



2009

innovators

Bay & Bay Transportation Rosemount, Minn.

Improved equipment and driver flexibility by staging specialized load securement items at various locations throughout its operation.

Since 1990, one of Bay & Bay Transportation's major business niches has been highly secured van loads of various fixtures for restaurants, retail stores, hotels and other facilities. The business is part of the 475-truck operation Bay & Bay has built since President Sam Anderson's family acquired the Rosemount, Minn.-based company in 1988. At the time, Anderson's father owned a maintenance business, and Bay & Bay had been a customer. It had been in operation since 1941, had gone through ups and downs over the years and by 1988 operated three trucks and several dry bulk pneumatic tankers.

Pad-wrapped freight "has been a good niche ever since the beginning" and certainly represents a bigger source of revenue than it did 10 years ago, Anderson says. And it's not just furniture and fixtures. "We have hauled a truckload of mannequins." Bay & Bay also has hauled the furnishings for Rainforest Cafes with their tropical trees and large animal statues.

This niche is just a piece of Bay & Bay's business, which is quite diversified. The pad-wrapped operation is part of a 250-truck dry van business that also hauls general freight. In addition, the company runs a 100-truck bulk tanker operation, and in 2007 it acquired a refrigerated operation that now has been merged into Bay & Bay and totals 125 trucks. Bay & Bay also operates a logistics arm that employs 25 people.

One of the challenges with the pad-wrapped business

is maximizing equipment productivity while maintaining the equipment needed for the specialized freight handling. Each van trailer used for this freight needs moving blankets, straps, load boards, plywood for decking and ramps allowing for street-level loading and unloading.

Like most carriers in this type of

business, Bay & Bay had long used dedicated equipment and drivers, but there are drawbacks to this arrangement. The storage space in the trailer needed for the blankets, straps, decking and so on reduces backhaul opportunities somewhat.

Over time, Bay &

Bay has minimized this challenge by adjusting how these items are arranged when not in use. "The goal was to maximize the cube in order to get good-paying backhauls," Anderson says.

Utilization challenge

The more significant drawback to using dedicated equipment is the nature of customers' businesses, Anderson says. "We find that there's a cyclical nature to that type of shipping. A lot of the shipments load on Thursday and arrive Monday." In most cases, the pad-wrapped items Bay & Bay hauls are going to businesses under construction, such as a new fast-food restaurant or department store. The companies building these facilities send people to coordinate the installation of fixtures and furniture. The customers want to complete this project within a week so they can return home for the weekend before moving on to the next city and next project.



Wrapped in productivity

Minnesota carrier takes a
simple but unusual step to
improve utilization

By Avery Vise

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For Bay & Bay, this widespread industry practice presents a significant utilization challenge. If you are using equipment dedicated to pad-wrapped freight, most of your tractors and trailers are running Thursday to Monday morning and have only a reduced cube for the other half of the week. Moreover, you have had to build a larger fleet than you want so you can handle peak traffic. Bay & Bay understood that this isn't the most productive way to operate, but customer's demands on timing trump the trucking company's utilization challenges. "There were times of the year – especially in the case of the owner-operators – where the driver would sit longer than they would like."

Over the past several years, Bay & Bay has tried to improve utilization for the equipment it uses for pad-wrapped loads by ensuring that load planners and dispatchers had better information regarding which trailers had the specialized freight-handling equipment on board. "But really, it has been in the last year that we took a strong initiative during the downturn," Anderson says. That's because a number of Bay & Bay's competitors in the niche have either failed or dropped that kind of business, so the carrier's market share gains have led to more business despite the economic slump.

Building a network

What Bay & Bay did was set up a drop-and-pickup network for storing the numerous blankets, bars, straps, decking, ramps, etc. that it



Building a network of drop-off and pick-up points for blankets, straps, bars, decking, ramps and so on was necessary to allow Bay & Bay Transportation to grow the niche business efficiently within a dry van operation that also hauls general freight, says company President Sam Anderson. His family acquired Bay & Bay in 1988 when it had three trucks; the company now operates 475 and serves the van, bulk, refrigerated and logistics segments.

needs to handle specialized freight. To date, the company has established about 15 locations – company terminals, outsourced storage locations, a dock rented from another trucking company and even a customer location or two – where its drivers retrieve and drop off the freight-handling equipment.

Managing this network effectively requires close oversight of the location and status of the freight-handling items, Anderson says. In fact, it's someone's principal duty in the company's Rosemount headquarters to coordinate the daily shifting of freight-handling equipment.

Customer demands for Monday deliveries presented efficiency challenges.

"We are constantly moving the inventory," Anderson says. For example, the best option for a pad-wrapped shipment might be a driver who just delivered a general freight load. A dispatcher sends him to the closest storage point to pick up the necessary items and then to the customer for loading. After the driver delivers the load, the driver's next dispatch might be a full general freight load. So operations might have the driver swing by the nearest storage point to drop off the freight-handling items. The goal is to give load planners more options for covering both specialized and general freight loads.

"It's not airtight, but it is as good or better than anything else we have seen, and it's continually improving," Anderson says. That means continually reviewing staging points in its network to maximize both flexibility and customer service. "As we have gotten bigger, we have more triangulation, and our network has become a little more complex. We needed a better system to manage 30 customers instead of 10." ■

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Averitt Express Cookeville, Tenn.

Created a companywide incentive program for associates to reduce resource use.

and supply chain management provider, Averitt employs thousands of associates at more than 100 company facilities.

At Averitt, a “facility” isn’t just a brick-and-mortar building. The term

also is used interchangeably for teams or groups of associates that work at a single location or with an individual business unit. Examples of facilities include the corporate office and LTL service centers; they also include the supply chain solutions staff, a group of truckload drivers assigned to a dispatcher, and teams that

work onsite at customer locations.

The aim of the program was to establish measurements for resource usage that each facility was to improve upon over a three-month period — and set new baselines or targets they were expected to meet.

“A lot of thought and planning went into making it realistic,” Brown

says. “It was not as simple as just taking the previous three months. The whole point was to make it achievable, realistic and a challenge.”

Before launching the program last November, Averitt promoted it throughout the third quarter of 2008 as management worked with associates to establish the key benchmarks that each team and facility needed to improve relative to prior periods.

“It’s been a companywide initiative,” Brown says. “It started at the top. Our president was very involved in it. Every level of leadership, from executive to individual service center, helped in creating the measurements and making them realistic.”

Money well spent

Brown declined to say how much the Smart Car cost the company, but a Smart Car retails for about \$11,000 to \$14,000. Even after adding \$10,000 worth of gas cards

As diesel and gasoline both approached \$5 a gallon last summer, conservation became the topic of discussion in boardrooms and at kitchen tables across America. Prices have cooled today, but executives and associates at Averitt Express nonetheless have put their awareness into action through a companywide incentive program.

“We wanted to do something that would get associates’ attention and bring focus to the topic of conversation,” says Brad Brown, marketing and communications leader for the Cookeville, Tenn.-based company. “We wanted to do something that would make a splash.”

Averitt executives crafted a new team-based incentive program that gave all associates the chance to win a 2008 Smart Car — a new compact car sold through Mercedes-Benz dealerships that averages 40 mpg — or one of 20 \$500 gas cards.

“We want to do everything we can to reduce waste, improve efficiency and transform ourselves into a leaner, greener and more competitive team than ever before,” says Scott Wolf, vice president of corporate services. “We’re challenging everyone on our team to pursue conservation and efficiency with renewed vigor — and if they help us improve, they might drive off in a new car or get several free tanks of gas as a reward.”

To be eligible, associates were to help reduce their facility’s use of resources — fuel, water, electricity and paper — over a period of three months, from November 2008 to January 2009. This month, the winners of the Smart Car for Smart Thinking program were to be selected randomly from all eligible associates.

Establishing measurements

As a large less-than-truckload and truckload transportation



A team effort

Averitt Express gets ‘smart’ with resource conservation

By Aaron Huff

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and the cost of administering the program, the expense was minor compared to the potential savings for a fleet of Averitt's size, Brown says.

To achieve these savings, associates were not expected to follow formal programs handed down by upper management; Averitt facilities were given complete latitude. "The idea was, 'Let's challenge folks and let their creativity and innovation go to work,'" Brown says. "We didn't give any rules."

Fuel, the most expensive resource, was the biggest target. As such, associates have focused most of their attention on reducing engine idling. Team leaders have talked to drivers about the importance of conserving fuel, and the company also uses technology that measures idling and other fuel usage statistics on each tractor. "It is easy to see driver performance and provide daily coaching," Brown says.

"Even though the price of fuel has gone down recently, 2008 showed us just how quickly fuel prices can skyrocket," Wolf said. "That's why we still want to do our part to reduce our use of fuel. It makes us less vulnerable to possible fuel price spikes like the ones we've seen in the past, and it's just the right thing to do for our environment."

Besides curbing fuel usage, the program has promoted excitement and sharing of ideas among facilities to save other resources. Without being prodded, associates have turned off air conditioning and opened doors. They have worked with landscaping companies to reduce watering and check for



Averitt this month will be giving away this Smart Car, a 40-mile-per-gallon car sold through Mercedes-Benz dealerships, to one lucky associate whose team or facility shows measured improvement in conservation and efficiency. Another 20 associates will win a \$500 gas card.

leaks. They have turned off lights and opened blinds.

With the additional savings from reducing electricity, water and paper usage, the program is "really a no-brainer if you look at justifying it," Brown says. "There is the hard data that you have on actual cost, but that is just a piece of it." What isn't measured is the amount of attention the program receives, as well as the focus it brings to forming habits that will continue well after it's over, he says.

Because of the program's success, the company likely will take a similar approach in creating another incentive program in the future. Averitt probably will seek further reductions in the resources it measured for this program and include others as well, Brown says.

