is downloaded daily from each vehicle through the company's onboard computing system.

The DRI is based on six leading indicators for driver behavior: speed, rapid speed changes (9 mph or more per second), miles per gallon, excessive RPMs, idle time and brake applications. Linde evaluates each indicator on a six-month basis to pinpoint any trends or changes, Gomes says.

"(The driver) is not going to come running up to you," says Mike McDonald, Linde's national distribution maintenance and engineering manager. "You'll start to see more brake applications and hitting the throttle harder."

At least once a week, managers review performance with drivers who score in the lower range. Rapid speed changes, considered an aggressive or violent behavior, merit an immediate conversation with the driver. Even drivers that routinely score in the top range of the DRI need coaching if managers notice a sudden shift in their score.

"A lot of times, the stress that hits guys is not something that comes from within the job function, but from their family," Gomes says. "The DRI identifies it. You can see really quickly that something is going on and pull (the driver) in and talk to him."

Changing behavior

All of Linde's driver managers must complete an internal course called "Transport Leadership" that focuses on interpersonal and coaching skills. Driver managers are trained specifically to coach drivers using only performance data that can be documented.

Linde also trains all drivers to follow the Smith System driving techniques, which involve ensuring a cushion between the truck and surrounding vehicles. Drivers that follow these techniques not only are safer, but also are more fuel-efficient, Gomes says. Linde monitors hard accelerations and hard brakes to see which drivers aren't complying with the training.

The DRI gives managers a quick way to determine if drivers' habits and skills are up to standard or what specific behavior needs to be modified. Sometimes, a change in behavior is due to something more complicated. Linde's managers are trained to be sensitive to drivers' personal problems.

"Personal problems are not something you want to delve into," Gomes says. Having a personal conversation about a change in performance often leads to flareups, he says. When discussing performance, drivers sometimes will disclose aspects of their personal lives voluntarily. Losing one of Linde's tenured drivers due to a lapse in safety or performance for any reason is a major concern, no matter what the cause.

"A lot of times, (drivers) don't want to come out, but our managers are pretty good," McDonald says. "They've worked with these guys for 10 to 15 years. They know who their families are. They will open up about what the issue is." For any personal issues drivers may have, managers suggest they use the company's EAP called Lifeworks. If the driver is in the office with the manager, the manager will call Lifeworks, hand the phone to the driver and walk out, McDonald says.

Any conversation the driver has with Lifeworks is confidential. The company is billed based on the amount of usage, but no other driver information is passed from the EAP to Linde, Gomes says. "If you've got a guy with 10 to 15 years invested in the company, we know it is going to be very difficult to find a replacement," he says. "We go the extra mile."

Linde North America Bulk Distribution, the largest division of the company's private fleet, operates 750 power units and 2,000 bulk and high-pressure gas trailers.

Critical delivery

Maintaining high performance from all drivers is critical for Linde, because customer service literally is a life-or-death scenario. Hospitals that contract with Linde must know that their tanks never will run dry of important medical supplies such as oxygen and cryogenic gases. Linde has developed advanced dispatch and scheduling systems, which include telemetry systems to monitor tank levels remotely and determine precisely when deliveries need to arrive, McDonald says.

"We are on time, every time," he says. Linde's measurement for on-time service is a ratio of "interruptions per thousand" deliveries, which includes both real and perceived interruptions — from the customer's point of view. The company keeps this ratio at virtually zero, McDonald says.

Linde's process for modifying driver behavior to improve fuel efficiency nearly is identical to its process for safety. The company uses the same DRI system to monitor drivers' fuel efficiency, but rather than track miles per gallon, Linde has established standards for relevant indicators. "If (drivers) meet certain standards, we know their mpg," Gomes says. "If they are driving efficiently, they are using the Smith System." The company is currently in the process of deploying its national fleet trainers to each location to teach drivers to use proper shifting techniques for the newer 2007 engines in the fleet.

