
2010

innovators

Friendly competition

Fuel hauler shares the benefits of its software with its competitors

By Aaron Huff

McMahon Transport Group
Lockport, Ill.

Developed a software system to streamline communications in the gasoline supply industry.

Each week, McMahon Transport Group – a Lockport, Ill.-based company with 16 tractors and 42 employees – delivers about six million gallons of fuel to more than 400 gas stations in the Chicago area.

"We move a lot of volume for the amount of trucks and drivers we have," says Jim McMahon, vice president.

Powering this highly efficient operation is a software system, Digital Fuel Solutions, that McMahon Transport created to streamline communications with its customers – fuel distributors and gas station owners.

The gasoline industry uses sophisticated information systems to manage the flow of gasoline from pipelines to terminals. But from the terminals to gas stations, information typically flows manually via phone, pencil and paper. To order a load of gas, a station owner will call a fuel distributor, who in turn will call a fuel hauler.

Besides its inefficiencies, a manual process for exchanging information is prone to errors, especially in forecasting delivery amounts. Fuel haulers need a 24-hour notice for delivery. Stations can get an inventory reading at any time, but they don't always have the data to forecast usage for the next 24 hours to determine an order quantity. A store owner that makes a bad estimate could order too much gasoline and cause the fuel hauler to overfill an underground tank.

"It gets really tricky when you get a station that turns a large volume but has small tank sizes," says John McMahon, vice president.

For years, McMahon Transport has managed inventories for many of its gas station customers. In times past, the company was calling the stations to get inventory readings to forecast demand and calculate delivery quantities.

About five years ago, John McMahon built a modem-based communications system to capture inventory readings from stations' tank gauges. The system also could call stations automatically and have the person who answers physically enter their inventory over the phone.

Automating the capture of information from gas stations solved only part of the communications challenge. Everything else – from scheduling deliveries to managing drivers and billing customers – was manual and time-consuming.

Doing it themselves

In 1998, the McMahons hired programmers to develop software to simplify the company's daily fuel delivery operations. The first software package was built using Microsoft Access.

After developing several more versions of this software in Access, the company changed platforms. In April 2007, McMahon Transport went live with Digital Fuel Solutions (www.digitalfuelsolutions.com), a Web-based system developed using Microsoft SQL Server. The company designed Digital Fuel Solutions to be a communications tool and clearinghouse of information for station owners, fuel distributors and fuel haulers.

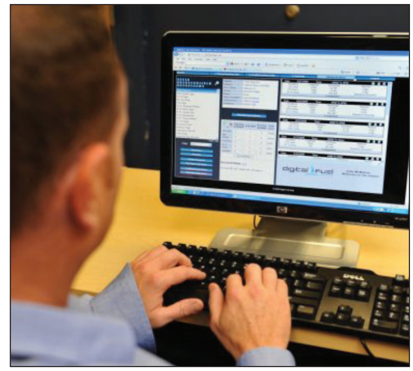
When a station owner logs into Digital Fuel Solutions, the system shows the current inventory readings and all previous orders and deliveries of gas. Station owners can order a delivery online or use a patent-pending feature called the Load Generator to automatically create optimal loads based on predetermined parameters.

Fuel distributors can use the software to schedule deliveries via e-mail and fax with McMahon Transport and other fuel haulers. Distributors also can manage their accounts with station owners and stop certain deliveries from being made to a station as a result of credit problems.

Most of the features in the software were designed specifically for the fuel hauler – load scheduling, driver communications, billing, etc. Since implementing the system, McMahon Transport has improved its billing accuracy. With its previous system, the company was underbilling customers $1,500 a week. "Now we bill in 18 minutes a week," John McMahon says. "It is all automated."

Other benefits of the system are difficult to measure.

James L. McMahon (center), president of McMahon Transport, started the company in 1989. His sons, James P. "Jim" McMahon (left) and John McMahon, are both vice presidents.



Digital Fuel Solutions features a patent-pending Load Generator. Gas stations and distributors can use the tool to automatically create optimal loads.

"You cannot put a number on the customer service benefits and organization," John McMahon says. "We can use this as a tool to get more trucking. We offer it to distributors for free."

McMahon Transport also is saving $3,700 a week as a result of reducing its number of dispatchers from five to two. Each dispatcher works a 12-hour shift, but their actual working time is four hours, John McMahon says. "I could handle double the amount of work."

By all indications, the company will have more opportunities to add more work without more overhead. Many of the major oil companies are exiting the trucking business as they sell off retail gas stations, John McMahon says.

"The gasoline industry is being shaken up a lot," he says. "Smaller companies and distributors have gained new business, and the new owners are looking for haulers."

Going commercial

Seeing the software's benefits to its own business, the McMahon brothers decided to market Digital Fuel Solutions to other fuel haulers. They initially hesitated since the software created a competitive advantage, but ultimately they decided the opportunities far outweighed the risks.

In July 2007, distributor Texor Petroleum – a Riverside, Ill.-based division of World Fuel Services – began to use the software for itself and to conduct business with McMahon Transport Barry Trilla, senior vice president of Texor, has "suggested" that other fuel haulers that work with Texor should use the same software. "Since I need it, if you like to haul for us, you need to be on it as well," Trilla says.

"The gasoline industry is **being shaken up a lot." – John McMahon,** vice president

In April 2008, McMahon Transport sold the system to its first fuel hauler customer, Excel Petroleum Transport, which operates 12 trucks in a 24-hour operation. "I can't emphasize enough how much this has streamlined dispatching," says Kevin Bulman, president of the Rockdale, Ill.-based company. The software has enabled Excel to reduce its payroll and virtually eliminate service failures, and because the system is Web-based, Bulman can monitor his business from anywhere.

To date, three fuel distributors and seven fuel haulers with operations similar to McMahon Transport have signed on to Digital Fuel Solutions.

McMahon Transport is offering Digital Fuel Solutions to fuel haulers for a one-time charge starting at $5,000 and $500 a month for the base program. The cost of the system can be justified primarily by reducing the headcount of dispatchers, John McMahon says. "They can handle large volumes of work with a lot less people."

The owners currently are talking to an outside marketing company to help roll out the software on a larger scale and have hired a director of sales for Digital Fuel Solutions.

"The unique part is that (the software) is built around user friendliness," John McMahon says. "In one day, you can be up and running on the system." ■

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Aim NationaLease
Girard, Ohio

Created an electronic system to manage driver vehicle condition reports.

Transparent maintenance

Aim NationaLease develops a closed-loop approach for equipment upkeep

By Aaron Huff

When vehicle repairs get delayed or missed altogether, drivers, dispatchers and shop supervisors start to point fingers. The driver says he wrote up the problem two weeks ago. The dispatcher says he forwarded all the paperwork to maintenance. The shop supervisor says he never saw the write-ups.

Tracking anything on paper can be a hassle, especially when multiple personnel and departments are involved. Such is the case with driver vehicle condition reports (DVCRs) and pre-trip inspections.

In late 2002, executives of Aim NationaLease asked the company's information technology department to take the hassle out of tracking DVCRs. Aim NationaLease has 40 maintenance facilities across the nation that service two company divisions: a leasing and rental fleet of 6,000 trucks, and a 400-truck Dedicated Logistics fleet.

The IT department previously had handled much larger and more complex projects, says John Reed, vice president of IT and chief information officer. In 1997, Aim NationaLease developed a custom dispatching and freight bill auditing system for its Dedicated Logistics customers. The LogistixPro software has the flexibility to meet the needs of all types of operations, from steel hauling to refrigerated foods, Reed says.

LogistixPro can take orders from a customer, create routes and dispatch drivers. The software calculates driver payroll for fleet drivers and integrates with asset-tracking systems to enable real-time mapping. LogistixPro also has carrier selection tools for nonfleet loads and tracks carrier performance in scorecards for negotiations.

Solving the DVCR problem was a quick fix for the IT department. Drawing on this base of experience, Aim's programmers created an electronic method for drivers, dispatchers and leasing customers to write up vehicle conditions and communicate seamlessly with shop supervisors. The system also builds historical records of each write-up from initiation to completion.

"Our electronic driver vehicle condition reports were first conceived, as most good ideas are, out of necessity," Reed says. "Using the eDVCR not only eliminates the issue of lost DVCRs, it also adds the ability to track them, alert people of their existence, age them and historically report on them."

Drivers and dispatchers for Aim's dedicated fleet and leasing customers fill out DVCRs online. After submitting the form, the system's original design would send eDVCRs to shop supervisors via e-mail.

"It gives accountability across the board," Reed says. "Maintenance is not missing anything because everything is recorded and time-stamped."

As maintenance completes the work, the system automatically sends an e-mail notification to customers and other interested parties. All information is available online for both real-time and historical reporting. "This allows our customers to review eDVCR history when they feel that something has been written up repeatedly," Reed says.

Programmers designed eDVCR to quickly identify systems and components on the vehicle needing repair by using the Vehicle Maintenance Reporting Standards (VMRS) established by the Technology and Maintenance Council of the American Trucking Associations. The numerical codes of VMRS are invisible to drivers when filling out a form. Drivers use pull-down menus to select from a list of predefined conditions, and they also can enter text to describe the problem in more detail.

To make it easy and convenient for drivers to submit eDVCRs, Aim NationaLease has added kiosks at its maintenance facilities. Some of the company's lease customers also have added kiosks in their offices in locations where drivers normally would submit paper DVCRs.

Some of the company's lease customers also are using the eDVCR system for drivers to document pre-trip inspections. The system can be loaded onto various types of onboard and handheld computers so drivers can fill out reports and pre-trip inspections from anywhere, Reed says.

The latest upgrade

Aim NationaLease originally set up the eDVCR system to communicate with shop supervisors via e-mail. The drawback of this approach was that technicians were using a browser to access the eDVCR system and re-entering information into their fleet maintenance management system.

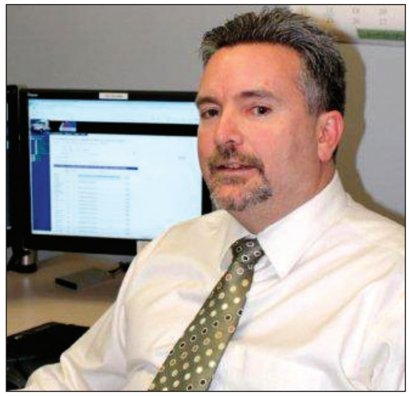
About six months ago, Aim NationaLease updated the eDVCR system so that write-ups now post directly to the fleet maintenance management system as a "Work Roster" entry.

