

One key step to finding answers to any logistics problem is knowing the right questions to ask.

Inbound Logistics asked three executives at leading motor carriers for their perspectives on the important transportation challenges and opportunities impacting your business.

These trucking executive thought leaders can give you insight into keeping your shipments moving.

TRUCKING EXECUTIVE THOUGHT LEADERS

CHRIS KANE

Chief Customer Strategy Officer
Kane Is Able Inc.

LEE MILLER

President
Miller Transporters

RICK O'DELL

President and CEO
Saia

Q: The current crunch in trucking capacity has made mainstream news lately. How should the transport industry solve this problem?

KANE: The truth is there is no capacity shortage. Also, there are plenty of truck drivers, even after we lose 100,000 drivers through CSA 2010, as industry experts predict. The problem is not capacity or manpower or the number of tractor trailers or how much weight they're allowed to carry. The problem is that half the trucks in America are driving around half empty. Why? Because small and mid-sized manufacturers lack the scale to ship in full truckloads. So you end up with thousands and thousands of separate, inefficient lines of supply—all moving to the same mass retailers.

The waste inherent in such a model is shocking. We have got to wake up and start treating our distribution infrastructure as shared infrastructure. Think of riders on the New York subway. Nobody expects to ride in their own personal subway car. If they did, the subway would be big enough to shake every apartment in New York, and it would cost \$100 a day to get to work.

Q: You're talking about collaborative distribution. Hasn't that been tried already?

KANE: I'm talking about a much deeper and more radical change in supply chain thinking than consolidating cargo on the last leg of the journey. Collaborative distribution needs to go right to the heart of retailers' and manufacturers' operations. It's a fantastic opportunity to take trucks off the road and cut distribution costs by 35 percent. Getting manufacturers to warehouse their products with other manufacturers' products, even competing ones, would mean deliveries to a retailer would take the form of full trucks of blended goods.

On the retailer side, we need to educate buyers that, if they only ordered mustard,

for example, to arrive on Tuesday instead of Monday, the shipment could be consolidated with paper towels and arrive in a single truck. Right now, buyers don't get rewarded for lowering freight costs. Their job is to look for mustard at the lowest price. Reducing freight is the job of the guy at the DC, and he has no idea about ordering cycles. It's a question of getting these departments working together. It's not an easy shift, but 3PLs can act as matchmakers.

Q: This sounds like a major change. Is it actually possible?

KANE: Collaborative distribution is not some idealist's dream. We're already making it work on a small scale here at Kane. But when fully implemented, it could revolutionize how we distribute consumer goods by simply shipping freight on fewer trucks and saving billions across the CPG supply chain.

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CHRIS

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LEE

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Miller Transporters

MILLER

Q: How are you addressing the shipper's concern about capacity now and in the future?

MILLER: I believe shippers understand that capacity issues are stimulated more by the driver shortage than any other single factor. At Miller Transporters, we are asking our shippers to help us be more driver-friendly. Keep detention low and utilization high. When our drivers adhere to the shipper's schedule, be mindful of the driver's time and his quality of life. When drivers are asked to wait, keep them informed of what is going on and treat them with the respect they deserve. Good communication can go a long way.

We spend a great deal of time analyzing productivity. We constantly look for ways to improve. We ask shippers to be flexible in their scheduling so we can offer lanes that are attractive to our drivers. Where we are able, we have shifted our focus on lane assignments to shippers who can make changes to their schedules for better utilization. If a load only takes five hours to drive, we ensure we can load and unload the same day so the driver does not have a layover. The same can be said for longer hauls and appointment times. The more flexible the hours, the better a driver can manage hours of service and get to the next load.

Another way to attract and retain quality drivers is using dedicated drivers and equipment. There are several added benefits to this approach.

The first addresses the shipper's concern that their load is covered. They get preferential treatment because that driver is now a part of their supply chain. The driver, the dispatcher, and the equipment handle load after load for the same customer, and the shipper knows where that unit is at all times. Utilization improves as loads are scheduled knowing exactly what that unit is doing today, tomorrow, and through the week.

Second, as a tank truck operator, dedicated equipment can eliminate cleaning of the internal trailer residue. This is better for the environment and helps us all be "greener." This effort speaks to anyone who has a commitment to sustainability.

Finally, dedicating drivers and equipment also appeals to the sales staff of a shipper. That driver is an extension of the shipper as we make the delivery. Familiarity with the handling of a shipper's product, customers, and needs allows for better customer service and becomes a selling point for shippers.

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RICK

O'DELL

President and CEO
Saia

Q: How can service accountability and innovation help shippers stay one step ahead in a tough economic climate?

O'DELL: Vigilant shippers make sure every dollar they spend counts by choosing carriers who offer them the opportunity to shine in front of their customers. While there are different ways to accomplish this, one of the best measures a shipper can take is to look for a partner carrier that provides transparency and evolution.

For more than 10 years, Saia has tracked its performance via our Customer Service Indicators (CSIs), an index of performance measurements. Indeed, I encourage shippers to make sure their carriers are holding themselves accountable by providing honest, accurate metrics. Shippers shouldn't assume all on-time performance is created equal. It is your right to ask what shipments are excluded from service,

then compare carriers to see who is providing the truest measure of service. Saia has always held itself to a higher standard by having very few service exception codes. When we say 97.5 percent of our shipments were delivered on-time, we mean it. Because of this, our customers know they are getting an accurate assessment of our performance.

Another way to assess a carrier is to look at how they view "clear" deliveries. For instance, being able to see claims-free ratios is great, but being able to see how many of your customers signed for shipments "clear" is even better. Saia measures "clear" deliveries for every Saia customer each day via our exception-free delivery metric, which is the number of error-free deliveries we make before freight is recorded as damaged, short, or in surplus.

Currently, 98.3 percent of our shipments are delivered exception-free. In January, this data will be available via our Web site as part of our CSIs.

Shippers shouldn't stop at transparency; they should also partner with a carrier that fosters innovation. As an example, we recently improved our pick-up and delivery optimization software, which has significantly enhanced our overall service. Now, estimated time of arrivals are generated by our optimizer and fed directly into our tracing screens. This allows customers to get specific delivery times on their freight by calling our customer service number or tracing the shipment themselves through our Web site.

Times are challenging. But that doesn't mean shippers should expect less. In fact, they should expect their carrier to always be looking out for their best interests.

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