Smart initiatives

The Smart Car for Smart Thinking

'Resource'-ful associates had the chance to win a 2008 Smart Car or a \$500 gas card.

program is the latest of a number of green initiatives that have saved Averitt millions of dollars.

Since 2004, the company has been a charter member of the U.S. Environmental Protection Agency's SmartWay transport partnership. Since joining SmartWay, Averitt estimates savings of 2.5 million gallons of diesel and reduction of carbon dioxide emissions by 26 percent.

While cost reduction has been the primary focus of the company's green initiatives thus far, other benefits are more far-reaching, Brown says. Like many carriers, Averitt has seen a lot more "green" interest from customers. They ask Averitt's salespeople about the company's environmental policies, and bid packages include questions such as "Are you a SmartWay member?"

But customers asking about Averitt's green initiatives aren't only interested in protecting the environment. "They want to feel good that you are doing everything you can to keep your costs low," Brown says. ■

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Con-way Freight Ann Arbor, Mich.

Working with a university to field-test an integrated driver safety system.



Tying technology together

Con-way Freight steps forward to volunteer for advanced safety study

By Aaron Huff

About two years ago, the University of Michigan Transportation Research Institute embarked on a four-year Integrated Vehicle-Based Safety System (IVBSS) program through a cooperative agreement with the U.S. Department of Transportation.

The IVBSS program involves researching, developing and the verification testing of a fully integrated safety system with multiple crash warning features — forward collision, lane departure and lane change/merge warning — in a platform for commercial trucks.

From the beginning, the institute had a commercial fleet that was willing to invest significant time and resources to make the program a success. About a mile away from the university's campus in Ann Arbor, Mich., a less-than-truckload carrier stepped forward from the start to offer an attractive model for testing.

"We volunteered to participate in this project since safety is one of Con-way Freight's core values, and we expect this type of technology to figure prominently in future safety initiatives in the transportation industry," says Robert Petrancosta, the company's vice president of safety.

Like many LTL carriers, Con-way Freight runs its tractors 24 hours a day. One set of drivers makes pickups and deliveries during the day in a city environment. A separate driver crew operates the tractors in line haul during the evening and night.

"It is a nice dynamic — the best of both worlds for the study," Petrancosta says. Recently, the project reached a new stage as Con-way Freight began the field-operational testing of the integrated system in 10 of its own vehicles.

Involved from the start

The IVBSS program is designed to provide drivers with situational awareness of the vehicle's surroundings. It warns drivers when they are about to leave the roadway inadvertently, are in danger of colliding with another

vehicle while attempting a lane change, or are at risk of colliding with the vehicle ahead.

The types of incidents that IVBSS is designed to prevent — front collision, side collision and moving out of the lane unintentionally — account for 2.6 million accidents on the highway each year for all vehicles, Petrancosta says. Studies have found that vehicles equipped with driver warning devices can reduce the number of accidents by two-thirds, he says.

The types of accidents the IVBSS system can help prevent also happen to be the top three accidents in terms of frequency at Con-way Freight. Backing accidents are the only high-risk accident the system does not identify, Petrancosta says.

"It doesn't take a rocket scientist to know that there are not many field tests that can have this kind of impact on safety," he says.

Con-way Freight has prior experience testing driver and vehicle safety systems nearly identical to the separate systems that are used by IVBSS. The main difference is that Con-way Freight always has tested the technologies independently, not as part of an integrated platform. After each test, the company walked away from the technologies due to reliability concerns, Petrancosta says.

"At some point, the driver does not feel comfortable with the alert he is getting," he says. "You just can't have that."

Getting the bugs out

Petrancosta says vehicle safety systems have improved since Con-way Freight tested the early versions. During the past 18 months of participating with the IVBSS program, Con-way Freight has worked closely with the university to get the system to a point where it is "working well and working all the time."

As part of an extended pilot test over a four-week period, seven different Con-way Freight drivers drove a company test vehicle with the IVBSS system installed. All drivers that

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participated in the extended test pilots generally were favorable toward the technology, says Petrancosta, who worked closely with the university to fine-tune the system before the full-fledged field-operational testing began.

“Extended test pilot results proved that drivers felt very comfortable and could prioritize what the reaction should be,” he says. “One of my concerns is how intuitive it would be. Would it be more confusing? That hasn’t been the case.”

Petrancosta said the test pilots provided the necessary data to make tweaks to reduce the error rate. “They’ve done very good,” he says. “The University of Michigan has done a fantastic job, as have all the vendors, in getting false warnings down to bare minimum. Now the confidence level is greater for this technology.”

Awaiting results

As part of the second phase of the four-year IVBSS program, Con-Way Freight recently began field testing the technology on the road under normal, naturalistic conditions.

“After more than two years of research, development and verification testing of the integrated system, it’s gratifying to see the system functioning as part of Con-way Freight’s fleet,” says Jim Sayer, program director and UMTRI researcher. “We are optimistic that the testing will demonstrate the safety benefits of integrating multiple crash warning systems.”

To conduct the field tests, Con-way Freight invested about \$750,000 of its own money to purchase 10 new Class



8 tractors. Over the course of the next 10 months, 20 Con-way Freight truck drivers will operate the trucks out of the company’s Detroit service center with the IVBSS installed as part of normal business operations. The trucks will log an estimated 700,000 miles — the equivalent of eight years of driving experience, Petrancosta says.

8 tractors. Over the course of the next 10 months, 20 Con-way Freight truck drivers will operate the trucks out of the company’s Detroit service center with the IVBSS installed as part of normal business operations. The trucks will log an estimated 700,000 miles — the equivalent of eight years of driving experience, Petrancosta says.

As part of the field test, data on driver response to IVBSS will be recorded along with extensive data collection on naturalistic use and driving conditions. Cameras are mounted inside and outside the test vehicle to record driver behavioral data. When the system sends alert signals, the cameras will record instantaneously.

Con-way Freight made driver participation in the program strictly voluntary. No data is being shared with the company on any individual driver’s behavior. As part of the program, Con-way Freight only will receive driver behavioral data on a cumulative basis.

The field testing not only demonstrates the evolution of safety technology, but also the data that comes from the study that can be used for

The company invested about \$750,000 to purchase 10 new Class 8 tractors.

many other purposes, such as to better understand driving behaviors, Petrancosta says.

In addition to Con-way Freight, program partners for the IVBSS commercial-truck research include Eaton Corp., TK Holdings, International Truck and Engine Corp. and Battelle. The cooperative agreement is with USDOT and is administered by the National Highway Traffic Safety Administration, with assistance from the Federal Motor Carrier Safety Administration.

Program funding for IVBSS is provided by USDOT’s Research and Innovative Technology Administration. For more information about the IVBSS program, go to www.its.dot.gov/ivbss.

Although the field tests have just started, the early results for Con-way Freight have been encouraging, Petrancosta says. On one occasion, the data revealed that one lane departure alert occurred because a driver was starting to doze off. “The system worked perfectly,” he says. “The driver drove without incident the rest of the way.” ■

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INNOVATOR OF THE YEAR

A SINGULAR COMMITMENT

BY AARON HUFF

Lakeville Motor Express leads the development of a bold transportation network

For a bustling less-than-truckload carrier, the corporate office at Lakeville Motor Express in Roseville, Minn., seemed unusually quiet the last week of February.

The cubicles of computer programmers, sales representatives, accountants and other administrators were empty.

A large contingent of LME employees had traveled to Chicago to open a new service center. The company already had one service center in Chicago's south side, and after three months of planning, a second facility was set to open on March 1.

This second facility is unlike any other among the company's 34 terminals in 10 Midwestern states. In fact, the service center is unusual if not unique for the entire trucking industry.

LME opened a "hybrid" service center with Averitt Express, a large LTL carrier that operates predominantly in the Southeast. Averitt, based in Cookeville, Tenn., already operated two Chicago facilities – one in the north side, and one in the south. The two companies worked closely together to consolidate their Chicago operations from what otherwise would have been four facilities down to two.

As of March 1, LME employees were onsite with counterparts from Averitt to coordinate the pickup, delivery and linehaul of all freight movements into and out of Chicago. Averitt is providing local pickup-and-delivery services for LME out of both terminal locations, with each company maintaining separate linehaul,

sales and customer service functions.

"To me, those are the types of innovative activities and strategies that have to be formulated and put into action in order to help us become more environmentally responsive, while at the same time being able to effectively respond to all of our customers' transportation and logistical requirements," says Pete Martin, LME president.

The hybrid operation with Averitt demonstrates the type of innovative thinking and leadership that distinguishes LME as *Commercial Carrier Journal's* 2009 Innovator of the Year. The joint service operations with Averitt is part of a broader strategy called the Reliance Network, which was set in motion in October 2007 when Martin and LME's executive management team met in Chicago with the executives of five other regional LTL carriers, including Averitt.

Forming the network

On March 1, 2008, exactly one year prior to opening the hybrid service center, LME and the five other LTLs announced the formation of the Reliance Network, an interline arrangement that enables each partner carrier to provide customers with seamless nationwide and international LTL, truckload and supply chain freight services.

From a business standpoint, LME had the most immediate need to form this strategic relationship. Prior to meeting with the other LTL executives, Martin had decided to end a 12-year strategic alliance called ExpressLink with Estes Express and TST Overland Express.

Through ExpressLink, LME had provided expanded LTL and truckload coverage outside its Midwest operating

region. Estes provided the pickup-and-delivery services for LME in the East, West and South, while TST Overland provided coverage in Canada.

The ExpressLink network had been rewarding by enabling LME to expand its market share by offering customers more service capabilities on a national and international basis. Company revenues were less than \$50 million when LME started the agreement and \$115 million when the agreement officially ended on March 1, 2008.