"We make it as seamless as possible when they write it up," Reed says. With the write-ups being posted automatically in the maintenance software, a technician converts a "Work Roster" into a work order when he starts the repair. The eDVCR system captures all details entered into the work order, such as any parts changed or notes added by a technician.

When a technician closes the work order, the system e-mails the repair details to the driver, dispatcher and other personnel included in the distribution list for the particular eDVCR.

Monitoring breakdowns

Aim NationaLease now is working on a project to bring the same type of



John Reed, vice president of IT and CIO, leads the development of custom software such as eDVCR for Aim NationaLease.

"With this tool, **there is only one version of the truth."**
– John Reed, vice president of IT and CIO

visibility and accountability it has created through its eDVCR system to customers that use its central breakdown service called Road Rescue.

In 2003, the company created a software system called RescuePro to help manage equipment breakdowns. When a driver calls into Road Rescue, the company uses RescuePro to document the entire process. The person who takes the call asks the driver for certain information, such as his name, unit number and location of next stop, and any other requirements the customer may have.

Meanwhile, the company's maintenance software system captures details of the work performed on the vehicle, such as the assigned vendor and estimated repair time.

Now, instead of calling Road Rescue, a dispatcher for a dedicated fleet can login and see the same information he could get if he were to call, including when and where the breakdown occurred and the estimated time of repair.

"We code it in such a way that it becomes immediately available to the end user," Reed says.

The company currently is working on more ways to automate communications with customers when a breakdown occurs, Reed says. If a breakdown occurs, multiple people may need to be involved as time passes. If the repair time is less than one hour, only the dispatcher may need to know. If the repair time escalates to two hours, the customer service department or even the company's president might have to get involved. As the breakdown situation passes these different milestones, RescuePro will send automatic updates to the proper chain of command, Reed says.

In more ways than one, Aim NationaLease continues to use technology to bring full transparency to its equipment leasing and Dedicated Logistics customers, as well as accountability to its maintenance operations. "If we are not doing a good job on the repair, it will show, and our shops know it," Reed says. "With this tool, there is only one version of the truth, and it's available for our customers to look at whenever they like." ■

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AAA Cooper Transportation
Dothan, Ala.

Developed a systemwide standardization for preventive maintenance procedures to reduce wasted motion and improve efficiency.

Step-by-step transformation

LTL carrier removes waste from preventive maintenance practices

By Jeff Crissey

Identifying and eliminating waste is a cornerstone of Taiichi Ohno's Toyota Production System, the processing method developed by the Japanese automobile executive that allowed the company to compete on a global scale and emerge as the world's largest car manufacturer. Forward-thinking companies the world over have adapted Ohno's lean manufacturing principles to their own work environments. One of the seven wastes – or *muda* in Japanese – found in today's production environments involves the waste of motion: people or equipment moving more than necessary to complete a task.

It was in that spirit that AAA Cooper Transportation (ACT) decided to streamline the preventive maintenance practices for the company's 41 house shops at terminals across the southern states and as far away as Chicago and Minneapolis. The Dothan, Ala.-based less-than-truckload carrier for dedicated services, port services and fleet maintenance repairs throughout the Southeast hired Terry Clouser as its director of maintenance. Clouser brought with him 27 years of automotive experience for UPS, the last two years of which he served on the company's work management and time study team.

While Clouser notes there was nothing wrong with ACT's existing preventive maintenance practices, he realized the potential to improve shop efficiency and add to the company's bottom line. Clouser specifically cited a lack of standardization or procedures for how preventive maintenance was performed systemwide.

"If I walked into our shop in Dallas, the technician might start preventive maintenance at the left front of the cab," Clouser says. "In Atlanta, they might start by changing the oil or adjusting the brakes. Nothing was centralized or had written procedures in place that would have the preventive maintenance performed the same way, the same time at every location on each piece of equipment."

Time studies

Clouser's team of four field maintenance trainers set out to establish a standardized preventive maintenance protocol to maintain each type of equipment owned. Company mechanics came in to help develop the system and perform time studies. A main focus of the team was to reduce wasted motion and lessen the amount of time it takes a technician to perform an inspection, including the number of times he had to climb in and out of the cab or crawl underneath the truck.

"We listed all the wear items, looked at our parts usage and what parts we were changing the most often and made sure those were on the PM checklist," Clouser says. ACT also incorporated the annual inspection into the preventive maintenance standard to eliminate the need to bring a truck back in shortly after a PM inspection had been performed, thereby eliminating duplication of work. "Not necessarily would you update the sticker every PM, but everything we do on a PM qualifies for an annual inspection."

The new written preventive maintenance procedure that resulted from the time study provides a systematic approach to inspecting, repairing and maintaining the company's fleet of 2,000 Volvo power units. It complies with state and federal Department of Transportation regulations, and allowed ACT's maintenance division to adjust the service intervals to match Volvo's warranty criteria. As engine and truck technology evolves, ACT's preventive maintenance program will be adapted to include items such as diesel particulate filters and urea tanks.

In addition to developing a written procedure, ACT revamped its maintenance facilities to better serve its technicians. Some modifications were minor, such as adding

"It's a change in mindset and **a change in culture, and it was a new technology."**
– Terry Clouser, director of maintenance

convex mirrors so the technician can inspect lights and turn signals while driving the truck into the bay without having to leave the cab, and bolting six-inch risers to the floor so the truck doesn't need to be jacked for the mechanic to get underneath it. Others were major, including moving tires and parts rooms to a central location, installing overhead oil lines and air hoses in the bays and installing new lighting. ACT also added multiple work stations around the shop to eliminate several technicians waiting in line to log on and update time cards or close out work orders.

"Our mechanics benefit from not having to climb in and out of the cab as many times," says Clouser, who notes that under the current system they only have to do it twice during a preventive maintenance inspection. "They don't have as far to carry their waste oil or get their parts. Safety has also improved greatly because there's less repetitive motion and no air lines or light cords lying around."

Overall, the new preventive maintenance program reduced inspection time by 18 percent, down to 2.3 hours. Now the backbone of the company's maintenance program, the new process has netted savings of nearly 2 cents per mile for the company, Clouser says.

"If we can identify the problems before the truck gets out on the road, we can save a tow bill, driver down-

Overhead oil lines and air hoses were installed in the bays.

Tools are in a standard location for easy, quick access.

Six-inch risers bolted to the floors eliminate the need to jack trucks in most cases.

Tires and parts rooms have been moved to a central location.

time, freight not meeting a scheduled delivery time," he says. "That savings is a combination of better parts and materials, better lubricants, quality training and preventive maintenance education."

Proving ground

The biggest challenge associated with any procedural change is establishing total organizational buy-in, from company leaders to the technicians in the shop. "When the new kid on the block comes in and says, 'We're going to do it this way,' if you go in and try to force-feed them and tell them they're doing it all wrong, it won't succeed," Clouser says. "As long as you explain to them why we're going to change it and show them what we are going to do and let them know how they will benefit, it's an easier sell."

Once Clouser's team of trainers realized the benefits of the process and had proven it to themselves, the training process continued in the field, where the average ACT technician has tenure of 15 years. The team trained each shop several times on the new preventive maintenance method before it took hold.

"They're not going to pick it up the first time we show them – they are set in their ways after all these years," Clouser says. "It's a change in mindset and a change in culture, and it was a new technology. Now they're all receptive to it and wouldn't go back to doing it any other way."

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BRINGING ON BIG IDEAS

O&S Trucking's MegaTruck program is the latest innovation for *CCJ*'s 2010 Innovator of the Year

By Avery Vise

Key O&S Trucking personnel involved in developing the MegaTruck program include, from left: David Corsaut, chief executive officer; Jim O'Neal, president; and Rick Johnson, senior vice president of sales.

By the time you read this, it's possible that O&S Trucking has changed its business model once again. It's not that the Springfield, Mo.-based refrigerated truckload carrier is reckless; far from it. Rather, the company is bold and nimble. It acts decisively when its analysis of market conditions and the competitive landscape so dictates.

This corporate culture and its fruits – including a complete transformation of its operation and an initiative to boost productivity substantially – earn O&S Trucking selection as *CCJ*'s 2010 Innovator of the Year.

LEARNING THE GAME

In 1981, Jim O'Neal and partner Keith Stever launched the company that would become O&S Trucking. Although O'Neal was only in his late 20s at the time, he already had accumulated nearly a decade of experience in freight transportation, having joined R.T. French Co.'s Springfield operation at 19. He quickly landed in the traffic department and by the late 1970s had worked briefly for a local truckload carrier before moving to a sales position with CF AirFreight.

O'Neal enjoyed working in the air freight business, but it wasn't long before he fell victim to forces beyond his control. When President Reagan fired striking air traffic controllers in 1981, CF AirFreight reacted swiftly with a layoff that claimed the low-seniority O'Neal. That would prove to be the first and last time O'Neal would be unemployed. He turned down offers from several less-than-truckload carriers that no longer exist, and by the end of that year, O'Neal and Stever had teamed to form Ozarks Truck Brokerage with two customers and no equipment. Two years later, O'Neal and Stever started an owner-operator fleet and renamed the company O&S Trucking.

Through the early 1990s, O&S Trucking, which at the time was a dry van carrier, remained relatively small. O'Neal had bought out Stever in 1987 and a subsequent partner about four years later. In the mid-'90s as the overall economy rebounded, O&S Trucking grew quickly – as did much of the truckload industry – but with this expansion came growing pains.

"By 1995, we almost grew ourselves into bankruptcy," O'Neal says. The operation lacked focus and was pricing individual loads without much regard to building a network. "Our mantra was 'We'll haul your crap all over the map'," O'Neal quips today.

At the time, however, it was no laughing matter. O'Neal says the goal in trucking is simple: Make a profit and don't run out of cash. "We nearly ran out of cash."