In addition to making trucks and drivers more fuel-efficient, Linde also is maximizing the use of safety technology in its vehicles. The company uses roll stability systems on its tractors and trailers. In the cab, drivers use a lane departure warning system and four different cameras on the tractor and trailer.

For Linde to excel at customer service and remain competitive, its managers are leaving nothing to chance. ■

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Apex Bulk Commodities

Adelanto, Calif.

Worked to bolster its supply of technicians and drivers by helping to market transportation as a career to local high school students.

Reaching out early

California carrier helps attract high-school students into trucking

By Avery Vise

In the spring of 2007, the diesel technician program at the San Bernardino Valley College in California was struggling. The curriculum was solid, but there was a big problem.

"They couldn't find anyone to come to class," says Mike Siebert, director of maintenance for Apex Bulk Commodities, an Adelanto, Calif.-based bulk hauler. The diesel tech program offered 14 classes, but there were only four or five students in each class rather than the 25 students each class could accommodate, says Siebert, who serves on the diesel tech program's advisory committee along with representatives of other local companies that have a vested interest in a steady supply of skilled mechanics.

San Bernardino Valley College traditionally had targeted high school seniors. With a little research and talking to principals and guidance counselors, Siebert realized that this was the fatal flaw. In San Bernardino County, about 70 percent of high school students drop out *before* their senior year. In other words, San Bernardino Valley College's efforts to recruit high school seniors essentially missed more than two-thirds of the potential market and focused on the students who were least likely to choose a near-term vocational career over a college education.

San Bernardino County wasn't alone. The Santa Ana school district in neighboring Orange County suffered from an average dropout rate of 60 percent even though some schools in the more affluent areas of the district had dropout rates in the single digits.

Siebert researched wages in the area and found that the starting salary for a person with a bachelor's degree averages $43,000 a year in Orange County and $40,000 in San Bernardino County. Meanwhile, a truck driver in the area could pull down $50,000 a year, while a diesel technician could earn $40,000 to $100,000. "I have truck washers working for me making $15 an hour," Siebert says.

The members of the college's diesel tech advisory committee also are the members of a broader organization known as the Inland Empire Transportation Council, which is chaired by Dalton Trucking President Terry Klenske. (*CCJ* recognized Dalton Trucking as an Innovator in December 2005.) As the council delved into the problems that both local transportation companies and vocational education programs were having finding qualified applicants, it developed the idea of staging a transportation and logistics summit to bring together students, high school administrators, guidance counselors and potential employers. A broad effort made sense as students who had no interest in becoming diesel technicians might find truck driving or railroad dispatching appealing.

The council quickly saw the potential for such a summit, but there was the small matter of paying for it. Siebert personally took charge of the fund raising, contacting some of Apex's current vendors as well as others he had come to know over the years.

"I called up every one of the sponsors, and told them what we were trying to do," Siebert says. He was asking only for $1,000 each, and some gladly pitched in right away. Others were receptive to the idea, but Siebert was having a tough time converting the general goodwill into actual checks in hand.

A big investment return

That's when Siebert stumbled upon a little-known state program authorized to dole out more than $100 million a year to companies for employee training. By completing a simple one-page application, companies could receive a virtually automatic $75,000 to defray employee training costs. Companies with 100 or more employees in California could receive up to $3,000 per year per employee by completing a slightly more challenging six-page application. Siebert knows of one trucking company that receives $400,000 a year for training its 500 drivers.

The catch – if you can call it that – is that a company can apply for the employee training funds only after a representative attends a 45-minute workshop on the program. So Siebert arranged for Wally Aguilar, a representative of California's Employment Training Panel, to conduct such a workshop at the transportation summit.

Siebert had his surefire pitch: "You give me $1,000, and I'll give you $100 million."