The end of the agreement became inevitable with Estes' continued expansion into LME's Midwest territory, a move that began to create confusion in the marketplace. "It was a mutual decision once they announced their intent to continue to expand into our service area," Martin says.

Without finding a suitable replacement for the extended service capabilities that ExpressLink provided, LME estimated it would lose 25 percent of its revenue. Without panicking, Martin says he and the entire executive management team began looking for other reliable service providers.

"When we started to see the writing on the wall, we prepared a laundry list of things we would like to change in a future relationship," Martin says. "There never was an option in our minds that we would not be able to form a strategic alliance that would allow us to serve customers in the manner we had through ExpressLink.

"Our objective is to be a transportation solutions provider," Martin continues. "In looking at the changes to the supply chain, supply chain management and the logistical issues our customers face, it was clear to us that we needed to take the initiative

to formulate a strategic alliance with other strong, service-oriented, profitable regional carriers that had similar values for providing exceptional customer service and transit delivery.”

Coming together

In searching for new network partners, the first person Martin contacted was Mark Davis, vice president of pricing for Averitt. Martin knew Davis from an industry association; both served on the board of directors for SMC3, a company that offers pricing and technology services for LTL carriers.

From this initial conversation, Martin and Al Bucher, executive vice president of LME, met with Averitt’s management team. In meeting with Averitt, Martin became aware of other interline arrangements that the company already had with strong regional LTL carriers, most notably Pittsburgh-based Pitt Ohio Express, *CCJ*’s 2007 Innovator of the Year.

Martin had not been aware of the arrangement with Pitt Ohio until after the meeting with Averitt’s management team. In short order, the three companies joined with

three other nonunion regional carriers to form the Reliance Network to provide coverage across North America: LME (Midwest), Averitt (South and Southeast), Pitt Ohio (Mid-Atlantic and Central States), Canadian Freightways/Epic Express (Canada), DATS Trucking (West) and Land Air Express (New England).

At the first Reliance Network meeting in October 2007, Martin brought the network’s framework to the table.

“We were very pleasantly surprised and encouraged as we began discussions with Reliance Network partners to better understand their desire and commitment to form a national alliance that would allow them to service regional markets on a national and international level,” Martin says. “I was surprised at the energy and enthusiasm. It was almost electric.”

To join the Reliance Network, other partners voluntarily ended some existing interline agreements with other carriers, just as LME had done with ExpressLink. “Each of us felt something was missing in our old relationships,” Martin says. “We all wanted to

build something new — to design a new type of organization to service our customer base.”

Network strategy

In today’s market, carriers must offer more than basic transportation services. They need advanced information management capabilities and flexible operations to adjust quickly to meet customers’ special needs, Martin says.

Technology capability and operational flexibility adds tangible value to transportation, he says, and so from the start, Reliance Network partners decided to make data management and flexibility the cornerstones of the network in order to compete with traditional, national longhaul LTL carriers.

The regional carriers in the Reliance Network share many of the same challenges as national LTL carriers, including the high cost of operations and ongoing challenges to maintain market share, Martin says. The streamlined, compact and highly-efficient organizations of the Reliance Network carriers enable each com-



“ Sometimes it seems...they are trying to steer the Titanic. ”

Stamp of approval?

Reliance Network awaits legal review by the Department of Justice

Early in the process of creating the Reliance Network, Lakeville Motor Express sought legal advice on how to develop the strategic alliance to ensure that all of its activities met necessary legal requirements.

The process began by putting together a pooling agreement that allowed network partners to interchange freight between each carrier. The agreement also determined and identified the process by which freight revenue would be shared among network partners.

Once the pooling agreement was secured from the Surface Transportation Board, LME submitted a request to the Department of Justice for a formal business review to ensure that all of the Reliance Network’s activities would meet antitrust scrutiny. The request was accompanied by

appropriate evidence and documentation of all the network’s proposed activities.

LME President Pete Martin says DOJ approval is pending, but that he expects to receive it at any time. “We were very cautious to be certain that we comply with antitrust regulations,” Martin says. As is common practice for interline arrangements in the less-than-truckload industry, the origin carrier in the Reliance Network quotes its own rate to the customer for what its own through rate would be for a shipment, from origin to destination.

One of the ultimate objectives of the Reliance Network, Martin says, is to create — pending the approval of DOJ and STB — a common rules tariff that will be the source tariff for all of the network’s national and international rates.

About the award

Commercial Carrier Journal'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 2008.

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 Feb. 4-6 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.



LME President Pete Martin, left, poses at the CCJ Innovators Summit with Scott Sullivan, chief financial officer of Reliance Network partner Pitt Ohio Express. Pitt Ohio was the CCJ Innovator of the Year in 2007.

pany to make decisions quickly and enact those decisions, Martin says.

"In my opinion, the national carriers suffer from a lack of flexibility," Martin says. "Sometimes it seems, from a national LTL perspective, they are trying to steer the Titanic."

Martin says that with the Reliance Network, customers have the ability to deal with a flexible regional carrier that can customize some offerings — inside delivery, appointment scheduling, etc. — that sometimes are not available from other carriers.

Besides operational flexibility, the Reliance Network rivals the information capabilities of national LTL carriers, Martin says; all partners are working to ensure end-to-end shipment visibility, secure data management and accurate administrative processes. Shippers can receive one PRO number from the origin carrier that picks up their freight; this single PRO number can be used to track a shipment through the origin carrier's website, even if the shipment is delivered by another carrier.

"We opened our computer systems

to each partner member and to our customers to ensure the entire shipping process is seamless," Martin says. In addition, customers have a single point of contact at the origin carrier for all customer service inquiries and problem resolution, he says.

From a technology standpoint, the Reliance Network has required significant programming changes to establish standardized processes that provide the capability for data to be seamless in transmission between carriers and between the customer and carrier. "Whatever particular data management issues that a customer is looking for, we have the flexibility to respond and customize data management packages for select accounts," Martin says.

Standardizing service

Standardization has been central to integrating the operations and information systems of each partner carrier. One of the most complex tasks has been to create standard transit times for delivery, Martin says.

Within its own Midwest operating

territory, LME offers customers guaranteed next-day and second-day delivery. To create standard transit times for shipments that extend beyond its own territory, LME worked closely with Reliance Network partners to establish and maintain a matrix of transit times for every ZIP code point in the United States and Canada.

The operations of each company coordinate daily linehaul activities to expedite the movement of freight among partner carriers, and transit times in the Reliance Network are generally one day better than what customers would experience from a national carrier, Martin says.

"As operations change and additional linehaul schedules are added, we have to keep the matrix current," he says.

The Reliance Network also has established standards for handling cargo claims so as to avoid any confrontation with customers. The agreement is that the origin carrier accepts the cargo claim even if a partner carrier was responsible for the damage.

"We will resolve the claim within the



Pete Martin reviews 2009 sales goals with Nancy Gorman, who leads LME's sales and development efforts for the Reliance Network.

network and share the cost of the claim on a 50-50 basis," Martin says. "We will never have an issue that is not resolved."

Pricing is another issue that partner carriers have settled. A lot of items such as accessorial charges were decided before the first load was moved in the Reliance Network, Martin says. In general, the carrier that originates a shipment is responsible for pricing and submitting rates to customers from origin to final destination. As is standard practice in the LTL industry, the destination carrier receives a revenue share for the portion of the shipment from the interchange point to the destination.

"There are minimal instances where we have found that we are not able to price competitively," he says.

Benchmarking quality

When executives first met in Chicago to discuss the Reliance Network, they soon realized that being part of the group presented an opportunity to leverage the best practices of each partner carrier to benefit each company on an individual and collective basis, Martin says.

The executive group decided to create separate benchmarking groups, or subcommittees, for the areas of customer service, operations, claims and information technology. Each of these subcommittees would include one representative from each company. The groups would evaluate the best prac-

**I was surprised at the energy and enthusiasm.
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tices from each company on how to resolve an issue or to develop a process and procedures to manage these areas effectively for the Reliance Network.

Every two weeks, the groups submit their recommendations and options to the executive committee of the Reliance Network for review. The executive committee holds biweekly teleconferences and holds face-to-face meetings every quarter.

"That's part of what makes us unique — the commitment at the executive and ownership level at each company to ensure we build a quality process that meets the requirements of our customer base today and provides for a continuous improvement process in order to meet the supply chain and logistical needs of our customer base for the future," Martin says.

For example, the IT group developed the standards and procedures to open up the computer systems of each partner in order to extract shipment tracking information. Furthermore, the group developed the process to provide customers with real-time tracking by entering a single PRO number in the website of the origin carrier.

Meanwhile, the administrative group established a seamless freight claims procedure to eliminate the hassle of a customer having to deal with more than one company — the origin carrier — to file a claim, Martin says.

Coordinating sales

In addition to establishing benchmarking groups, each carrier named a sales and marketing executive to serve as a liaison to the Reliance Network. The sales and marketing liaisons are responsible for the day-to-day development of Reliance Network business.

LME's Nancy Gorman leads the sales and development efforts for the Reliance Network. Her responsibilities include monitoring the changing demands of the marketplace and providing immediate feedback to the executive committee. Gorman works

closely with her counterparts to create bimonthly strategic sales plans, and she also works directly with LME's local and national sales representatives to cultivate new business opportunities and ensure that relationships operate smoothly.

"The spirit of cooperation is overwhelming," Gorman says. "It is surprising in a lot of ways." For example, Gorman says that the sales and marketing team for the Reliance Network regularly coordinates events at trade shows, makes joint sales calls and holds sales training and sales strategy meetings.

The team has put together a formal sales and marketing business plan for 2009 that contains specific strategies and tactics in order to drive market share growth for the network, Martin says.