But for all the strain – or, rather, because of it – 1995 was a pivotal year for O&S Trucking. To understand why, you need to know what happened at another Springfield-based company, SRC Holdings. By the early 1980s, the International Harvester division that remanufactured heavy-duty automotive parts was almost bankrupt when Jack Stack and a dozen other managers decided to take it over in a leveraged management buyout. Stack turned the business around with a corporate culture that revolved around open-book management and the notion that all employees must feel they have a role in the company's success and a stake in the outcome. Stack outlined this philosophy in the influential business management book, "The Great Game of Business," which was published in 1992.

O'Neal, who had known Stack since the early 1980s "before he was a rock star," began implementing "Great Game" principles in 1995. Five years later, he took the most far-reaching action in this vein when he executed an employee stock ownership program, or ESOP. Since 2000, O&S Trucking has been an employee-owned company.

This approach to business – measuring, sharing, knowing the rules and keeping score – has been key to O&S Trucking's success, says O'Neal, the company's president. While most of the trucking industry was hurting from 2000 through 2003, the company made money. "We knew our numbers, and all of our people knew our numbers."

One of the big weight savers on the MegaTruck is the spec'ing of a 48-inch mid-roof sleeper rather than the taller sleepers currently used on many other O&S Trucking trucks.

LOOKING AHEAD

A big part of O&S Trucking's "Great Game" culture is frequent business planning. The company undergoes a rigorous annual planning effort and an intensive midyear review to ensure that executives confirm or adjust their strategy in light of emerging market conditions. And throughout the year, there are weekly management "huddles" to ensure that everything is on target.

O'Neal believes this forward-looking approach is essential if a company is to remain nimble and responsive to change. Too many executives run their businesses based on last month's – or even last quarter's – results, he says. "That's like driving with your rearview mirror."

The planning process proved critical in 2003 when managers learned that O&S Trucking's largest customer was about to rebid its freight on price without regard to incumbency or service history. With about 40 percent of its freight on the line, O&S Trucking was at risk.

The midyear review in July 2003 focused on a contingency should the trucking company lose the customer, and the top opportunity identified was refrigerated foodstuffs, which lacked the cyclicality of much of O&S Trucking's existing book of business. By the beginning of 2004, the company had acquired three refrigerated trucking companies and had created a refrigerated division that instantly represented a major chunk of the company's overall business; the largest of those acquisitions was Stever Trucking, which had been founded by O'Neal's original partner. Afterward, O&S Trucking steadily shifted resources into the refrigerated business and as of 2009 was fully refrigerated.

"WHEN MAINTENANCE COSTS, FUEL AND OUT-OF-ROUTE MILES ARE YOURS, **YOU WILL PAY MORE ATTENTION TO THEM."** – JIM O'NEAL

The conversion from dry to refrigerated freight is not the only recent transformation of O&S Trucking's business model. Several years ago, the bulk of the trucking company's fleet was company-owned equipment. Today, all drivers are independent contractors or drivers for independent contractors.

O'Neal cites several factors in the decision to move completely to the owner-operator model, including an inability to provide quality, affordable health coverage. "Premiums go higher and higher," he says. "This national health care situation has to be resolved."

Although O'Neal concedes that the cost of health care was a driving factor in the company's move to the independent contractor model, there was a more fundamental concern at work. The ownership mentality O&S Trucking had been seeking with its "Great Game" principles and the ESOP simply wasn't working well in the driver force. Part of the problem was that many people didn't understand that an ESOP is really a pension plan, not a near-term incentive.

O'Neal believes that the company was up against too many challenges in selling the idea of employee ownership to drivers, including high turnover and the fact they were on the road and not in the office. Some drivers got it, but not enough. "It wasn't a total failure," O'Neal says. "It just didn't have the impact we were hoping for."

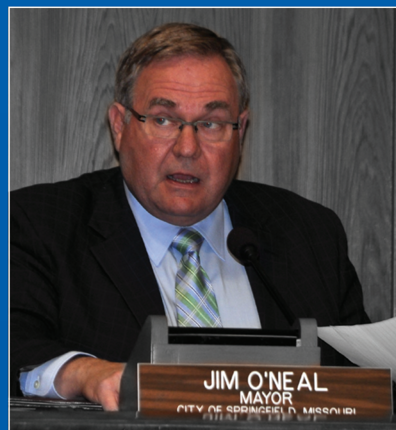
The solution was to make ownership closer to home by converting the entire work force to owner-operators. "When maintenance costs, fuel and out-of-route miles are yours, you will pay more attention to them," O'Neal notes. Owner-operators get more immediate gratification by managing their business well than company drivers do through an ESOP, he says. O&S Trucking already was growing its owner-operator force and completed the transition through a lease-purchase of company equipment. The carrier also offers educational opportunities to owner-operators to help them improve their business skills. (For more on O&S Trucking's interactive business training efforts, see "Gaming the business," page 45.)

THINKING BIG

O&S Trucking's most recent "big idea" also grew out of its ongoing analysis of market trends, several of which seemed to be related. Political opposition and concerns over aging infrastructure likely would thwart any significant loosening of current truck size or

SPRINGFIELD'S LEADING MAN

O&S Trucking's O'Neal also serves as mayor



In "The Simpsons," the mayor of Springfield is a bit of a buffoon – disengaged, self-centered and not very bright. Jim O'Neal, mayor of Springfield, Mo., and president of O&S Trucking shares nothing with television's Mayor Quimby.

O'Neal has long been civic-minded and politically active. He first served on the Springfield City Council in the late 1980s and had intended to run for mayor in 1992 until a number of key O&S Trucking employees prevailed upon him not to do so. O'Neal left elected office when he moved his family into their dream house, which happened to be just outside the city limits.

At O'Neal's request, the City of Springfield annexed the land surrounding the O'Neals' home several years ago. After a two-year residency, O'Neal threw his hat into the ring and last year was elected mayor. The position is part-time; a full-time city manager is the day-to-day executive. Still, being mayor takes up much of O'Neal's time, and he is quick to acknowledge a seasoned O&S Trucking management team that has allowed him to become so involved in public service.

After serving as a consultant for about a year helping to organize a board of directors, David Corsaut joined O&S Trucking as chief executive officer in early 2008. Corsaut grew up in a family-owned trucking company in Michigan and had run Distribution Services Ltd., a transportation and logistics firm based in Hong Kong and Los Angeles.

Supporting Corsaut are veterans of trucking and business. Rick Johnson, senior vice president of sales, has more than 40 years' experience in transportation and has been with the company for about 12 years. Chief Financial Officer Anita Christian has been with O&S Trucking for nearly 25 years, and Chief Operating Officer Charlotte Eckley – a veteran of Jack Stack's SRC Holdings in Springfield – has been with the company for about eight years.

"I'm less of a boss than a coach," Corsaut says. But decades of experience haven't constrained O&S Trucking to old ways of thinking, he adds. "This ship turns very quickly."

City government is not quite so nimble, O'Neal has found. He worked months to line up support for funding to fix the city's pension plan. And he struggles sometimes to maintain revenue streams to support city services that are central to Springfield's quality of life. At a City Council meeting on March 8, O'Neal reported efforts by city officials to persuade state legislators to preserve the city's ability to impose sales taxes to support programs its citizens wanted.

And, of course, like any mayor, O'Neal must deal with all the usual political issues that have little to do with running a city government. At the same City Council meeting, council members debated more than 30 minutes over a resolution to recognize the efforts of citizens to petition the federal government in support of the right to bear arms.

O'Neal believes he is a better mayor for having led a business for so long. And the experience has been good for O&S Trucking, he says. For one thing, O'Neal is able to look at "bigger-picture" aspects of the business. "My being mayor has been a big source of pride for our employees," he adds. "And I put someone in the CEO position who runs the company better than I ever could."

GAMING THE BUSINESS

O&S Trucking finds an engaging way to help owner-operators

A great driver isn't automatically a great owner-operator. The capacity to manage revenues, expenses, cash flow, insurance, taxes and so on is hardly a natural outgrowth of the ability to steer a big rig safely through narrow city streets or to execute a flawless blind-alley dock.

When O&S Trucking executives decided to convert the company's entire operation of about 350 trucks to owner-operators, they knew that they needed to offer as much support as legally possible. But many drivers find traditional classroom learning to be tedious and respond better to hands-on education.

Charlotte Eckley found part of the solution in a board game she created called Truckers' Challenge, which helps new owner-operators understand the financial implications of their decisions, such as purchasing unnecessary cosmetic items for their trucks, driving off route, choosing not to haul as many loads or incurring speeding tickets. Eckley, O&S Trucking's chief operating officer, had worked many years at Springfield, Mo.-based SRC Holdings, where she had incorporated gaming into her training. O&S Trucking's orientation and 60-day follow-up include education on several business-related topics, including budgeting, the income statement, the cash statement and trip planning. There's an interactive element to each topic.

O&S Trucking began using the Truckers' Challenge in its orientation about a year ago and has found that owner-operators respond well to the fun and interactive board game. Eckley had considered a computer version instead but concluded that a board game would appeal more to the owner-operators involved. "So much has gone to technology, I think there's a real advantage to hands-on," she says.

Other trucking companies have taken notice of O&S Trucking's efforts with business education, and the company now is forming an interactive business training division to market its game-based business education not only to other trucking companies but also to businesses in other industries.

This wouldn't be the first time that O&S Trucking has commercialized an internal product. In 1996, the company launched Show-Me Software to market the Operations Manager transportation management it had built for its own use. Even in today's competitive software market, 50 trucking companies still license Show-Me Software's products.

During orientation, Charlotte Eckley, O&S Trucking's chief operating officer, coaches owner-operators on how to play the business skills board game she created.

weight restrictions for years to come. Diesel prices likely would continue to rise. Trucks likely would continue to become more expensive. And shippers increasingly would want to show a reduction in carbon emissions.

Recognizing these trends, the management of O&S Trucking coalesced around an effort to improve the productivity of their equipment and gain a competitive edge with customers. So in late 2007, the company began working with several Fortune 500 customers on an initiative that would provide shippers lighter equipment and greater payload provided the equipment would be used in a profitable freight network. MegaTruck was born.