In the end, Siebert locked up about 45 companies and organizations as sponsors and, as a side benefit, helped some of them deal with their own challenges. For example, during his fund-raising efforts, Siebert happened to visit one major employer of diesel technicians on the day of a high-level meeting to discuss how the company was going to fund employee training. A $1,000 summit sponsorship was an easy thanks for learning about the availability of up to $3,000 per technician.

The transportation summit drew nearly 600 people. Speakers represented the trucking, railroad and warehousing/distribution industries and included Michael Campbell, head of the California Trucking Association, as well as Apex Logistics Vice President Denny Wyatt and Siebert himself. The Distribution Management Association presented checks totaling $21,000 to three area community colleges adding to existing endowed scholarships to support students pursing logistics and transportation careers. Sponsors and organizers brought displays, including 30 new trucks from sponsor dealerships and classic trucks from members of the American Truck Historical Society. The event also helped raise more than $12,000 to expand San Bernardino Valley College's diesel technology program.

The Inland Empire Transportation Council's transportation summit in January 2008 drew nearly 600, including high school students, administrators and guidance counselors, as well as local employers in the trucking, railroad and logistics industries.

Immediate benefits

The summit already has led directly to new employees in transportation, Siebert says. For example, one railroad has since opened a classroom at San Bernardino Valley College to train 32 dispatchers. The position requires no advanced education, and even 18-year-olds can apply for the job, which pays $70,000 a year and full benefits for a job in San Bernardino County.

Perhaps even more important than the summit itself was the publicity and exposure generated by the act of staging it, Siebert says. After the 90-day period during which the summit was being organized, the 14 classes at San Bernardino Valley College were overbooked. Before the effort, high schools students and counselors weren't the only people who didn't realize what the college had to offer in education and training. Neither did the truck dealerships nor the trucking companies, Siebert says.

Many parties worked to make the Inland Empire Transportation Council's summit succeed. Still, the efforts of Siebert and his employer – especially in the financing arena – were key to the program's success. Indeed, San Bernardino County cited Apex's role in the transportation summit in its selection of Apex as employer of the year, Siebert says.

The transportation summit wasn't a one-time event. The Inland Empire council is planning another one next winter at a larger venue that could accommodate twice as many participants or more. And the council is looking to take an even more proactive role by exploring its own commercial driving program. ■

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Lakeville Motor Express

Roseville, Minn.

Spearheaded the creation of a seamless LTL network across North America by working with five other regional carriers to create the Reliance Network.

Synergistic growth

Regional service with nationwide coverage lets customers have their cake and eat it too

By Aaron Huff

As 2007 came to an end, Pete Martin faced a grim scenario. To date, Lakeville Motor Express had enjoyed an 87-year record of consistent, profitable growth. But in March 2008, about 25 percent of the company's revenue would walk out the door — literally overnight.

To stay competitive over the years, Martin says that he and other executives of LME — a Roseville, Minn.-based less-than-truckload carrier — had understood that the company had to be more than just a traditional truck line. During the past decade, the company has invested heavily in "any and all technology assistance to help shippers or consignees to manage information flow," says Martin, the company's president.

"We have consistently made capital investments in training personnel, expanding the density of our terminal networks, and ensuring that we have the best, most cost-effective people and equipment that we can put on the highway."

To be a player in today's competitive LTL market, Martin says that LME also has focused on maintaining a level of customer service that exceeds the demand in the marketplace. But even with all of its ongoing improvement efforts, 2008 was not shaping up as planned.

LME operates 385 tractors and 30 terminals to provide daily morning delivery throughout a 10-state Midwest region. In November 2007, LME announced it would end a 12-year strategic alliance called ExpressLink with two LTL carriers to provide expanded LTL coverage. Estes Express provided pickup-and-delivery services in the East, West and South, while TST Overland Express provided coverage in Canada.

The ExpressLink agreement came to an end with Estes Express' decision to expand its terminal network to all 48 states. The company joined the ranks of national LTL carriers such as FedEx Freight, Old Dominion and YRC Worldwide. Estes now would be a direct competitor for LME's regional operations.