"We have established specific revenue goals between each partner pair," Martin says. "From that, we create sales incentives between carrier pairs to help us grow revenue. We treat the development and growth of the Reliance Network just as we would treat our planning process for growth within our regional networks."

In 2008, the Reliance Network generated more than 200,000 additional shipments among all carriers. At least 50 percent of these shipments represent growth by adding new business, Martin says. For 2009, the planned growth is to double the number of shipments in the Reliance Network to 410,000.

Overall, Martin says that business is running at levels slightly below 2008 as a result of the general economy and overcapacity.

"I expect the remainder of the year to be soft, with revenue equal to or slightly below 2008," he says. "Everyone is doing all they can to maintain current market share. Our focus is to retain current business and keep us positioned for growth. The bright spot is the Reliance Network and the additional opportunities that presents." ■

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O&S Trucking Springfield, Mo.

Developed a higher-payload MegaTruck to provide greater freight efficiency – and a lower carbon footprint – to customers that could provide sufficient freight volume.

A couple of years ago, O&S Trucking President Jim O’Neal and other executives of the Springfield, Mo.-based truckload carrier recognized several important trends. First, for the foreseeable future, the trucking industry would be limited to current size and weight regulations; even if Congress adopted legislation to authorize 97,000 pounds on interstates, for example, it would take many years to get states to go along. Second, diesel prices would continue to rise. And finally, the high demand for trucks in the middle part of this decade was not a permanent condition. On top of all of this was the increasing interest among shippers in demonstrating a smaller carbon footprint.

O&S Trucking’s challenge was to find a way to be more efficient in the face of limited truck productivity and rising fuel prices and to offer greater value to customers in a competitive environment. What developed was a plan to pursue greater payloads so it could haul the same freight in fewer trips.

Making the MegaTruck

O&S Trucking didn’t come to this decision in a vacuum. One of its most important customers, Kraft, had been working toward a similar goal of maximizing payload as a way not only of saving money but also of reducing the company’s carbon footprint. So nearly two years ago, O&S Trucking and Kraft and other Fortune 500 companies began to collaborate on what the trucking company today calls the MegaTruck program.

The goal of the MegaTruck program was to produce a tractor-trailer combination that maximizes payload capacity. Building such a truck isn’t especially difficult, but it is expensive. And once you maximum capacity, you must ensure that you don’t waste it, which is where the real challenge lies. That’s why collaboration with Kraft in launching the program was key, says Rick Johnson, chief operating officer of O&S Trucking. You can realize the potential effi-



Loading up on value

Missouri truckload carrier
bets that bigger loads will
mean better business

By Avery Vise

ciencies only if you run higher-payload trucks within a captive network that keeps them fully utilized, he says. That means working with customers that have opposing volumes or that can at least keep two out of three legs fully loaded.

Also, lower equipment weight doesn’t always translate into more freight due to axle load limitations and varying density of freight. A carrier that hauls mostly potato chips, for example, probably won’t gain much efficiency by lowering vehicle weight. But for O&S Trucking, saving weight means more freight.

“Rarely do we cube out – we usually weigh out,” Johnson says.

“The question was, ‘How can we exchange steel and aluminum for more freight?’ ”

The challenge is especially high for refrigerated carriers, Johnson says. Even small cracks and breaks in trailer walls let in moisture that accumulates in the insulated foam and never goes away. Over time, a trailer could gain 1,000 pounds in water, which also reduces the thermal efficiency of the

insulation, he says. In response, O&S Trucking has taken its trade cycle on refrigerated trailers from seven years down to 54 months.

Most of the weight savings in the MegaTruck come from the tractor, but a crucial trailer specification is 2-inch insulated walls, Johnson says. That gives O&S Trucking just enough space to pinwheel pallets, allowing it to put two more pallets on a trailer.

Other weight savings on the trailer include wide-base single tires on aluminum wheels, center fuse drums and aluminum crossmembers. Even with the addition of a tire inflation system to help with the wear pattern on the wide-base singles, the MegaTruck trailer weighs just 14,000 pounds with a full tank on the reefer unit compared to 15,500 pounds for the regular specification. The premium for the MegaTruck trailer is fairly small at about \$2,000.

On the tractor, a critical element is adjusting the weight

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distribution, Johnson says. "The only way to trade equipment weight for product weight is to move product forward." So for the MegaTruck, O&S Trucking redrilled the frame rail to allow the trailer to move six inches closer to the tractor than the closest position on the factory-built unit. The carrier's truck suppliers warned that this was a bad idea because the reefer unit likely would bump against the back of the tractor, Johnson says. "But we have been doing this for over a year and haven't had a problem."

To reduce tractor weight on the MegaTruck, O&S Trucking switched to a 48-inch mid-roof sleeper rather than the 72-inch sleeper in its regular spec. Net of the additional roof fairing for aerodynamics, the new configuration and related interior changes saved about 1,100 pounds. Other elements of the MegaTruck tractor spec are wide-base single tires on aluminum wheels, aluminum crossmembers, aluminum bell housing and fuel tank capacity of 150 gallons. "There's a lot of aluminum in that truck," Johnson says.

O&S Trucking even limits the driver and his belongings to 600 pounds. "These drivers are on more of a short tether because they are on a more predictable lane," Johnson says. "We don't want them hauling all that excess weight."

The MegaTruck tractor weighs about 16,000 pounds with driver and fuel compared to 19,000 pounds with the regular spec. Despite the more expensive lightweight components, the cost is about a wash due to the smaller sleeper compartment, Johnson says.

Altogether, the MegaTruck combination weighs about 30,000 pounds



Some of the key players in development of the MegaTruck are, from left, David Corsault, chief executive officer of O&S Trucking; Jim O'Neal, president of O&S Trucking and newly elected mayor of Springfield, Mo.; Paul Sheehan, distribution manager for Kraft's Springfield plant; and Dave Samford, vice president of sales for O&S Trucking.

The MegaTruck can haul in nine trips what used to take 10.

compared to 34,500 for normal O&S Trucking tractor-trailers. With the weight distribution and new loading pattern, the carrier is seeing some loads as high as 49,500 pounds.

Rolling it out

Because a captive operation with dependable volume is critical to the MegaTruck program's success, O&S Trucking has rolled it out slowly since it officially launched the program last summer. To date, O&S Trucking and its customers have been using the MegaTruck mainly for dependably high-volume moves between customer distribution centers, but it is beginning to work trips to its customers' customers into the pattern.

On a day-to-day basis, the key executives implementing the MegaTruck program include David Corsault, chief

executive officer; Dave Samford, vice president of sales; and COO Johnson. Although President Jim O'Neal remains involved with the company, especially with "big picture" issues, he has other things to worry about. Last month, O'Neal was elected mayor of Springfield, Mo.

Currently, the 342-truck company operates 40 MegaTruck specification tractors and will have 70 by early summer. Johnson expects to have 100 MegaTruck tractors by yearend. In April, the carrier ordered 180 new trailers meeting the MegaTruck specification.

O&S Trucking's executives recognize the typical objections to spending more money on equipment that will reduce the number of revenue loads. But Johnson sees that the alternative to offering greater value is just to cut rates, so the risk isn't really that significant, especially if you are growing your business and fleet. Besides, if you can't maximize payload, you can recoup some of your investment in lighter trucks through lower fuel use, he says.

"Anybody can beat a carrier up over 10 cents a mile," Johnson says. "This gives you a unique position in the market. It's not just price – it's value. I haul in nine loads what it takes 10 loads for them to do. And it helps the customer to do what it needs to reduce the carbon footprint." ■

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In 2008, the ports of Los Angeles and Long Beach launched a program to reduce emissions that included a phaseout of older trucks and concession agreements for trucking companies serving the ports. Urged on by labor unions, the Port of Los Angeles permitted only trucks operated by company drivers to perform port container drayage service. The American Trucking Associations didn't object to the phaseout, but it is challenging the ban on independent contractors and other aspects of the two ports' concession agreements.

So far, ATA is winning in the courts on the most important issues, but the attempt to change the status of port owner-operators on the grounds of environmental policy was a wakeup call to executives of The Evans Network of Companies. The Schuylkill Haven, Pa.-based company relies mostly on owner-operators to serve ports on the East Coast from Boston to Ft. Lauderdale, Fla.

Seeing Southern California as a warning sign, The Evans Network in 2008 began focusing on reducing emissions by company and independent contractor equipment at ports it serves by working with U.S. Environmental Protection Agency and nongovernment organizations to line up grants and other support for upgrades, says Gerard Coyle, vice president of marketing and agent development.

But the new environmental focus also led The Evans Network to efforts to reshape how it dispatches and operates equipment. A new program called Export Coordination/Optimization-Match, or ECO-Match, aims to cut emissions and shipping costs by reducing the number of trucks needed for pickup and delivery of containers.

"The primary benefit for shippers and steamship lines is the cost savings by using one truck rather than two," Coyle says.

Cutting emissions

The Evans Network is comprised of six affiliates that provide

The Evans Network Schuylkill Haven, Pa.

Pursued freight and fuel efficiency measures to reduce emissions and congestion at ports along the East Coast.



Containing emissions

East Coast drayage carrier sees cargo efficiency as environmental issue

By Aaron Huff

company is splitting the cost of the filters for its contractors with the Virginia Department of Environmental Quality via EPA's National Clean Diesel Program.

Executives are discussing further initiatives with VPA to enhance the GO program — for example, giving drivers a separate gate entrance to expedite traffic, reducing congestion and emissions further. The Evans Network also is submitting grant proposals to retrofit vehicles with filters at four additional ports on the East Coast.

"We are trying to help ports meet some of their goals and raise awareness of what technology you can use that will work to reduce air pollution at ports," Coyle says.