Increasing payload isn't rocket science, but doing so while maintaining – or even increasing – profitability is a true challenge. By ensuring 48,000 pounds or more of payload, the MegaTruck program essentially eliminates one load out of every 10. So it's imperative that O&S Trucking takes full advantage of that additional capacity, and that's why collaboration with customers to form a captive network is essential, says Rick Johnson, senior vice president of sales.

O&S Trucking managers recognize that it's not always possible to capture the full payload benefits of lower equipment weight due to varying density of freight, although that's rarely a worry for the dense refrigerated foodstuffs that the trucking company hauls. But in limited cases where O&S Trucking cubes out first, there would at least be some fuel economy benefit to lower-weight equipment.

O&S Trucking has achieved most of its MegaTruck weight savings in the tractor by using wide-base single tires on aluminum wheels and aluminum crossmembers. The company has traded the commonly spec'd 72-inch sleeper for a 48-inch mid-roof sleeper equipped with a roof fairing for aerodynamics. The MegaTruck spec also calls for fuel tank capacity of 150 gallons. O&S Trucking even limits the driver and his belongings to 600 pounds.

The major change regarding the trailer is the specification of 2-inch insulated walls. Also, O&S Trucking has shortened its trade cycle on refrigerated trailers because moisture seepage into cracks and other gaps accumulates in trailers over time. Not only might a trailer gain 1,000 pounds in water, it would lose thermal efficiency.

To capture the payload benefits of reduced weight, axle loading is critical. The MegaTruck has a redrilled frame rail to allow the trailer to be moved 6 inches closer to the tractor.

Altogether, the MegaTruck combination weighs about 30,000 pounds compared to 34,500 for normal O&S Trucking tractor-trailers. With a new

O&S Trucking says owner-operators participating in the MegaTruck program are getting more miles than others working for the company. The trucking company maintains several recruiting billboards along highways in Springfield, Mo., touting the program.

loading pattern, some loads have been as large as 49,500 pounds.

As with the rest of the fleet, MegaTruck tractors are operated by independent contractors, who typically obtain them through the carrier's lease-purchase program. But in theory, an owner-operator could provide its own tractor as long as it meets the company's weight specifications.

BUILDING THE FUTURE

Today, O&S Trucking operates 80 MegaTruck tractors and has demand for more. But there are some major challenges ahead, company executives believe. For example, the latest U.S. Environmental Protection Agency emissions regulations have resulted in hundreds of pounds of additional weight from selective catalytic reduction hardware and diesel exhaust fluid. While there's a federally authorized 400-pound exemption for auxiliary power units, only about half of the states honor it. Meanwhile, the cost of equipment is going up by about $9,000 – tough for most trucking companies and certainly for owner-operators. And while EPA's SmartWay program encourages technologies that individually improve fuel economy, together they make the tractor-trailer heavier and reduce freight efficiency.

"We're going the wrong way," says David Corsaut, O&S Trucking's chief executive officer. "A $125,000 truck in this pricing environment doesn't make sense."

So O&S Trucking is looking for a way to make the MegaTruck program more attractive to all parties involved. One consideration was a glider kit – remanufactured components and a new cab – but with federal excise taxes and other factors, that option doesn't make economic sense today, Corsaut says. If the price of new equipment rises, however, that might be a viable alternative.

For now, O&S Trucking literally is bringing all the parties to the table to discuss the future of MegaTruck. Last month, the company held a two-day MegaTruck conference with key partners – truck and trailer manufacturers, component suppliers, financing companies and shippers. The challenge O&S Trucking executives put to those business partners – about 25 or 30 people representing 10 companies – was to find ways to make the equipment lighter, more productive and available on attractive financing terms, Corsaut says. "We are going to ask everybody within a finite period of time to come back with solutions if they want our business," he adds.

Johnson notes several steps that substantially could reduce equipment weight and/or cost. "What about carbon fiber? It's lighter than either steel or aluminum." And today's tractors are built with power dividers for traction that rarely if ever is needed, but truck buyers are scared into buying the technology for safety reasons, Johnson says. Or consider cab climate control; today, refrigerated carriers have three cooling units – the truck's air conditioning, the APU and the reefer unit – all in the span of a few feet, Johnson says. Couldn't the reefer unit do double duty as a cab cooler when the engine is off? That would eliminate the expense and weight of the APU and the cost of moving it from an old to new tractor, he says.

Shippers, too, need to understand they have a role in this discussion, Corsaut says. "We need to tell them, 'You are the biggest reason we need APUs,' " he says.

O&S Trucking's executives understand the challenge to increase or even maintain payload is great, but the company doesn't shy away from change just because it's difficult. "This is the right business model going forward," O'Neal says. And to naysayers who think O&S Trucking's MegaTruck program is just giving shippers more without charging for it, he has a clear if unspecific answer. "This is making more money by far than what we were doing before." And for a trucking company, that might be the ultimate measure of innovation. ■

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 2009.

Innovation in any aspect of the operation is eligible for recognition. To qualify, the carrier 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. 3-5 at the Hawks Cay Resort in the Florida Keys. Representatives of innovative trucking operations shared best practices and updated one another on the results of their initiatives.

The *CCJ* Innovators program is sponsored by PeopleNet, Castrol, J.J. Keller and ACS. For more information on the program, links to previously recognized innovators or a copy of the nomination form, visit www.ccjinnovators.com. Or contact Jeff Crissey, editor, at 800-633-5953 or jcrissey@rrpub.com.

CCJ Innovators

Roehl Transport

Marshfield, Wis.

Reduced its critical crash rate 75 percent by building a unique safety culture.

Safety beyond compromise

Nationwide line-haul carrier does things 'The Roehl Way'

By Jeff Crissey

In many ways, Roehl Transport isn't that different from other large carriers. The Marshfield, Wis.-based company has a diverse fleet of more than 1,800 trucks and tractors that haul a mix of goods throughout 48 states and Canada. It has an excellent on-time delivery rate and a sound reputation. But one aspect of Roehl's organization distinguishes it from the crowd – a commitment to safety above all else.

That philosophy has led to a host of recognitions and awards, including consecutive National Fleet Safety Award grand prizes from the Truckload Carriers Association, as well as the President's Award and three Excellence in Claims/Loss Prevention Awards from the American Trucking Associations, to name a few.

What makes Roehl's safety approach different from many carriers is that the organization doesn't view safety as a priority; it sees safety as a value. Differentiating the two may sound like a game of semantics, but Roehl goes to great lengths to distinguish the two and establish safety as a value throughout the organization to the point that safety clearly is regarded as its cornerstone.

"A lot of companies say safety is their priority," says John Spiros, vice president of safety and claims management. "We don't say safety is a priority, because priorities change. Values don't change because they are deeply held beliefs."

Every member of Roehl's organization plays a role in its safety culture. "Clearly the drivers are on the front line of the safety experience, but it is interwoven within everyone in the company," says Greg Koepel, vice president of workforce development and administration.

Establishing the importance of safety among Roehl's employees begins with an overall framework for reinforcing the system of values or building a culture, referred to as the "6 Cs":

- Communication: Articulate your values and expectations of behavior;
- Commitment: Remain committed to the message;
- Consistency: The belief system won't change;
- Compliance: Insist on behavior that reflects the values;
- Consequence: Address the people that don't reflect the values in their behavior, and recognize people that do model the values; and
- Credibility: Be a model for the values we seek to instill.

"When you start from the basis of values, it's a lot different when you talk about training rather than saying we have to do it because 'The law says this,' or 'The DOT wants us to do it this way,' " says Koepel. "When what is important to an individual aligns with what is important to the organization, it becomes self-fulfilling."

A new safety strategy

In 2003, Roehl launched a new safety philosophy called "The Roehl Way," a two-part safety platform that establishes a strong safety ethic with every employee and a protective driving technique that teaches drivers to predict rather than react to their surroundings. The new safety culture has led to a reduction in critical crashes – defined as rear end, lane change, intersecting/run under and loss of control – by 75 percent in the last five years. Rear-end crashes have been

Every newly hired Roehl Transport driver undergoes The Roehl Way training process that includes a course on safe driving techniques and a lesson emphasizing the value of safety from a corporate and individual level.

reduced by 70 percent.

Most carriers coach drivers on the concept of defensive driving, something that Roehl believes imparts an "us vs. them" mentality in the mind of the driver. Instead, Roehl employs a "protective driving" approach that humanizes the relationship between truck driver and motorist as a "friend, family member or loved one." Roehl ask its employees not to refer to other motorists as "four-wheelers" because it dehumanizes the individual driving the car.

"We decided to set the example for the trucking industry by accepting responsibility to protect other motorists on the highway," says Spiros. "Our goal – what we strive for – is to protect others." To that end, Roehl developed The Safe Seven, a list of driving techniques to reinforce its protective driving approach.

In addition to its numerous safety awards, the success of Roehl's safety philosophy also is visible at the driver level. Last month, the company recognized its first four-million-mile safe driver and likely will recognize a second four-million miler later this month. In addition to a handful of two- and three-million-mile safe drivers, the company has recognized more than 100 one-million milers.

'Operationalizing' safety

Roehl refers to implementing The Roehl Way safety philosophy as "operationalizing" safety. While the company's four-person safety department is the top of the corporate safety structure, the "safety above all else" mandate extends to the 65 fleet managers as well as its 1,800 drivers to the point that a driver is allowed to make a determination to stop on a route due to inclement weather or unsafe road conditions.

For Roehl, no load is valuable enough to move if it means compromising the value of safety.

Roehl's Safe Seven

As part of The Roehl Way safety philosophy, Roehl Transport developed the following protective driving techniques to protect not only their drivers, but also the motoring public:

- Slow down! (Maintain a safe speed.)
- Stay back! (Maintain a safe following distance.)
- Know what's happening. (See vehicles entering intersections and highways.)
- Yield to others.
- Expect the expected. (Predict and adjust before an accident can happen.)
- Prepare to drive. (Check the weather before you leave, and check the logbook is up to speed and that the vehicle has been inspected properly.)
- Reduce the risk. (If conditions are poor, get to a safe place and then proceed when it is safe.)