The ExpressLink alliance officially ended on March 1, 2008. From November 2007 to March 2008, Martin worked quickly to create another strategic alliance that not only would replace lost business but also propel the company's future growth.

"We began looking for other strong, profitable regional LTL carriers that would allow us to form a new network," Martin says. To be considered, carriers had to have the same or similar values as LME: a commitment to superior service, dependable on-time delivery and a solid reputation within their own territories.

Martin first met with Averitt Express, a large regional LTL carrier with coverage in the South and Southeastern United States and Mexico. When meeting with executives from Averitt, Martin talked about growth and other mutual benefits the companies would enjoy through a strategic alliance with other strong regional LTL carriers.

"That's the way the process began," Martin says. The Reliance Network quickly grew to include four additional carriers: Canadian Freightways/Epic Express (Canada), DATS Trucking (West), Land Air Express (New England) and Pitt Ohio Express (Mid-Atlantic and Central States).

The technology edge

The new alliance was designed to provide seamless LTL, truckload and supply chain freight services across the North American continent. The original agreement for the Reliance Network is a five-year term, but Martin describes the agreement as "evergreen."

"The intent is that we will each serve our current regional geography and rely on the service capabilities of our partner carriers to allow us to serve geographies outside our dedicated region," he says.

As part of the agreement, the six carriers have predetermined the interchange points, or terminals, in the Reliance Network. Each day, the carriers load their overnight linehaul schedules into the information systems of their partner carriers. The linehaul schedules from one partner feed directly into the scheduling systems used at other partners' hub terminals.

"Every freight bill moving at night is electronically closed to the outbound trailer dispatched to the partner facility," Martin says. Each partner's information systems not only show the receipt and arrival of linehaul freight to their partners' terminals, but also movement to the final destination.

There are other significant differences between the setup of the Reliance Network and traditional interline services between carriers. Members of the Reliance Network not only have opened their computer systems to each other but also to their customers. Shippers will get a single PRO number from their regional LTL carrier and will deal only with a single carrier for billing and other details. Any shipment that moves through the Reliance Network can be tracked via the same PRO number.

"We've done that in an effort to truly create a seamless technology environment," Martin says.

Pete Martin, president of Lakeville Motor Express, says the Reliance Network allows each of its six member regional carriers to compete on the same level as a national carrier.

Growth strategy

With a national LTL network, LME — and any other partner member — has the capability to provide consistent, reliable service beyond its regional borders, Martin says.

"Instead of being a 10-state regional carrier, we market all of North America," he says. Ultimately, Martin says LME will be able to provide global logistics solutions. For example, the international group of Averitt Express is developing a direct route from Shanghai, China, to Memphis, Tenn., via a distribution chain over the ocean into the West Coast, over the road to Memphis, Tenn., en route to distribution throughout the United States.

Each of the Reliance Network partners predominantly calls on customers in their own region. The partners also have some common national accounts. And as the network expands its reach into international trade, each carrier will have an opportunity to do more direct business with international shippers, Martin says.

By forming the Reliance Network, each of the regional carriers can compete on the same level as a national carrier. The carriers can give customers the same benefits they've always offered for dealing with a flexible regional carrier who can customize some offerings — inside delivery, appointment scheduled times, etc.

Since the Reliance Network officially began in March, LME not only has replaced the business it stood to lose from its ExpressLink alliance, it also has increased in terms of "bill count" by about 750 shipments per day. Today, the Reliance Network is handling about 40,000 shipments per month between all partners.

"We have the flexibility in many cases to work with the large and midsize customers that large carriers do not have," Martin says. "The flexibility the network offers in meeting today's supply chain needs — from the point of origin to the destination and through whatever status changes — is the single factor that customers have found to be the biggest benefit." ■

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Clark Transfer
Harrisburg, Pa.

Developed a campaign around reducing carbon emissions and offsetting them through a voluntary customer surcharge.