Maximizing container capacity

In 2007, ports in the United States handled 22 million containers, few of which were matched up on a roundtrip basis by importers and exporters, Coyle says. Drayage

intermodal container and trailer drayage, van truckload and flatbed transportation services. Altogether, The Evans Network operates a combined fleet of 1,350 tractors and 80 service centers, and generates more than \$185 million in revenue annually.

About 100 of the trucks operated by The Evans Network are company-owned, and those became the first target for fuel efficiency improvements. Through a number of steps including driver training and monitoring, reduced speed, idle cutoffs and use of auxiliary power units and bunk heaters, the company boosted mpg by about 30 percent in a year, Coyle says. For its efforts, The Evans Network received the highest possible score of 1.25 in EPA's SmartWay Transport Program.

Through its affiliates Century Express and Evans Delivery Co., The Evans Network also was among the first companies to participate in the Virginia Port Authority's "Green Operators" pilot program, which arranges low-cost financing to retrofit exhaust filters to provide vehicles with more emissions-efficient engines. The

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carriers typically move import and export containers between ports and destinations with freight only in one direction. As it began to focus on ways to become more efficient, The Evans Network estimated that matching just 25 percent of these shipments overall would eliminate more than 4 million roundtrips and 4 billion pounds of carbon dioxide emissions per year, and save 175 million gallons of fuel.

"Unfortunately for us and the population in general, the whole container drayage business is not on the radar screen of the EPA and SmartWay," Coyle says. To date, big domestic shippers that participate in EPA SmartWay have not focused their emissions efforts on the import side of their businesses, he says. "We are trying to create some awareness of that end of the business."

To that end, the company launched its ECO-Match program with a goal to match up to 75 percent of the import and export shipments handled by The Evans Network by making more productive use of resources.

"As an example, by matching just 20 percent of container movements at the Ports of Virginia, the ECO-Match initiative has the potential to save 73.6 million pounds of CO₂ annually," says Albert Evans Jr., president and chief executive officer of The Evans Network.

Steamship lines and other customers often lack communication and visibility between even their own import and export departments, Coyle says. For example, the same customer's import department will order a roundtrip pickup and deliv-



Albert Evans Jr., president and CEO of The Evans Network, spearheaded the company's green initiatives and load-matching concept for container traffic at ports.

"We are assuming that other trucking companies will get on board."

ery of a container from the port of Charleston, S.C., to Charlotte, N.C. The same customer's export department will call later the same day to order a one-way container pickup and delivery from Charlotte to Charleston.

The Evans Network has begun talking to customers about execution strategies and making the drayage industry aware of the opportunity to improve its shipment scheduling and communications. The company first approached one of its import customers, clothing manufacturer Phillips Van Heusen, about matching shipments from the Port of New York to central Pennsylvania with shipments from metal scrap dealers that export shipments out of central Pennsylvania through the New York port. The company also has spoken with Waste Management Recycle America, which exports 17,000 containers a year through ports on the East Coast.

ECO-Match is as much an industry initiative as it is internal, Coyle says.

Executives for the Evans Network have spoken with EPA, with customers and at industry conferences such as the Mid Atlantic Clean Ports Workshop in Philadelphia. "This is something we need people to get behind," he says. "Our goal right now is to make people aware."

The number of shipments matched in The Evans Network today is small, Coyle says. "It's a more complex problem than it appears on the surface because there are a number of important issues to consider, such as equipment compatibility, timing schedules, geography and technology." Reaching the goal of 75 percent will require a lot of participation by steamships, 3PLs, importers and exporters.

Coyle has spoken with several non-government organizations that are interested in working with The Evans Network to develop load match optimization software that could determine the least-cost roundtrips that make sense for multiple importers and exporters.

"You have got to have someone say, 'We are going to start doing this and putting the technology in place.' Because of Bert Evans driving this initiative, we're out in front of people," Coyle says. "We are assuming that other trucking companies will get on board." ■

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U.S. Foodservice Rosemont, Ill.

Added a new fuel efficiency metric to better analyze and benchmark its new initiatives for conserving fuel and cutting costs.

Food prices, like nearly everything else in today's economy, are linked to energy prices.

Restaurants, hotels, universities and other foodservice providers risk losing loyal customers by adjusting the prices on their menus. Imagine how you would react to surcharges being added to your food bill. Hundreds of thousands of businesses in the foodservice industry depend on partnerships with their food distributors to turn a profit.

U.S. Foodservice is one of two national food distributors that operate in the multibillion-dollar foodservice industry. Its private fleet, one of the largest in the country, serves more than 250,000 customers with more than 5,000 trucks.

Last year, with diesel prices approaching \$5 a gallon, the Rosemont, Ill.-based company faced unprecedented challenges in keeping profits up and costs down for customers. In response, U.S.

Foodservice stepped up to the plate to reduce its fuel consumption, curb emissions and keep costs in check. During 2008, the company saved \$8.2 million in fuel costs and avoided 22,000 metric tons of CO₂ emissions (equivalent to more than 4,400 cars) by improving the efficiency of its fleet — as measured in freight tons per gallon of fuel — by more than 4 percent from 2007.

Prior to last year's soaring fuel prices, U.S. Foodservice always had used miles per gallon to measure fuel efficiency. In May 2008, the company changed its focus to a new metric — freight tons per gallon — as management saw that its improvement efforts for mpg alone were not gaining enough traction. "We had been making improve-

ments, but we were looking at the wrong piece of data," says Bernie Cassetori, vice president of fleet management.

The shift toward tons per gallon came after U.S. Foodservice partnered with a nonprofit firm to help it measure and reduce carbon emissions. In the process, the fleet began to use this new metric to chart

improvements, but that was just the beginning. The company used the fuel-price crisis as an opportunity to launch new initiatives to put more freight on delivery trucks while reducing the number of miles, stops and routes to boost profits and keep customers' costs in line.



Stocking up on savings

U.S. Foodservice turns high fuel prices into lemonade

By Aaron Huff

Profiting by efficiency

Even before fuel prices hit all-time highs, an ongoing initiative at U.S. Foodservice was taking shape. The company's operations team had been looking for ways to control costs without raising product prices. For this initiative to succeed, operations needed to consolidate deliveries and reduce mileage in truck routes, Cassetori says.

The initiative started in operations but grew to become a joint collaboration project with the sales department. U.S. Foodservice organizes its sales and operations in geographical regions. In each region, operations meets regularly with sales and provides information about the proper days each customer should be getting deliveries to maximize efficiency. "We would never say to a customer 'This is the only day you are getting a delivery,'" Cassetori says. "The sales department always wins the customer service argument."

But Cassetori says that by optimizing delivery schedules, such as taking deliveries two times a week instead of three, U.S. Foodservice can offset some of the fuel increases through operational efficiencies. High fuel prices

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made customers more receptive and understanding to changes that would help keep their costs in check. “We looked at optimization when fuel prices went wild,” Cassetori says. “It was an opportunity to re-engineer how we delivered.”

U.S. Foodservice recently experimented with new route optimization and planning tools to create more efficient deliveries. Preliminary models show the potential for significant cost savings by reducing the number of miles and routes for deliveries.

Managing drivers

Even with a new metric in place to manage improvements in fuel efficiency, management continued to focus on improving miles per gallon (mpg) by targeting the usual areas: speed, shifting and idling. Creating friendly competition among drivers has paid the biggest dividend; the company offers small incentives to drivers for earning the highest score in their region for shifting patterns, idle times and other safety and performance areas.

When U.S. Foodservice began scoring and ranking its drivers for performance, 40 percent of them scored below 90 percent for performance; today, none score below 90 percent, and more than 33 percent of drivers score at least 99 percent. “The scorecard provides a great tool for discussion and has really helped our supervisors work more collaboratively with our drivers,” Cassetori says.

In addition to focusing on fuel efficiency by driver, management took a closer look at all activities that consume fuel. “As we continued to



Bernie Cassetori, vice president of fleet management for U.S. Foodservice, says the company's initiatives improved efficiency and lowered costs.

“We had been making improvements, but we were looking at the wrong piece of data.”

focus on the driver side of it, we realized it wasn't actually the driver but the truck you had to monitor,” Cassetori says. Monitoring idle time by driver didn't account for the time trucks were idling in the yard without a driver assignment. “There were a lot of hours there that we were missing,” he says.

Other measures taken to improve mpg include purchasing tire inflation systems on all new trailers and improving pre-cooling processes for reefer trailers when loading product. Management also is considering adding trailer skirts to achieve an additional fuel savings of up to six or seven percent, Cassetori says.

For tractors, U.S. Foodservice worked with its major engine supplier to adjust speed limits and program its engines to shut down automatically after five minutes of

idling. The company also began using gear-down protection; the engine will not allow a driver to surpass 60 mph until the driver shifts up from ninth to 10th gear in a 10-speed transmission. U.S. Foodservice also saw significant fuel economy improvements by assigning drivers with poor shifting behaviors to vehicles with automatic transmissions, Cassetori says.

Besides using technology to improve efficiency, U.S. Foodservice also is investing heavily in new safety technology. The company is installing lane-departure warning systems in all tractors that are used for shuttling freight overnight between hubs and is adding stability control systems on all new equipment purchases.

As another cost-saving measure, U.S. Foodservice has made significant headway in finding backhaul freight to minimize empty miles. Its backhaul business has grown by more than 22 percent in the first four months of 2009 versus the same period in 2008, Cassetori says.

With all of the company's ongoing initiatives and processes to improve freight tons per gallon and other important metrics, handling the next fuel-price crisis may be a breeze by comparison. “Basically, execution is all it comes down to,” Cassetori says. “This is a simple business if we execute properly.” ■

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Bison Transport Winnipeg, Manitoba

Created a safety culture that incorporates advanced tools to identify driving risks and train drivers, and also celebrates safety successes.