Fleet managers, who are responsible for driver coaching, work assignments and performance management, also manage driver safety issues directly. "We're set up so that the safety department oversees and evaluates to make sure [the safety culture] is adhered to, but the fleet managers are the ones responsible to monitor their drivers," says Spiros. "Each of our fleet managers operates from a perspective of safety to the point of unilaterally 'shutting a driver down' that is not in a safe or legal situation." ■

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

CCJ Innovators

Estes Express

Richmond, Va.

Used recession as an opportunity to review and improve its offerings to capitalize as the economy recovers.

No time like the present

Estes Express not afraid to grow during tough times

By Dean Smallwood

By all accounts, 2009 won't be remembered as a banner year for most businesses, especially trucking companies fighting for few-and-far-between shipments. But one company found ways to use last year's slow economy to its advantage.

Estes Express certainly is no stranger to difficult business environments: The company was founded in 1931 during the height of the Great Depression when W.W. Estes bought a used Chevrolet truck and started hauling farm produce and supplies in Southwest Virginia. Estes' truck had no driver's seat or windshield, and he ran his first load sitting behind the steering wheel on an upturned crate.

Fast-forward to the 21st century, and the Richmond-based company has grown into the nation's largest privately held less-than-truckload hauler, with nearly 13,000 employees, more than 6,000 drivers and a fleet of nearly 8,000 tractors and trucks and more than 22,000 trailers. With a network of more than 200 terminals, Estes Express' reach extends to all 50 states, the Caribbean and Mexico. The multiregional company's affiliation with TST Overland Express adds coverage throughout Canada, and its Air Forwarding Solutions expands Estes Express' reach worldwide.

W.W. Estes' grandson, Robey (Rob) W. Estes Jr., is now the company's president. "We have maintained an attitude of fiscal responsibility and a steadfast commitment to our customers for nearly 80 years," he says. "During that time, many carriers have come and gone, but we're still here."

Estes Express' mission statement stresses maintaining the highest possible level of quality and to meet and exceed customers' expectations 100 percent of the time. To achieve this objective, the company developed Estes Partners in Quality (EPIQ), an ongoing process for employees to make customer satisfaction their top priority and to perform their responsibilities to the fullest – a process that likely served Estes Express well in 2009.

Time to think

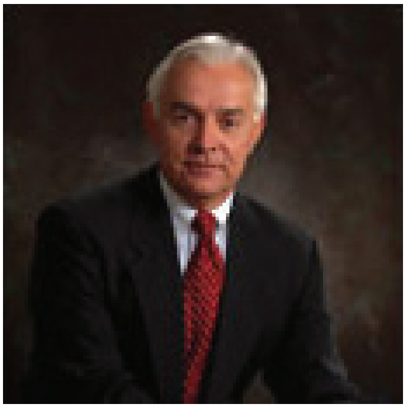
In March 2008, Estes Express became a nationwide LTL entity with the addition of 13 terminals in Iowa, Minnesota, Nebraska, North and South Dakota and Wisconsin. When the recession's impact was apparent, the growing company wasn't immune to its effects, but Rob Estes says it was better prepared to weather the economic storm than most.

Although the company is always interested in investments that make it more financially stable, Estes Express is extremely conservative about carrying debt. "This means the credit crisis has relatively little impact upon our stability," says Estes. "As a privately held company, we are not susceptible to stock-market swings. The bottom line is that we are rock-solid."

Estes Express viewed the recession as an opportunity to re-engineer its freight network and enhance operational efficiencies – and to make sure customers were aware of these improvements.

Last September, the company reduced its standard LTL transit times by a full day from 26 terminals in the Northeast, Midwest and Southwest regions. The company also cut standard LTL transit times by a full day from 15 terminals in the

CCJ Innovators



President Rob Estes says his company used the time generated from the recession's reduced business levels to evaluate how to improve every facet of its organization.

Estes Express re-engineered its freight network **and improved operational efficiencies.**

Upper Midwest, primarily by converting its terminal in Des Moines, Iowa, into a hub.

"Since fourth quarter 2009, we have reduced transit times by a day to more than 75,000 destinations in the U.S., and we aren't finished yet," Estes says.

Estes Express also enhanced its global offerings when its Forwarding Worldwide division opened six U.S. facilities in San Francisco, Los Angeles, Dallas, Chicago, Miami and New York, and an office in Hong Kong. Estes Air Forwarding also adopted a new tagline – "We Bring It!" – to more accurately reflect the broader array of services the company offers in the global logistics and transportation markets.

"Global shippers want local contacts that can provide solutions to their unique and critical transportation and supply chain requirements," says John Eastland, vice president of operations. "This regional expansion allowed us to deliver a more comprehensive global transportation solution."

To enhance customer awareness of the company's growth, Estes Express earlier this year realigned its offerings and branded them as its Five Core Services: LTL, Time Critical, Volume & Truckload, Global and Custom Solutions. The company revamped its corporate website (estes-express.com) so that customers could easily find information and quickly choose the shipping solution that best met their needs. The redesign was approached from the customer perspective by first analyzing how customers used the website and then making enhancements based on the data.

"Updating our image through the realignment of our Five Core Services helps educate customers on our complete line of services and helps them find the shipping solutions that fit their exact business needs," says Billy Hupp, executive vice president and chief operating officer.

Faster data

In tandem with its now-faster network and enhanced customer awareness, Estes Express recently upgraded its onboard pickup-and-delivery system to provide detailed 24/7 real-time data to terminals and drivers, enabling them to more efficiently plan the pickup-and-delivery process as well as respond quickly to changing customer needs.

A proprietary management system developed entirely in-house includes a robust data warehouse that processes data up to 200 times faster, while a business intelligence interface provides management with reporting data as it occurs; an interactive map feature then allows managers to analyze the most efficient routes.

"Millions of records from our system need to be processed quickly," says Michael Lackey, director of operations technology. The company's new data warehouse specifically built for the new system processes data within 30 seconds to 2 minutes to provide Estes Express management with almost instantaneous data.

The upgraded system already is in place at 132 company facilities, with five more terminals to be added by the end of June and additional locations under evaluation.

The company's growth and faster network haven't come at the expense of the environment or safety. Estes Express was one of the first to join the U.S. Environmental Protection Agency's SmartWay Transport Partnership, a collaboration between the freight industry and the government to improve energy efficiency, reduce air pollution and greenhouse gas emissions and improve energy security.

Last year, the company received four awards for its safety record, including two first-place awards, at the annual American Trucking Associations Safety and Loss Prevention Management Council conference. "Safety is our number-one priority at Estes Express, and the ATA awards are a nice recognition of the efforts put forth every day by our employees to ensure safe on-time delivery of our customers' freight," says Curtis Carr, vice president of safety. ■

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CCJ Innovators

Andrews Logistics Inc.

Irving, Texas

Created a safety management system that promotes participation at every level.

All hands on deck

Andrews Logistics turns its safety program into a companywide effort

By Aaron Huff

With a background in supply chain management, J. Darron Eschle wanted to create a business of his own. After some research, he saw an opportunity to provide an array of bulk logistics services with a core focus on dedicated contract carriage and private fleet replacement.

To obtain financing for his new business venture, Eschle tried an unorthodox approach; he contacted tank truck carriers – his potential competitors – with an investment opportunity. He found it in Bill and Gary Andrews, the owners of Andrews Transport, who agreed to a 50/50 arrangement. In 1997, Andrews Logistics Inc. (ALI) was born.

The Andrews name gave the new Irving, Texas-based entity instant industry recognition, purchasing power and the expertise of a larger organization. Thirteen years later, the two companies provide comparable services in the tank truck industry, with several key differences. Andrews Logistics offers nationwide liquid bulk, dry van, cryogenic gas and flatbed transportation, whereas Andrews Transport is a liquid bulk transporter in the Gulf States region.

The strategy that began in 1997 has gone according to plan, says Eschle, ALI chairman and chief executive officer. "Most of our customers don't want to buy trucks and be in the private fleet business," he says. For those customers that do operate a private fleet, the cost savings of using dedicated contract service from Andrews Logistics is hard to resist.

"One of the things we've done a good job at is helping (customers) understand that equipment utilization is what drives their costs down," he says. Working with customers to improve dedicated fleet utilization – instead of looking to reduce the operating costs of a private fleet through savings on equipment, labor, fuel, etc. – is a more effective strategy to reduce delivered cost per gallon. In some cases, the company is able to cross-utilize its dedicated fleets among customers to achieve across-the-board cost savings.

"If I can improve utilization, I can show the customer how that impacts my costs," he says. "We have reduced rates and foregone rate increases if we can do certain things."

Safety first

Operational and sales strategies have been a factor in the success of Andrews Logistics, but the company's safety program is its real competitive advantage, Eschle says. Management always has made every effort to operate safely since the company began, but prior to 2006, the company lacked a systematic safety approach.

In 2003, Griff Odgers joined the company as vice president of safety and risk management. Odgers had a long background in safety management, but his previous experience did not include tank trucks. "I jumped in feet first, but I knew where to get the answers," he says. In 2006, Odgers created the company's first safety management system that was fully implemented in 2007.

As part of the implementation process, management involved drivers in the creation of safety training procedures by using a strategy to "learn from the bottom up and manage from the top down."

As part of this strategy, management asked drivers to help

Andrews Logistics received the 2009 Outstanding Performance Trophy from the National Tank Truck Carriers association, NTTC's top safety prize. Shown from left are Griff Odgers, ALI vice president of safety and risk management; J. Darron Eschle, ALI chairman and CEO; Greg Hewitt, president of Heil Trailer International, sponsor of the award and trophy; and John Conley, NTTC president.

in the creation of training manuals by freight type: flatbed, dry van, cryogenics and tanker. The safest drivers in the fleet detailed how they inspected equipment, why they did certain things and what could happen if they didn't do them. This information was used to create step-by-step training procedures.

Driver involvement also helped increase awareness and accountability. "We brought drivers in who were the experts," Odgers says. "It makes a driver accountable for his actions, instead of us trying to cram it down his throat."

The master trainer

An integral part of the company's new safety program was establishing the role of a driver "master trainer." To become a master trainer, a driver must be with the company for at least a year, have no moving or roadside violations, and be able and willing to teach. New drivers must spend a minimum of one week with a master trainer, who then has to sign off before the driver's training is complete.