The Great Green Way

Clark Transfer helps customers help the Earth

By Aaron Huff

In 1948, Highway Express — soon to be renamed Clark Transfer — became the first carrier granted rights by the Interstate Commerce Commission to transport theatrical goods throughout the continental United States, Mexico and Canada. In September 1949, company owners Jim Clark and Louis "Whitey" Molitch loaded the sets and costumes for the hit Broadway show "Mister Roberts." Their entrepreneurial spirit brought touring productions across the country for the first time, marking a new era for American show business.

Sixty years later, the Harrisburg, Pa.-based family-owned business is now a full-service international theatrical transportation and logistics company. Clark Transfer has moved more than 4,000 productions and traveled more than 350 million miles to bring shows such as "Phantom of the Opera," "The Lion King," "Spamalot," "Mamma Mia" and the New York Philharmonic to main streets across America.

Earlier this year, Norma Deull — Molitch's daughter and now president of Clark Transfer — sparked a new initiative for the company's theatrical industry customers. In May, Clark Transfer launched the Touring Green Initiative, designed for touring productions to help offset the environmental impact of taking their shows on the road.

"It began by my mother making an observation and asking a question," says Charles Deull, executive vice president. "She said, 'Our trucks travel many miles a year moving the theater industry. We must be emitting quite a lot of carbon impact. What should we do about it?'

"That question launched a lot of work for us."

The Touring Green Initiative

Deull began by addressing the impact of the company's emissions from two angles: reduction, and offsetting the impact of what remains. To reduce emissions, Clark Transfer gathered information from the U.S. Environmental Protection Agency's SmartWay program. To fully participate in SmartWay, fleets have to own their power equipment. Even though Clark Transfer's drivers are nearly 100 percent owner-operators, Deull was able to at least use a lot of the program's information.

Based on surveys of the fleet's owner-operators, Deull found that the vast majority already were using generators to heat and cool their cabins and reduce fuel usage. Clark Transfer also pays for drivers to use truck stop electrification services, and it provides information to drivers about steps they can take to reduce fuel usage and emissions even further, Deull says.

Reducing emissions through carbon offsets proved to be more challenging, however. Each year, Clark Transfer travels about 7.5 million miles and burns more than 1 million gallons of diesel. Each gallon of diesel burned emits about 22.5 pounds of carbon dioxide into the atmosphere. Deull looked at more than 35 companies that offered programs to offset carbon emissions before settling on South Burlington, Vt.-based NativeEnergy.

Working with NativeEnergy, Clark Transfer developed a custom package of environmental projects to fund in order to offset carbon emissions. The offsets will be generated over time by working through NativeEnergy to invest in new wind turbines, landfill gas projects and methane digesters on American family farms. This carbon offset program, called the Touring Green Initiative, provides a way for companies to offset the impact of carbon emissions from transporting theatrical equipment, Deull says.

Clark Transfer designed the Touring Green Initiative to be simple for its customers to use. Customers participate voluntarily by paying a surcharge of 1.5 cents per loaded mile; the surcharge is added to each freight bill. Clark Transfer created the surcharge based on internal calculations that include the fleet's loaded miles as well as the average amount of unloaded miles associated with each trip. This type of offset calculation is unusual, Deull says; few, if any, companies that participate in carbon offsets calculate these offsets based on mileage.

Presently, the surcharge does not cover all of Clark Transfer's loaded and unloaded miles, as not all customers participate in the Touring Green Initiative. Based on response so far, however, Deull expects soon to greatly increase its offsets of overall carbon output.

Doing a number on emissions

Deull says that based on NativeEnergy's conservative calculations of what the offsets will produce, Clark Transfer will be able to offset 95 percent of its current emissions within 10 years. In other words, Clark Transfer can say to the initiative's participants that 95 percent of the emissions associated with the movement of their freight today will be offset over a period of 10 years. Over a 20-year period, 125 percent of today's carbon output will be offset through the initiative, Deull says.