In 2006, Bison Transport won its first of three consecutive grand prizes in the Truckload Carriers Association's National Fleet Safety Awards. One of the catalysts of Bison's continued success in safety was a 2003 decision to purchase and deploy stationary and full-motion simulators, which it incorporated into the driver training and development program it calls Tatonka. Today, Bison executives are offering the success of its safety program and high-tech training tools to more drivers than just those on its payroll.

Bison launched a safety campaign called "You're Safe With Me" in 2006 to celebrate the company's people, culture and values. As part of this year's campaign, the Winnipeg, Manitoba-based company added a new course to its Tatonka program called "Let's Bring Safety Home." The course grew out of an idea from an employee in Toronto. While teaching his teenage daughter how to drive, the employee expressed his concern that not enough motorists know how to operate safely around trucks. So Bison executives decided to offer a two-hour safety training course to employees' families and friends. As part of the course, students spend time in a simulator.

Garth Pitzel, director of safety and driver development, says the advantage of using simulation is for students to see the consequences of their driving decisions. An instructor can use a separate "rabbit station" to take control of a passenger vehicle in a simulated environment and move into a truck's blind spot or move out in front of the tractor and slam on the brakes.

The first three training courses were held on separate days in late June and early July at three of Bison's terminals: Winnipeg, Mississauga and Calgary. Once the company announced the dates for the course, classes filled up within a week, and the company already is planning additional train-

ing events to meet growing demand, Pitzel says. Management also is considering ways to expand the course to a wider audience by offering it to groups such as customers and insurance companies, he says.

Driver development

Besides using simulators to train drivers, the Tatonka program uses high-tech tools to specify the appropriate training based on individual driver needs.

The trucking industry traditionally has used a "paintbrush" approach for safety and training, Pitzel says. Companies might decide to hold quarterly safety meetings where they

offer the same message or training to drivers. Smaller fleets periodically may ride along with drivers to provide one-on-one assessments and training, but instructors cannot cover all types of circumstances a driver may encounter.

Driver training is most effective when you can apply the right amount of time, concepts and learning techniques according to the needs of individual drivers, Pitzel says. To

identify those needs and specify the appropriate individual training, Bison developed a proprietary Driver Information Management System (DIMS), which assigns risk based on data collected on each driver for accidents, mileage, violations, speeding, following distance and other data points.

Bison uses DIMS to continually refine its driver development cycle. The company requires all drivers to take a set of simulation courses immediately after driver orientation, followed by new courses every three months for the first year. The order of the training courses is determined by analyzing the type of incidents that happen according to drivers' work experience. For example, the company used to require drivers to take a backing course at the three-month stage; today, this course is required at orientation.

"We were finding that most maneuvering accidents were happening in the first six months of drivers' careers at



Fully invested

Canadian carrier's safety programs notch top awards and make drivers safer – including public motorists

By Aaron Huff

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Bison,” Pitzel says. “We changed the cycle to have (the backing course) right up front. We did that and reduced backing accidents by 28 percent.”

Targeting needs

In addition to refining its driver development cycle, Bison uses DIMS to identify which drivers to bring in for additional training and meetings. “We’ve been able to design a program that gives a three-year snapshot of a driver’s risk level,” Pitzel says. The program assigns a weight factor to each type of incident based on the severity of risk.

To identify the risk of each type of incident, Bison uses the “Predicting Truck Crash Involvement” study by the American Transportation Research Institute of the American Trucking Associations. The study uses truck crash data to show the probability of future truck accidents based on specific types of driving behaviors and events such as violations, convictions and past crashes.

When an incident such as speeding occurs, Bison’s safety department reviews the incident and looks at how its DIMS classifies the driver — low, medium, high or extreme risk. The



“Our culture supports all aspects of safety.”

—Garth Pitzel,
Bison Transport director of
safety and driver development

type of training a driver receives depends on his risk level. Bison has developed some online courses for low-risk drivers, but drivers in the medium, high and extreme range have to take courses that include simulation. “We have to train them differently,” Pitzel says. “You have to spend time and resources on people that need it.”

In the past year, Bison has reduced the number of drivers in the high-risk category by 21 percent, Pitzel says; today, 85 percent of drivers are low risk. Perhaps just as important, the company’s driver turnover rate is 20 percent — low for a carrier that

employs more than 1,400 drivers. Its low driver turnover can be attributed partly to its success in changing the behavior of drivers who otherwise would be terminated. “Our goal is not to terminate (high-risk drivers), but to change their behavior,” Pitzel says.

The Tatanka driver development program is just one of many tools the company uses to improve safety and reinforce a safe driving mindset. All company equipment includes roll stability control systems and automated transmissions to allow drivers more freedom to concentrate on space management. Since deploying automated transmissions, the number of incidents and accidents from drivers making left- and right-hand turns has been reduced significantly.

“When we look at drivers, what we’ve really created is a safety toolbox,” Pitzel says. “We give them the best equipment out there and the safest. We train them on it, and then we have a solid training program to give them the necessary skills to make it home safely.”

Just as important, Pitzel says, is that Bison’s operations team gives drivers the sole authority for when to drive. “The only one who decides if they can drive is the one behind the wheel,” Pitzel says. “That load is late if the driver can’t do it, or we have to find another way to get it there. Our culture supports all aspects of safety.” ■



As part of its “Let’s Bring Safety Home” campaign, Bison Transport offered a two-hour safety training course to employees’ families and friends. As part of the course, students spend time in a simulator.



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Ruan Transport

Des Moines, Iowa

Leverages its size and expertise in dairy transportation to develop solutions for reducing carbon emissions.

In 2006 and 2007, Ruan Transport acquired two large West Coast dairy haulers and added dairy operations to its full-service transportation management, dedicated carriage, logistics and brokerage services.

In one sense, the expansion of its dairy operations returned the company to its roots. Throughout the 1940s and 1950s, the Des Moines, Iowa-based company was the nation's largest dairy hauler, says Jim Mulvenna, vice president and general manager of West Coast operations. While the dairy business has changed over the years, Ruan is using its present size and expertise to address some pressing concerns in the industry.

Many of the trucking companies that service the dairy industry are small outfits that run static routes to transport milk from dairy farms to nearby processing plants. Ruan sees its competitive advantage in its ability to offer customers a comprehensive approach to milk distribution and flexibility to manage the many and sudden changes that occur, Mulvenna says.

Ruan is able to manage large-scale distribution of milk from farms to processing facilities by using advanced technology and planning systems that it developed internally to provide drivers with dynamic real-time dispatch information. Managers can analyze how much time drivers are spending on each route and at each stop for milk pickups, Mulvenna says.

Carbon smarts

Given Ruan's scope within the dairy industry as a transportation provider, it was natural that the carrier would seek out ways to help the industry. Like many other businesses, dairies are eager to show a commitment to environmental stewardship – especially reducing emissions of greenhouse gases (GHGs).



Smarter milk runs

Iowa carrier leads a green initiative for the dairy industry

By Aaron Huff

Ruan – seeing an opportunity to improve efficiency and reduce carbon emissions for its own vehicles and the entire dairy industry – recently partnered with the Innovation Center for U.S. Dairy for its new Environmentally

Sustainable Methods for Achieving Responsible Transportation (E-SMART) project.

“Creating a more sustainable dairy supply chain significantly benefits everyone from dairy farmers to American families that enjoy dairy products,” Mulvenna says. “As an E-SMART leader,

Ruan will create and implement responsible model procedures that other trucking companies can also adopt to achieve greater sustainability and fuel efficiency.”

As co-chair of the E-SMART project, Mulvenna will be working with trucking companies in the dairy industry to implement fuel-efficiency best practices to reduce GHG emis-

sions, while saving money on fuel costs. The other co-chair of E-SMART is Dave Crowley, environmental health and safety director of H.P. Hood, one of the nation's largest dairy operators.

The E-SMART project has an ambitious goal to reduce GHG emissions from fluid milk transport by 20 percent by 2020. The Innovation Center for U.S. Dairy is supported and staffed by Dairy Management Inc., a nonprofit organization that works to increase demand for and drive sales of dairy products and ingredients on behalf of America's dairy producers.

GHG emissions in the transport and distribution links of the fluid milk value chain come almost entirely from diesel fuel use in trucks, with a much smaller source coming from refrigeration. Both add up to 824,000 metric tons annually, which is about 3 percent of fluid milk's total GHG emissions, says Rick Naczi, executive vice president of strategic industry analysis and evaluation at Dairy Management Inc.

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For the first phase of the E-SMART initiative, Mulvenna is helping to promote voluntary participation in the U.S. Environmental Protection Agency's SmartWay program, which aims to reduce the impact of freight transport on the environment through fuel-efficient technologies and practices.

SmartWay is designed for long-haul trucking, but additional efficiency opportunities exist in the dairy value chain, Naczi says. Applying retrofits to trucks can reduce each truck's fuel consumption by more than 8 percent while driving, and up to 60 percent while idling. Behavioral changes on the part of drivers have the potential to improve fuel efficiency by 5 percent to 25 percent.

Equipment aerodynamics, speeds, driver habits and other fuel-saving measures already are well known in the trucking industry. Mulvenna believes the greater opportunity may be to develop dairy-specific transportation and distribution guidelines for E-SMART. He also believes the more Ruan becomes involved in customers' distribution systems, the better service and cost it can offer. "If you want to hire us just to haul milk for the cheapest rate, we can do that, but we can do so much more if we can take a look at the distribution design and help optimize it."