"We take what the master trainer says to heart," Odgers says. If a trainer believes that a new driver is not ready to be on his own, the company relies on the master trainer's advice for how much more training is needed – or whether or not the driver ever will be ready.

Master trainers receive a quarterly bonus if the drivers they train stay accident- and violation-free, which is an incentive for the master trainer to follow up regularly with drivers in the field. Master trainers also have a monthly quota for field observations, which involves following drivers to make sure they are operating safely according to company policies. The trainer also has the authority to report a driver to management at any time.

The company's safety program involves a combination of formal training programs and getting more people involved in the process – both drivers and managers, Eschle says. Operations managers at each terminal also have a monthly quota for field observations. Most of the time, a manager will conduct a field observation without the driver knowing. Management then meets with the driver within 24 hours to review his performance.

> Driver involvement increases awareness **and accountability.**

"We are working hard to not focus on negatives," Eschle says. "It is real easy to get involved in negative aspects when something goes wrong." A terminal manager is responsible for making sure the driver is doing a good job, and not focusing on a particular negative unless it becomes a repeat offense.

Last year was the best year in ALI's history in terms of safety performance. As a result, management decided for the first time that it was not going to make any major changes to the program other than continuing to try and raise the level of compliance. "Even last year, which was our best year ever, we still had a percentage of employees that didn't buy into it 100 percent," Eschle says. The company also is instructing drivers on the Federal Motor Carrier Safety Administration's Comprehensive Safety Analysis 2010 safety regime.

Industry recognition

ALI has received many awards for its safety achievements. This year, the National Tank Truck Carriers association recognized ALI for outstanding achievement in five categories, including the organization's top prize, the 2009 Outstanding Performance Trophy, which recognizes a company for its outstanding safety record, safety preventive maintenance programs, personnel safety program and record, involvement in industry issues and contributions to highway safety.

ALI ran 10.7 million miles in 2009 and had a frequency of 0.093 accidents per million miles. In addition to winning the industrywide Outstanding Performance Trophy, the company's safety record led to Grand Awards from NTTC in three specific categories in the 10 to 13 million miles class for Competitive Safety, Personnel Safety and, for the sixth year, Annual Safety Improvement. NTTC also recognized Odgers as the 2009 Tank Truck Safety Director of the Year. ■

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CCJ Innovators

Con-way Truckload

Joplin, Mo.

Developed a cargo loading system that allows shippers to more fully and efficiently utilize trailer space while securing freight more effectively.

Stack attack

Con-way Truckload's flexible cargo management system puts customers first

By Jack Roberts

Con-way Truckload, a full truckload carrier and subsidiary of Con-way Inc., has unveiled a new twist on an old idea of maximizing cargo space. The fleet says its new DoubleStack advanced cargo loading and capacity management system allows shippers to more fully and efficiently utilize space in trailers while securing freight more effectively to prevent shipment damage.

"I think, more than anything, we identified an opportunity here," says Saul Gonzales, vice president of operations. "This is an opportunity for our customers to save money in today's environment and an opportunity for us to build a long-term relationship with them."

The DoubleStack system features thick aluminum tracks attached to supporting vertical posts every 16 inches alongside 53-foot trailer walls, with adjustable bars, or crossbeams, that clamp securely into each track. The metal crossbeams are height-adjustable and can be set in a variety of horizontal track positions to accommodate freight pallets of different sizes, while maximizing the stability of loaded freight at any point in the trailer and ensuring optimum capacity use.

The ideal customer, Gonzales says, has a consolidation or distribution center receiving multiple shipments from different vendors, with different-sized products of different weights on different pallets. Because of the widely varying nature of these products, it traditionally has not been possible to double-stack in the trailer and fully utilize the cube space. "Now, using our system, a customer can, in essence, ship two widely different loads at once," he says.

The cost savings for Con-way customers potentially are dramatic. Instead of having to divide a shipment and pay to ship two incompatible loads, they can move in one trailer and one trip. Even though Con-way technically loses a load, it hopes to gain the confidence of customers and help them save money while building a long-term relationship.

Load security, endless flexibility

Con-way tried several different trailer stacking systems before finding the DoubleStack approach, which was recommended by the carrier's sister company, RSR. "We liked it immediately because of the 16-inch space between the aluminum support bars, as opposed to 24-inch spacing on other systems," Gonzales says. "This approach was more user- and customer-friendly and really gave us the flexibility we were looking for."

Because of the exact 4-by-8 configuration of the bars, the use of plywood flooring material is not required.

Con-way also has discovered that the DoubleStack system reduces cargo damage during road trips. The racking system allows for loading cargo on two separate,

The DoubleStack system is fully integrated into the trailer's overall design. If you don't need to use the system, you simply can slide the support bars to the top of the trailer and forget about them.

Con-way's DoubleStack cargo management system is user- and customer-friendly and allows great flexibility in load cargo selection and securement.

"What we have done is modernize this shipping method."
– Saul Gonzales, vice president of operations

adjustable levels throughout the length of the trailer.

"We run 100-percent air-ride equipment," Gonzales says. "DoubleStack has proven to be ideal for fragile products that must be segregated and traditionally cannot be double-stacked, or pallets with products of varying height dimensions and stability."

One of the first customers Con-way used to test the new system was a truck manufacturer with a large number of suppliers with vastly different-sized boxes and pallets. "We were looking at anything from radiator hoses to clamps, brake components or crankshafts," Gonzales says. "That was a serious challenge from a shipping perspective, because you can't double-stack those components in a traditional 53-foot trailer." By using the DoubleStack system, Con-way now allows that shipper to simply adjust the aluminum support bars to conform to the pallets and then configure the trailer to best double-stack the remainder of the shipment.

Custom-designed strapping mechanisms unique to the DoubleStack system enable shipments to be tied down securely to prevent movement during transit and provide added protection against damage. In the same vein, Con-way also has found that DoubleStack provides outstanding cargo protection for highly sensitive items such as electronics.

"Traditionally, computer or smartphone manufacturers, for example, have been hesitant to double-stack their shipments because of the delicate nature of their products," Gonzales says.

Reinventing the wheel

Con-way hasn't belatedly invented the wheel with its DoubleStack system, which Gonzales will be among the first to admit. "This concept has been around for a long time, but what we have done is modernize this shipping method," he says. "DoubleStack is not as cumbersome as the old systems were."

Fleets traditionally have installed support bars and plywood, then reversed the entire procedure if the system wasn't needed. "Plus, you always had to worry that you'd lose support bars or plywood flooring because somebody forgot to load it back onto the trailer," Gonzales says. "All of that is a thing of the past."

That's because the DoubleStack system is fully integrated into the trailer's overall design. "If you don't need to use the system, you can simply slide the support bars to the top of the trailer and forget about them, because they're not going anywhere," he says.

The company initially has converted 100 of its standard 53-foot trailers to the DoubleStack system, with additional conversions planned for later this year based on customer demand. "We'll convert as many trailers as we need to, because with capacity being as tight as it is today, it's another solution for our customers who are having a hard time moving shipments," Gonzales says.

Herb Schmidt, president of Con-way Truckload, says the decision to spec DoubleStack trailers ultimately is about providing high-quality customer service.

"We are continually exploring ways to bring our customers advantages that enable them to obtain the highest value for the transportation dollar," Schmidt says. ■

To view a video of Con-way Truckload's DoubleStack system on your smartphone, go to www.gettag/mobi to download the free app, then scan this image using your device's camera.

Get the free mobile app at
http://gettag.mobi

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CrossCountry Courier

Bismarck, N.D.

Created a route design tool to cut costs and improve service for its network.

Just in time

Expedited hauler uses a systems-driven approach to respond to challenges

By Aaron Huff

CrossCountry Courier stretches the limits of ground transportation to give its customers a competitive edge in supplying businesses throughout the upper Midwest.

A company that supplies office products, for instance, can take orders until 5 p.m. and guarantee its customers next-day 7 a.m. delivery in North and South Dakota. A Missouri-based manufacturer of lawn and garden tools can ship orders to retailers in the Dakotas and Minnesota by noon the next day.

"Our customers are able to offer their customers longer service hours as well as more product offerings, and still provide early-morning next-day service," says Janeanne Bischke, president of CrossCountry Courier, which conducts its operations from 13 terminal locations in North Dakota, South Dakota and Minnesota. "Nobody is trying to duplicate this type of network, even though other carriers run in the same lanes."

In general, any shipment that the Bismarck, N.D.-based company picks up as late as 8 p.m. typically will be delivered by noon the following day within its three-state service area (the Dakotas and Minnesota) that includes the borders of Montana, Iowa, Nebraska and Wisconsin. The expedited hauler also offers on-demand "hot shot" delivery service if customers want even faster delivery times than its standard overnight service.

CrossCountry Courier has specialized in expedited transportation service since day one, in 1980, when owner Duane Tietz launched a courier business. Over the years, the company expanded into the less-than-truckload market but has kept its niche in offering just-in-time inventory solutions for customers.

Today, the company's average shipment weight is just below 500 pounds – a small number compared to typical LTL carriers' average of 1,000 pounds or more. Business consists of 98 percent LTL freight, and CrossCountry Courier also offers nationwide LTL and truckload transportation through partner carriers, as well as freight forwarding solutions that cater to the air freight market.

No more reinventing

By 2003, CrossCountry Courier had grown from a niche courier business to an LTL carrier with more than $30 million in revenues. In order to position the business for future success, management had to restructure the company to serve both large and small customers better. Technology was central to its efforts to transition a company from one driven by entrepreneurship to one driven by systems.

"We had been striving to become a systems-driven company and do what was necessary to create a high level of efficiency," says Bischke, who joined the company in 2003 as chief information officer. "To meet our growth objectives, we realized that we couldn't keep reinventing the wheel."

In 2004, Bischke became president and chief managing officer. Since then, she has implemented several new systems and tools to reduce administrative expenses and improve customer service, including a costing model, forecasting and rating tools, dispatch software, scanning systems and electronic connectivity tools that automate order entry and other types of routine communications with customers.

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Janeanne Bischke, president of CrossCountry Courier, recently purchased the Bismarck, N.D.-based company and its affiliated real estate properties from founder Duane Tietz.

"Databases and systems really dictate the decisions we make."