Even though there is no standard way of calculating a carbon offset, Deull says Clark Transfer's program is very much in the mainstream. "Some people say you should have the offset in the first year," he says. "If you are building a wind turbine with a life of 30 years, why would you say the benefit is only a first-year benefit? It doesn't make sense. In constructing the program, we did a lot of math to make sure that the '95 percent' is using a conservative assumption that within 10 years, the offset will occur."

Clark Transfer President Norma Deull, daughter of co-founder Louis Molitch, sparked the company's Touring Green Initiative for its theatrical industry customers.

To administer the Touring Green Initiative, Clark Transfer remits a check each month to NativeEnergy for the full amount of the surcharge collected. NativeEnergy reports on its investments and projects on behalf of Clark Transfer, which in turn sends periodic updates to its customers.

"We knew it had to be easy, inexpensive and effective."
–Charles Deull, executive vice president, Clark Transfer

"We knew it had to be easy, inexpensive and effective," Deull says. "We have been thrilled with the response of the theater community."

Participating touring productions publish details of the program in their own playbills to let their audiences know about what they are doing to minimize the environmental impact of their activities. "We wanted to do this to make an opportunity available to customers, as well as using an approach to educate and inspire their customers to participate in it also," Deull says. "We believe and are hopeful this will make people see what shows are doing and find ways to do things on their own."

The Touring Green Initiative, which has been in place only a few months, has yet to bring in new business for Clark Transfer, but that was not its real purpose, Deull says. "What it has done is to create something where we found great common ground with a lot of our customers. Our customers wanted this. It was an easy choice. They are writing extra checks for it."

Through the Touring Green Initiative, Clark Transfer makes it possible for major theatrical productions such as "Spamalot" to offset the carbon impact of taking their shows on the road.

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Packing it in

Perkins Logistics making green by touting green

By Dean Smallwood

Perkins Logistics
Noblesville, Ind.

Put a fresh spin on an existing practice by promoting its longstanding freight packing method as a way for customers to maximize trailer capacity and reduce carbon footprint.

Trucking companies today are discovering that lowering their carbon footprint – aka "going green" – not only makes a valuable impression in the eyes of the general public, it also leads to added business as a result of winning customers who also wish to score points for environmental awareness by choosing a green fleet.

In the case of Perkins Logistics – a long-haul and regional truckload carrier with 350 owner-operators and 900 trailers – the Noblesville, Ind.-based company discovered that it can have its cake and eat it, too, by using its longstanding packing methods to promote its ability to haul more freight per shipment and go green at the same time.

Perkins Logistics – which traces its origins to nearly a century ago when, in 1913, "Brownie" Perkins started using horses and wagons for local furniture deliveries – has long used its own blankets, straps, bars and plywood tiers to package bulk shipments to protect them without using crates. "We grew out of a furniture-hauling business model," says Greg Maiers, chief operating officer.

The specialized packing method allows Perkins Logistics – which reports a compounded annual growth rate in excess of 20 percent over the last seven years, with sales exceeding $50 million last year – to fit an average of 65 percent more product into its trailers, reducing the number of loads needed and allowing shippers to haul more freight in fewer trips, Maiers says.

Moreover, the packing method eliminates cardboard waste, which has drawn growing interest from more shippers in today's era of environmental consciousness, Maiers says. "Other the last few years, it's become increasingly evident that because of all of the costs, this kind of shipping would be preferable for reducing their carbon footprint," he says.

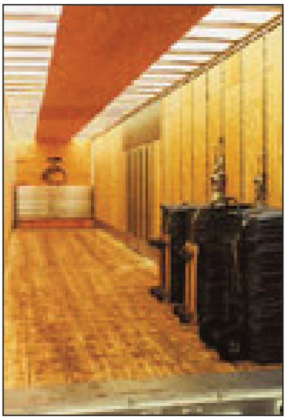
Put to the test

In the summer of 2007, one of Perkins Logistics' largest customers – Haworth Inc., the world's third-largest office furniture manufacturer, with sales of about $1.66 billion last year – asked it to undergo a test to quantify the environmental benefits of its packing methods. Perkins Logistics paid for the study and shared its results with Haworth.