On a large scale, Mulvenna is working to make milk distribution more efficient by reducing the number of trucks on the road and reducing idling at dairy farms and processing plants. Recently, a customer questioned Ruan about why the company was charging more for a stop charge



"I think there is very strong belief that distribution could be run so much more efficiently."

**—Jim Mulvenna,
Ruan Transport vice president
and general manager of
West Coast operations**

in one area than another. The more expensive stop charge was due to the customer taking 50 percent longer to pump milk because it was using single-phase power.

"If you have triple-phase power, we charge less," Mulvenna says. Based on that advice, Ruan's customer plans to convert its milk pumps from single- to three-phase power. The investment will be paid back within a year by reducing stop charges, he says.

Opening a conduit

Milk distribution generally operates most efficiently when the product is shipped from the farm to the closest processing facilities. Carriers do not always take the initiative to propose new ideas and solutions to customers because shorter routes equal less miles and less pay.

Ruan recently worked with one of its larger customers to increase the number of loads delivered to nearby processing plants – within 10 miles

of its farms – from 85 to 92 percent. This change resulted in a 4 percent decrease in transportation costs for the customer, Mulvenna says.

"There are certain things we bring to the table," he says. "We would love to get our hands on distribution systems and analyze them. But as a for-hire trucking contractor, you are only invited so far into the distribution systems." One of the benefits of being an E-SMART co-chair is that many of the people involved in dairy distribution already belong to Dairy Management Inc.

Another problem is wait times at processing plants, Mulvenna says, but customers now are taking note of that. Since all of the players involved in the dairy production chain are members of Dairy Management Inc., getting involved in E-SMART is a great opportunity for carriers to be heard, he says.

Mulvenna says his E-SMART involvements and Ruan's influence in the dairy industry have helped opened up a conduit for other carriers to bring ideas to the table. "When I go to conferences, we'll capture our lessons learned about what the smaller carriers are interested in and what they are concerned about, and the distribution channel effect on their business. I think there is very strong belief that distribution could be run so much more efficiently." ■

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Transport America

Eagan, Minn.

Established a two-tier incentive program to encourage drivers to reduce idling — which netted a reduction in both carbon footprint and operating costs.



Driving fuel savings

Truckload carrier uses the honor principle to reduce idling

By Aaron Huff

When diesel prices soared last year, most fleets took a closer look at driver behaviors that affect fuel costs. Governing trucks at lower speeds was an easy solution compared to reducing engine idling. Drivers might see management as unfair — even inhumane — if asked to limit idling during the extremes of winter and summer.

Transport America — an Eagan, Minn.-based truckload carrier — has used incentive programs to reduce idling significantly without rattling drivers. Several years ago, the company offered a bonus to drivers that allowed their trucks to be governed at 62 mph.

But in May 2008, record fuel prices forced the company to mandate lower speeds throughout its fleet. The voluntary-to-mandatory transition went fairly smooth, since 30 percent of drivers already had volunteered to have their trucks governed, says Bart Giangiacomo, fuel specialist and manager of special projects.

Giangiacomo knew limiting idling would be a greater challenge. “We were upfront with our drivers and told them it wouldn’t be easy,” he says. “It wasn’t like a bad load that was here today and gone tomorrow, but something they would have to deal with on every break.”

In May 2005, Transport America had introduced a penny-per-mile bonus to drivers who met a monthly target for idle percentage. Transport America tracks drivers’ idle time starting after five minutes of engine run time. This measure, called intertrip idle time, is divided by total engine run time to calculate an idle percentage and is tracked automatically by the electronic control module (ECM) of vehicles.

When Transport America started the incentive program, total fleet idle was 50 percent; by the end of 2006, idle time had dropped to 38 percent.

A two-tier strategy

By the time the fuel crisis hit in 2008, idle time had

dropped to 27 percent when Transport America created a two-tier incentive program to gain further reductions. The idea for the program came from a veteran driver who routinely kept his idle percentage at zero, Giangiacomo says.

The two-tier program offers drivers the opportunity to earn up to two cents

per mile for meeting two types of monthly goals. One goal is for a driver’s actual or unadjusted idle time; the other goal is for adjusted idle time. The goal for actual idle time is stricter than the goal for

adjusted idle. The goals change each month based on seasonal temperatures; the company allows drivers to idle more during the winter and summer than in the spring and fall.

As an example, September’s unadjusted idle goal was 10 percent, and the adjusted goal was 20 percent. These monthly goals are the same for all drivers, with the exception that drivers

assigned to vehicles with diesel-fired bunk heaters have a stricter target during the winter.

The two-tier system was designed to show drivers that management understands their work environment, Giangiacomo says. By adding a goal for adjusted idle time, drivers have the freedom to idle vehicles during extreme temperatures — above 80 degrees in the summer and below 30 degrees in the winter — without having the time counted against their bonus for adjusted idle time.

If a driver wants to idle, he sends an electronic message to request a certain number of hours. The manager checks the location of the driver and, if necessary, verifies the temperature of the location through the Internet.

Once the request is approved, the manager enters the adjustment into a software application that tracks each driver’s actual and adjusted idle percentages. The software shows the complete history of each driver’s idle performance since they started with the company, including a history of the adjustments they requested.

A driver’s adjusted idle time is calculated by subtracting the

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Transport America has designed and developed its own software to put a lot of data at the fingertips of operations and fleet management.



Tom Benusa, chief information officer, says Transport America's driver scorecard application allows fleet managers to identify underperformers and strong performers quickly.

number of hours the driver requests from the numerator and denominator of the equation for idle percentage. Thus, the adjustments do not count against the driver's cumulative total for adjusted idle percentage and do not factor into the bonus of one cent per mile.

With Transport America's two-tier bonus program, drivers have an incentive to limit the number and duration of adjustments to achieve their goal for unadjusted idle time. For example, instead of requesting a full 10-hour adjustment for a break during 90-degree weather, a driver may decide to request only two hours to precool his truck.

About 600 of Transport America's 850 company drivers are earning an extra penny per mile. About 300 drivers are earning two cents per mile regularly by exceeding company goals for both adjusted and unadjusted idle time. The average bonus pay for drivers is \$1,392 per year, Giangiacomo says.

Since implementing the two-tier bonus program, the company's idle time has dropped to about 26 percent; last May, the company achieved a record-low 14 percent idle time. Since May 2008, the combination of mandatory speed reduc-

tions and anti-idling incentives has saved \$3 million in fuel expenses, Giangiacomo says.

Keeping tabs on drivers

Fuel economy and idling aren't the only driver performance metrics that management watches closely. Transport America has designed and developed its own software to put a lot of data at the fingertips of operations and fleet management.

"We always think of our custom software as giving us a competitive advantage to our customers and our drivers," says Tom Benusa, chief information officer. One feature enables fleet managers to be proactive in monitoring drivers' scheduled breaks. The system monitors location information from onboard computers and sends alerts when drivers approach their limits for hours-of-service. Fleet managers can reach out to drivers proactively to make sure they have preplanned their stops.

Transport America recently started using a driver scorecard to monitor various driver performance metrics through one application. Idling and fuel economy statistics are grouped on a trip-by-trip basis with metrics

Transport America makes drivers feel proud to be involved in its cost-control efforts.

such as out-of-route mileage, utilization and service. The application gives visibility to fleet managers to identify underperformers and strong performers quickly, Benusa says.

Everyone in the organization helped drive idle reduction and fuel savings, Giangiacomo says. Management also shares information with drivers to generate publicity about the contribution of individual drivers to the company's fuel savings. "The other piece that brought us success was always providing the drivers with monthly updates on how much fuel they saved the organization," Giangiacomo says.

Voicemail announcements and personal thank-you notes are sent to drivers every month. Transport America also publishes a list of the top 200 drivers with the lowest idle percentage. During last May's record month for low idle, the top 200 drivers had unadjusted idle at 3 percent or less.

Management also created tip sheets with ideas and feedback from drivers about how to stay comfortable without idling.

"I believe if you went to a local truckstop and talked to one of our drivers, you would find that they would be proud of their achievement at slashing idle time," Giangiacomo says. ■

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USA Truck Inc.

Van Buren, Ark.

Transitioning to a new operating strategy aimed at optimizing freight velocity, pricing and variable costs in order to maximize profits.

The past few years have been tough, and USA Truck has hardly been immune. Indeed, the Van Buren, Ark.-based truckload carrier is one of the handful of trucking companies whose financial challenges are a matter of detailed public record.

In the third quarter, USA Truck's revenue was down more than 20 percent from the same 2008 quarter, and it lost \$1.6 million – down from a \$2.4 million profit in the third quarter of 2008. For the year through September, USA Truck has lost \$4.7 million.

The basic challenge USA Truck faces is familiar to many carriers: A lack of freight demand that has created excess capacity and downward pressure on pricing. But Clifton Beckham, president and chief executive officer, says financial results and poor freight demand have overshadowed the progress the company has made through its strategic plan, which is called Vision for Economic Value Added, or VEVA. The objectives of that plan are to improve return on capital and reduce earnings volatility over time.

USA Truck has seen benefits from some of the efforts related to VEVA. For example, its “War on Accidents” safety initiative continues to drive down the carrier's U.S. Department of Transportation recordable accident frequency, which is lower through the third quarter than it was through the same period last year; the DOT recordable rate was down 27 percent in the second quarter compared to all of 2007. Also, productivity among its nondriver work force has improved, allowing for a 21.7

percent reduction in positions – 176 in all – since the beginning of 2008. The ratio of drivers to nondrivers has grown from 3.2 to 1 in 2007 to 4 to 1 today.

And the downturn hasn't derailed ongoing efforts to upgrade technology; USA Truck has converted its intermodal and brokerage service offerings to new operating systems and is using internal development capabilities to build customized decision-support tools. In fact, technology is a key enabler of one of USA Truck's most important efforts: An entirely new operating strategy.