– Janeanne Bischke, president

"We have analyzed every part of the company and systematized it, from forecasting to safety," says Bischke, who recently purchased CrossCountry Courier and its affiliated real estate properties from Tietz. "Databases and systems really dictate the decisions we make."

Recession and recovery

When business fell sharply in October 2008 as the recession's full impact was being realized, CrossCountry Courier had to radically alter the structure of its business. In spring 2009, the company began using a dynamic routing tool to cut costs and keep its expedited service network intact for customers. Lacking the time to evaluate a commercial routing software package and because of the company's unique requirements, management decided to develop its own routing tool internally with a staff of three programmers.

Because of the company's time-definite services, CrossCountry Courier's route designs have to be more static than a typical LTL carrier that is able to adjust routes dynamically according to changes in business volume. "What works for LTL doesn't work for us because of that uniqueness," Bischke says. "We really knew that we had the talent and ability to use information we already had and do it quickly."

The routing application uses information from the company's costing software and shipping history to design new routes. "We created this tool to dynamically create new routes and evaluate the net effect of those proposed changes," Bischke says. "What used to take us weeks or even months to analyze, we can now analyze in hours."

The route design tool also helped the company determine the impact to customer service in advance of taking capacity out of the system. "We tried to make changes that would impact customers as little as possible," she says.

Within a month of using the new tool, CrossCountry Courier had closed three terminals and reduced mileage by 2.4 million miles per year. Today, the company handles up to 2,000 shipments a day with about 300 employees and 200 company-owned vehicles.

Another invention that has helped reduce operating costs is a new data entry tool. CrossCountry Courier, which uses a commercial dispatch software system, has created various custom applications, one of which has made the order entry process eight times faster while reducing data entry expense by 80 percent.

"We customized the software to reduce the number of fields and the speed by which people could maneuver through the software," Bischke says. "We focused on reducing keystrokes as well as using known information about the shipper to facilitate that process."

As part of the order entry process, customers can enter orders online and through electronic data interchange (EDI). When customers order a pickup electronically, the order can be authorized and dispatched to a driver through cell phone technology. CrossCountry Courier also uses scan technology to track shipments through the delivery network; the information gathered also is used to monitor linehaul efficiency.

About 10 months ago, the company developed a new rating and quoting system called Exceeding Expectations to improve efficiency and customer service even further. For each order, the system calculates pricing options for all services that CrossCountry Courier provides: truckload, LTL and hot shot.

Providing customer service representatives with immediate multiple rating options when quoting improves speed and accuracy, and allows the company to present the best pricing option to the customer. "It has really improved our level of customer service," Bischke says. "It is all about the details in this business." ■

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Jet Express
Dayton, Ohio

Improved CSA 2010 scores and raised company awareness by turning administrative and maintenance staff into trainers.

All together now

For Jet Express, CSA 2010 is more than the safety department and drivers

By Avery Vise

Jeff Davis realized long ago that the most effective way to manage safety isn't always through the safety department. Davis, who is vice president of safety and human resources for Dayton, Ohio-based regional truckload carrier Jet Express, understands that drivers often respond better to managers and peers whose direct responsibilities aren't in safety and compliance.

That's why when Davis developed a rehabilitation program several years ago to get drivers to improve rather than just fire them, he recruited senior management to act as mentors, coaching one or two drivers in safe driving. And he deputized every nondriving employee in the company to act as members of a road observation team, paying them $1 for each observation report.

Involving personnel outside the safety department in safety coaching and observation sends the message that safety is, in a very real sense, everyone's job, Davis says. And sometimes as powerful as helping drivers get this message is the impact on the whole company culture. Decentralizing safety helps encourage creativity in safety management, cultivating insights and perspectives different from those of Davis and his team.

Over the past couple of years, as the Federal Motor Carrier Safety Administration began to unveil detailed elements of its upcoming Comprehensive Safety Analysis 2010 initiative, Davis has been studying the new regime closely. Although Ohio is not one of the operational model test states and Davis hasn't been involved operationally in CSA 2010, he has been a frequent presenter on the subject at industry association meetings. That's a natural outgrowth of his encyclopedic knowledge of SafeStat, the current methodology FMCSA uses to target motor carriers for compliance reviews.

Davis familiarized himself thoroughly with the Safety Measurement System, which replaces SafeStat in December. Under CSA 2010, FMCSA is targeting more specific behaviors for earlier intervention and therefore is considering more information. So the SMS takes into account far more violations and weighs them according to FMCSA's assessment of their severity. Even before FMCSA released to motor carriers their inspection and crash data through the lens of the seven Behavior Analysis and Safety Improvement Categories, or BASICs, earlier this year, Davis was crunching the raw data and looking at the BASICs himself.

Training the trainers

As everyone has realized in recent months, CSA 2010 requires training and awareness. Jet Express already had something of a head start because Davis has for years preached the fundamentals of safety enforcement under SafeStat. His basic point has been that roadside enforcement is a vicious circle. Safety events – such as driving 10 miles or more over the posted speed limit or having an obvious vehicle defect – lead to roadside inspections and more violations. As violations mount, inspection selection scores rise, which in turn leads to more routine inspections. So reducing safety events results in fewer violations, a lower inspection selection score and fewer routine inspections.

This philosophy is all the more powerful in the CSA 2010 environment as the number of potential violations rises dramatically, Davis says. Indeed, non-out-of-service violations make up about 80 percent of all of Jet Express' CSA 2010 points, he notes.

Ultimately, driver performance and behavior dictate a carrier's CSA 2010 fate. But the people who manage and

Jeff Davis, vice president of safety and human resources for Jet Express, looked at the role administrative staff, mechanics and others could play not only in day-to-day management under CSA 2010 but also in training drivers.

"CSA has a global impact across trucking companies." – *Jeff Davis, vice president of safety and human resources*

support those drivers are key because their behavior can either reinforce what drivers should be doing or run counter to it. "CSA has a global impact across trucking companies," Davis notes. So when the time came this summer for Jet Express to begin spreading the word on CSA 2010 in earnest, he looked at the role administrative staff, mechanics and others could play not only in day-to-day management under CSA but also in training drivers.

After spending a few months analyzing Jet Express' CSA numbers, Davis brought in about 40 nondriving employees for a "train the trainer" session during which he explained the circle of enforcement, the workings of CSA 2010, the top violations for the company and in which states most violations occur. Davis also trained personnel on the process of training truck drivers.

Following the session, Davis selected about half of the training class – with a heavy emphasis in operations and maintenance – to act as driver trainers. He selected the 30 drivers who had the highest CSA scores and assigned them to trainers. From that moment on, the trainer was accountable. "A trainer was absolutely responsible for the performance of that driver." Davis observed a few of the initial training sessions, which were held over the first couple of weeks after the "train the trainer" session, but he tried to stay in the background and allow the trainers to interact with drivers in the way that best fit their personalities.

Each trainer is required to do two more follow-up training sessions with the driver within six months. Jet Express ranks the drivers each month; for the drivers there are cash prizes at stake.

Success so far

Davis acknowledges that it's early, but preliminary results of the program are very encouraging. With two monthly data pulls since the training took place, none of the 30 high-point drivers has received a single additional CSA point. With those kind of results, Jet Express is expanding the "train the trainer" program and selecting some of its best drivers –10 at the Dayton terminal and 20 at the terminal in Marion, Ind. – to act as trainers.

Improving driver performance was the principal goal, but Davis has seen broader benefits from drawing more people into the CSA 2010 mindset. "We received a ton of suggestions and comments on how to do inspections better, work with drivers better and so on. Mid-level managers began to think through how they can improve things."

One example of this creative thinking came from the maintenance staff at the Marion terminal. One of the mechanics involved in the "train the trainer" program suggested that trailers be given safety inspections coming into the shop as well as upon leaving the shop, which had been the practice. This approach makes for a more efficient use of limited bays because mechanics catch problems that they can fix while other work is being done rather than catching them just as the trailer otherwise would be ready to go. The shop foreman also changed the communication process so that drivers communicated known problems upon arriving at the shop.

Another change that came from the maintenance department related to the inspection of air hoses. During the "train the trainer" sessions, some mechanics had noticed that chaffing brake lines were the No. 4 violation in terms of point accumulations. Often it's just the paint chipping off the hose, but it carries a severity point rating.

Given the impact of chaffing hoses on Jet Express' CSA 2010 scores, the maintenance staff on their own initiative developed some special procedures for minimizing violations, including training on making sure that hoses are hung properly.

"That's been the exciting part of it," Davis says. Once people understood the key issues, they challenged themselves to tackle them. ■

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Marten Transport

Mondovi, Wis.

Refrigerated carrier realizes significant fuel savings by raising the shipping temperature without compromising its cargo.

Finding a cool solution

Marten Transport kicks it up a notch to lower fuel use

By Jack Roberts

Sometimes finding ways to be innovative can be as simple as asking the question "Why?"

That's what Douglas Petit, executive vice president of operations for Marten Transport, did in 2008 when tasked by company president and chief executive officer Randall Marten to find additional ways to save fuel. It was 2008, and unprecedented high diesel prices were wreaking havoc on the Mondovi, Wis.-based refrigerated carrier's bottom line.

"Marten has always been a green fleet," Petit notes. "But in our world, 'green' is not just about the environment. It's about saving money, too. And we don't feel those two goals contradict one another."

Petit already had enacted a wide range of measures to control spiraling fuels costs, most notably with the early adoption of auxiliary power unit technology in 2006. In 2007, Marten Transport made use of state grants to offset some of its investment in APUs and began installing the units in its fleet of more than 2,000 tractors.

The company's fuel cost reduction was substantial, with $22.3 million in fuel cost savings directly attributable to APU use versus an investment of $19 million to install the units throughout the fleet. "When we first started putting APUs on our tractors, our average idle time was between 40 and 50 percent," Petit recalls. "By May of 2008, we had dropped that figure to below 5 percent – and it has remained that low ever since. The fuel savings have been dramatic by any standard."

Other fuel-saving measures Marten Transport employs include managing driver behavior regarding excessive pre-cooling of trailers; using telematics programs to monitor reefer engine shutdowns, temperature control and sudden changes; and tracking trailer hookup/unhook times and when power in tractor-trailers is turned on and off. All of this new data – as well as conventional telematics duties such as dealing with alarm codes – helped squeeze extra miles out of each gallon of fuel the fleet was buying.