"Packaging methods play a significant role in shipping efficiencies, but only after conducting a thorough investigation did we determine that a few fundamental changes in this area could also help reduce one element of the total carbon footprint of our products, taken over their useful lives," says Henry Oosterhouse, Haworth's global transportation manager.

Maria Swift – author of the study and director of program management and sustainability at Indianapolis research company Allegiant Global Services – says her group used data from the bills of lading of 100 shipments from September and October 2007 that were transported from Haworth's factory in Bruce, Miss., to customers in 23 states. The products in one-third of the loads were packed and shipped using the "Perkins method," while the products in the remaining shipments were boxed with cardboard.

The study showed that because Perkins Logistics was able to ship more pieces per truckload using its method, the company eliminated the need to make 11 truckload shipments during the study that would have emitted more than 27 metric tons of carbon dioxide. Taken over a year's time, the reduction in CO_2 emissions would be more than 283 metric tons – the equivalent of removing



"We documented the results and have been actively promoting them."

–Greg Maiers, chief operating officer, Perkins Logistics

Perkins Logistics has long used blankets, straps, bars and plywood tiers to package bulk shipments to protect them without using crates. The "Perkins method" grew out of the company's furniture-hauling business model.

52 passenger cars from the road for a year or emissions from heating 99 homes with natural gas, according to the study.

Shippers can see further reductions in CO2 emissions by eliminating cardboard, Swift says. "Perkins got reduction credits for not using cardboard because nobody had to make those boxes," she says. Using statistics from the U.S. Environmental Protection Agency that state box manufacturers emit 1.52 metric tons of CO2 for every 2,000 pounds of containers they produce, Swift estimates that Perkins Logistics saved an additional 7.8 metric tons by using its reusable blankets.

Given the volume of shipments of these types of products in North America, specialized blanket wrapping easily could reduce thousands of tons of CO2 emissions annually, Maiers says. "We documented the results and have been actively promoting them," he says.

Andy Card, Perkins Logistics president and chief executive officer, believes that if the Perkins method was used by more companies nationwide, the reduction in emissions in the United States could be staggering. "We were amazed at how shipping chairs and tables wrapped in protective blankets instead of cardboard containers could translate into such a sizable reduction in carbon dioxide emissions," Card says.

Maiers says the Perkins method adds about 15 percent to the cost of a shipment because of the need for additional labor and reusable equipment, but the premium is more than offset by the increased number of items shipped per load and savings by the manufacturers from the elimination of cardboard and other packing materials. "The fewer trips more than make up for the added cost," he says.

Oosterhouse says Haworth was pleased with the test results and is assessing more widespread use of the Perkins method. "While it took some added effort on our end, our customers said they appreciated avoiding the labor of unpacking boxes and disposing of cardboard waste," he says.

Drawing interest

Maiers says the Perkins method isn't suited for all products, but it works well for customers who are shipping larger, bulkier pieces such as furniture, telecommunications gear, office equipment such as large copiers, store fixtures, tradeshow exhibits, medical equipment and home cabinetry. "They're good industries, and they would understand all of this," he says.

Perkins Logistics also is examining other ways to reduce its carbon footprint, such as earning certification as an EPA SmartWay Transport Partner. To do so, Perkins first submitted proposed fuel-efficiency standards for its fleet for the next three years, which were assessed a SmartWay and corresponding Shipper Index Factor score; EPA approved both. The next step for Perkins Logistics is to submit an action plan for 2009 detailing its commitment to increasing fuel efficiency throughout its fleet over the next 18 months.

"We've heard from a number of companies," Maiers says. "Many companies are interested in reducing their carbon footprint." ■

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