A web of profits?

“For the past year, we have been methodically crafting a freight network, which we refer to as the ‘Spider Web’,” Beckham says. The goal of the new operating model, which was completed and rolled out in August, is to optimize the combination of freight velocity, pricing and variable costs in order to increase operating profits.

With personnel to train and a customer base to work with, USA Truck can't just adopt a new oper-

ating model overnight, so there will be a transition to the Spider Web concept. Over that time, the company expects that its length of haul will continue to decline from about 575 miles today to 450-500 miles, Beckham says.

Meanwhile, lane density will go from nearly 6,000 lanes now to about 1,400, allowing USA Truck to better manage its fleet and reload tractors quickly, Beckham says. That will be key to increasing the carrier's velocity to above 4.0 – meaning more than four truck turns a week. USA Truck's velocity was 3.0 in the second quarter, up

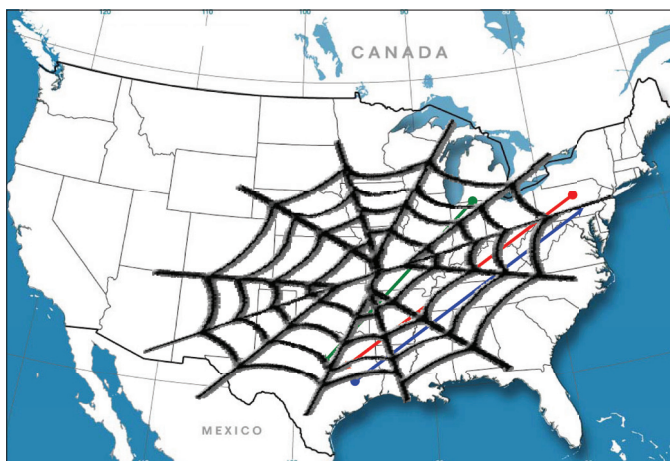


A whole new network

Arkansas truckload carrier reshapes its business to capitalize on better times

By Avery Vise

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USA Truck offered a rough conceptual representation of its emerging operating strategy in a March 2009 presentation at the J.P. Morgan Aviation and Transportation Conference in New York.

from 2.5 in 2007. And miles per tractor per week will rise to 2,250.

With these improvements, base trucking revenue per mile should rise 10 to 15 cents, depending on economic conditions, Beckham says. Today, about one-third of USA Truck's weekly loads are in Spider Web lanes.

Due to the various VEVA-related initiatives as well as the partial implementation of Spider Web, USA Truck has seen some signs of strength in a tough environment. The carrier has increased its owner-operator fleet by nearly 59 percent to 143, relieving it of the capital investment for a greater portion of the fleet. Over the past year, length of haul has declined more than 21 percent, and velocity has risen more than 10 percent.

USA Truck's base trucking revenue per loaded mile has risen year-over-year for three consecutive quarters and now is \$1.493. The improvement is not the result of price increases but rather of better management of the freight network and the reduction in length of haul, the carrier notes.

But despite some progress, the current freight market means that USA Truck's gains from moving to the Spider Web concept will be slow.

The carrier expects the transition to be an ongoing process as the Spider Web continues to be refined, Beckham says.

But as the lane density transition occurs, USA Truck will have the ability and the capacity through its Strategic Capacity Solutions service offerings to serve customers in those lanes. USA Truck's freight brokerage revenues were down about 20 percent in the third quarter from the same 2008 period. But volume has risen gradually throughout 2009, and gross operating margin has improved.

"We believe our operating model is lean and efficient, but it simply does not yet have enough freight volume to be reflected on the bottom line," Beckham says. Miles per tractor per week have declined 12 percent,



USA Truck is striving for four loads per truck each week.

and tractor count has dropped 10.2 percent. "That combination has produced insufficient revenue volume to generate an operating profit," Beckham says. "Though things are difficult economically, we believe we have a plan to produce more revenue volume." ■

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Carlile Transportation Systems Anchorage, Alaska

Management leverages its expertise in solving complex transportation problems to expand in niche markets.



Taking on Alaska

Carlile seeks to solidify customer relationships in the Last Frontier

By Aaron Huff

Carlile Transportation Systems doesn't just tell clients and prospects it can move their freight. The company says it can solve complex logistical problems.

Watch the History Channel's "Ice Road Truckers" series, and you'll understand why the company confidently can make such a claim. The History Channel contracted with the Anchorage, Alaska-based company to film several company drivers for the show's third season.

The episodes show truckers moving heavy equipment on the 500-mile Haul Road from Fairbanks to the remote outpost of Deadhorse. Once the truckers reach the end of the highway in Deadhorse, they travel on a network of ice roads to the far-flung oil fields of Prudhoe Bay.

Not all of the company's freight moves through the treacherous weather and unforgiving terrain of Alaska's North Slope; the company also serves most of the state's road-accessible markets. Operating in a small market in one of the harshest environments on Earth has given Carlile Transportation opportunities to establish itself as a full-service transportation company.

"In the (lower 48) states, carriers tend to be either truckload or LTL," says Linda Leary, president. "They haven't branched out as much. In Alaska, we have to do a little bit of everything."

A pivotal moment in Carlile's 30-year history came in 1994 when the company purchased K&W Transportation from St. Cloud, Minn.-based Anderson Trucking Service. The acquisition enabled Carlile to provide interstate transportation between Alaska and the lower 48 states. "We doubled our business overnight," Leary says.

Today, Alaska is the origin or destination for more than 85 percent of the company's freight volume. Going forward, the company continues to leverage its unique experience in solving complex problems to create niche services in both Alaska and the mainland that are difficult for competitors to replicate.

"We built it from the ground up, not from diving into it," Leary says.

Carving a niche

As a full-service transportation company, Carlile provides truckload, less-than-truckload and intermodal services for rail, sea and air freight. The company is equipped to handle freeze and chill commodities, hazardous materials, bulk products, liquid products and specialized heavy-haul equipment, and it also

operates a third-party logistics (3PL) service to manage individual projects for customers from single construction sites to entire supply chains.

Carlile operates about 300 trucks and 1,500 trailers and pieces of trailing equipment. The reason for having such a high ratio of trailers to tractors is because Carlile's trailers often are in transit between Alaska and the northwestern United States via steamship and barge lines. In the lower 48 states and Canada, Carlile operates terminals in Blaine, Minn.; Tacoma and Fife, Wash.; Houston; and Edmonton, Alberta.

Besides offering interstate shipping to Alaska from each of these locations, management has gone after niche markets in the mainland such as heavy-haul and oversized freight, bulk transportation, hazardous waste/materials and logistics support for the Department of Defense. Each of these markets began in Alaska.

At its Tacoma facility, Carlile operates a U.S. Customs-bonded container freight storage rail station. A CFS is a physical location for unpacking and packing intermodal containers.

The company also recently began operating a shipping service between the West Coast and Honolulu. Traditionally, national companies — i.e. shippers — have thrown Alaska and Hawaii into their international logistics divisions. Because Carlile is one of only a few domestic carriers that service both Alaska and Hawaii, the company does not compete directly with the so-called "national" interstate carriers in the minds of its customers, Leary says.

Solving challenges

A limited road network adds to the complexities of transporting freight in Alaska. Some areas only are serviceable by

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As a 3PL provider, Carlile manages all modes of transportation for customers in any weather.

air or water. Companies that operate remote mines often will build a runway or ice roads. As a 3PL provider, Carlile manages all modes of transportation for customers in any kind of weather.

On the asset side, moving oil field supplies is one of many services the company offers, but its service goes beyond hauling freight. As the fields mature, they require increasingly larger equipment to keep production volumes up. Getting larger equipment out to remote sites is a significant challenge for shippers — and an opportunity for Carlile.

The company works with its clients' engineering teams to determine the best weights and dimensions for oil field equipment to be transported safely to drilling locations in the Alaskan wilderness. Shippers also partner with Carlile to provide RFPs to potential buyers. With Carlile's expertise, clients can quote accurate transportation costs along with the equipment. This guarantees that critical delivery commitments after the sale can be met, removing a major source of shipping headaches.

Carlile continues to find new opportunities to grow by getting customers to see the value of its services in entirely new ways. In the last couple years, the fleet has increased its presence in the commercial salmon industry by utilizing team driver operations to ship fresh and frozen goods to the mainland.

By truck, the trip from Alaska to Seattle takes between 52 and 60 hours. Few other companies have established runs between Alaska and the lower 48 by road. While the trip takes much longer than by plane, the costs are far less than airfreight, and transit time is much faster than by barge or steamship, Leary says.

Back to the basics

Because Carlile operates a diverse business, employees have to learn how to do many different tasks. Traditionally, new employees have learned by diving in, Leary says. Until recently, the company didn't offer any formal training program. The need for one became apparent when Carlile implemented a new operations and dispatch software system earlier this year.

"I saw we needed training for employees, as well as a way to offer more value to our clients for helping them in training their employees," Leary says. The company plans to launch Carlile University in January 2010 as a transportation training program.

For Carlile customers, the classes will be designed to meet the needs of people who are new to transportation such as a project manager with an engineering background.

"When working on a big project, it is always what you don't know that can get you in trouble," Leary says. For instance, when putting the project plans into



"When working on a big project, it is always what you don't know that can get you in trouble."

— Linda Leary, president,
Carlile Transportation Systems

place, the manager may not understand the road restrictions in Alaska during the spring and other regional idiosyncrasies that can affect their bids.

Initially, the classes will be offered for local customers once a month during lunchtime at the company's headquarters. Leary also is considering conducting webinars and podcasts to reach a broader audience.

"For me, it is about building relationships with clients," she says. "If we can be of help to our customers in training people, it is good for them and us." ■

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