9 degrees to savings

To remain profitable and ride out the economic storm, both Randall Marten and Petit felt more could be done to control fuel costs and began to consider new solutions. Petit considered the fleet's frozen food shipping operations – or, more specifically, the temperature settings in the reefers that Marten Transport uses to haul frozen food regionally all over the country for customers like McDonald's and other Fortune 500 companies.

Since the early days of the refrigerated trailer in the late 1930s, frozen food always has been transported at -10 degrees Fahrenheit, Petit notes. Bills of lading generally specified shipments "below zero degrees Fahrenheit," and -10 "simply became the default setting and eventually the way things were always done," he says.

What would happen, Petit wondered, if Marten Transport changed that temperature setting to something higher? Clearly a relatively warmer temperature would place a lighter demand on reefer diesel engines. They would burn less fuel if duty cycles were switched from the continuous use setting required to maintain -10 degrees to sentry cycle settings used for a warmer shipping temperature. But would moving to a higher shipping temperature affect food quality in any way? And would Marten Transport's quality-obsessed customers be amenable to such an action? Petit resolved to find out.

With a slightly higher reefer temperature, the company has lowered its fuel and maintenance costs.

Douglas Petit, executive vice president of operations for Marten Transport, says once customers reviewed the beta test data for the company's new temperature settings, they quickly became converts.

Initial beta testing of the concept proved promising. Petit ran two identical shipments of frozen food side-by-side on loads with bill of lading requirements to maintain temperatures of zero degrees Fahrenheit or below. One load ran at -10 and the other at -1, and the company compared the gallons burned and hours the units ran while in transit. Pulp testing proved that product temperatures were not impacted. The subsequent 11 tests saved 200 gallons of fuel and 151.4 reefer engine hours. Even better, Petit notes, the tests showed "zero" food quality control issues when shipped using the higher temperature settings.

Crunching the numbers led to other conclusions as well. From the newly discovered information the company was receiving from its asset intelligence tied into the reefers' microprocessors, Marten Transport saw that its reefer engines ran significantly more when set at -10 versus -1. "It was at this point that the concept really took on life among the Marten management team as we realized the significant cost savings that could be generated by championing this initiative," Petit says.

Customers warm to idea

But how would Marten Transport customers respond to the new temperature settings? The biggest hurdle the company faced was fighting the stereotype that frozen loads had to be protected at -10. Initially, customers were skeptical, but Petit says once those customers reviewed the beta test data, they quickly became converts. "We were even able to work with one of our largest shipping partners during the beta test phase," he says. "They really championed this cause along with Marten."

Marten Transport implemented the change across its business in March 2009. Today, it ships 78 percent of all frozen foods at that setting compared to just 10 percent when the process first began. And the cost savings that the 9-degree temperature difference has made have been dramatic – to say the least.

Recalling the beta tests that verified the concept, Petit says the improvements in fuel economy the company sees today with the majority of its trailers running at -1 degrees translates to a fuel savings of about 130,000 gallons per quarter. At today's national average of \$3.07 a gallon, that translates to quarterly savings of \$399,100. Additionally, maintenance costs for reefer engines have dropped – just as Petit anticipated when he first conceived the higher temperature setting concept.

With such dramatic fuel savings gained by such a simple idea, Marten Transport today is working hard to increase the number of customers who will allow for shipping at the new temperature settings. Clearly they've found a way to be "green" in both senses of the word – saving fuel and money simply by examining the way things always have been done and looking for ways to do them better. ■

Marten Transport has adjusted the temperature settings in most of the reefers the company uses to haul frozen food all over the country.

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Integrated Freight Corp.

Sarasota, Fla.

Company formed solely to consolidate motor carriers plans to run nearly 1,000 trucks before its third anniversary.

All in the family

Integrated Freight uniting separate regional giants into one national player

By Dean Smallwood

With the anticipated economic rebound, trucking companies no doubt will seek opportunities to secure freight rates and lanes while growing their businesses. One company understood at the outset of the recession that tough times wouldn't last forever and has capitalized.

In May 2008, Integrated Freight System was formed for the sole purpose of acquiring and consolidating motor carriers. When its current fiscal year ends in March 2011, Integrated Freight plans to operate more than 1,000 trucks that provide dry van, hazardous materials and temperature-controlled truckload services.

The company's beginnings were as unconventional as its rapid-fire growth. With such ambitious growth plans, access to capital was essential. Integrated Freight's management believed it would be able to obtain equity and debt financing more easily as a publicly traded company than as a privately held one. For one thing, it probably would be easier for Integrated Freight to convince the stockholders of carriers it wanted to acquire to accept its own stock as payment – at least in part – if it were publicly traded. Indeed, the company's agreements with the owners of its first companies it acquired in the fall of 2008 – Morris Transportation of Hamburg, Ark., and Smith Systems Transport of Scottsbluff, Neb. – obligated Integrated Freight to become a publicly traded company. But starting from scratch and launching an initial public offering didn't seem to be the right path. Fortunately, an opportunity soon presented itself when Integrated Freight discovered PlanGraphics, a publicly traded information technologies company that needed an exit strategy.

In May 2009, Integrated Freight System acquired more than 400 million shares, or 80.2 percent, of the common stock of PlanGraphics in redemption of 500 shares of PlanGraphics' preferred stock, which that company had sold in 2006 for $500,000 to the Nutmeg/Fortuna Fund, a private investment company.

PlanGraphics was unable to pay upon demand, and Integrated Freight paid Nutmeg/Fortuna Fund 1.3 million shares of its common stock and a one-year promissory note in the amount of $167,000 to purchase PlanGraphics' preferred stock. In June 2009, Integrated Freight and PlanGraphics merged, and the part of the business that previously had been the PlanGraphics information technologies company was sold to PlanGraphics' then-CEO.

Morris Transportation and Smith Systems Transport, Integrated Freight's first two operating units, formed the core of the newly revamped company, which rebranded itself as Integrated Freight Corp. (IFC) in July 2009. The company since has purchased Triple C Transport in Doniphan, Neb., and Bruenger Trucking in Wichita, Kan., and has announced its intent to acquire Cross Creek Trucking in Medford, Ore., and Texas Star Express of Rockwall, Texas.

Separate identities

Companies that become part of IFC by way of acquisition leverage the buying power, technology and customer relationships of a national company, but they retain their identities as well as the benefits of being a small carrier.

"These business combinations with Integrated Freight allow us to expand and strengthen our excellent customer service while providing their employees with more opportunities within the larger IFC platform," says Butch Bruenger, chief executive officer of Bruenger Trucking.

IFC strives to maintain the same culture and one-on-one

CCJ Innovators

Criteria that Integrated Freight Corp. uses to evaluate acquisitions include past financial performance, location, customer mix, company culture and how the company uses technology, says Steven Lusty, COO.

"Whenever there is change, everybody is nervous. We've taken the time to do it the right way."
– Steven Lusty, chief operating officer

interaction that previously existed within the companies it acquires. Because drivers want to feel like part of the same organization, the company keeps driver-assigned dispatch unchanged. While driver management and customer service remains local, all back-office functions such as insurance, billing, payroll, etc., are moved to the corporate office in Sarasota, Fla.

After acquiring carriers, IFC converts their existing information systems to a unified platform for dispatch and mobile communications. Each company gains visibility to all assets in the system. "All assets and personnel are able to be shared by each organization," says Steven Lusty, chief operating officer. "That's what gives us national coverage."

Criteria that IFC uses to evaluate acquisitions include past financial performance, location, customer mix and company culture. The company also evaluates how a company uses technology; if the company is using technology successfully, employees will be capable of migrating to a new platform once an acquisition is made. "Without technology there, or the ability to use what we have, they are not meant for integration," Lusty says.

Once the deal is closed, one of the most critical tasks is to inform all stakeholders – not just the owners and managers – of what is expected. "Whenever there is change, everybody is nervous," Lusty says. "We've taken the time to do it the right way. We are not going in there and looking for quick effects. We are looking at the long-term effect. We have a 5-year plan, which is what we share with employees."

Big plans

IFC's three most recent acquisitions are indicative of the company's strategy and scope. The $11 million purchase of Bruenger Trucking, one of Kansas' largest refrigerated and dry freight operators, added $24 million in revenue to IFC's platform. Bruenger's fleet of 160 tractors, 187 refrigerated units and 30 dry vans hauls aviation materials, canned goods, foodstuffs and numerous general commodities across the Unites States and into Canada.

"The addition of Bruenger Trucking marked a significant milestone for IFC as we continue to assemble a high-quality national freight network," says Paul Henley, CEO of IFC. "Acquiring a company with the reputation and longevity of Bruenger in such a strategic geographic area was a watershed event for us."

Cross Creek Trucking, founded in 1989, operates a fleet of more than 115 trucks, 170 utility refrigerated trailers and 20 dry utility trailers providing service primarily to the U.S. West Coast. "We feel the potential merger with IFC will add to our strength in customer service and increase our productivity and value proposition to our customers," says Mike DeSimone, president of Cross Creek.

In 2009, Cross Creek had revenues of more than $28 million and EBITDA of $3.9 million. "Their management team is very strong, and their overall business fits hand in glove with our current operations," Henley says.

Texas Star Express, founded in 1987, is a subsidiary of Epes Carriers Inc., which was No. 91 in this year's *CCJ* Top 250. With a fleet of 315 tractors and 1,100 trailers, Texas Star Express provides regional and long-haul dry van truckload and dedicated services. Areas of service include Texas and surrounding states to and from the Midwest, Southeast and intra-state Texas. Texas Star Express's 2010 revenues are expected to exceed $58 million.

Texas Star Express is by far IFC's largest acquisition to date. Assuming IFC successfully completes the Cross Creek and Texas Star Express acquisitions, it will go from having barely 100 trucks in early 2010 to being in the top 150 carriers in the nation by the time *CCJ* publishes next year's Top 250 ranking. Another one or two acquisitions could put it in the top 100. ■

– Aaron Huff and Avery Vise contributed to this story.

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