

TECHNOLOGY

9 ways to make

Fleets today are swimming in data.

Here are nine tips to make sure you don't drown.

When Randy Seals, customer advocate for McLeod Software, managed operations for a trucking company years ago, his boss would come in month after month asking the same question: "How are we doing?" Seals would respond, "Looks like we're doing great." He wasn't lying. They were moving a ton of freight.

Inevitably, accounting would come in and say, "Randy, the numbers don't look so good." Seals wondered how this could be. As far as he could see, things looked good.

Eventually, he realized he needed to see full picture. Not only did he need more data, but he also needed to know how to manage it in the right way. Here are a few tips Seals and other software providers and carriers suggest for how fleets can more efficiently use data to increase their bottom lines.

Start with the big picture

Before you dive into the details, such as what type of data you want to see or what system you'll use to manage it, determine your fleet's primary goal, says Jack Jones, vice president of truckload product development for Transportation Costing Group, which offers costing and profitability management software.

"The first thing any carrier should do is figure out what they're trying to accomplish," Jones says. "Are you

trying to manage operating efficiency? Safety performance? Cost control? Something else entirely? If a carrier can answer that question, then they can look at it from an objective perspective."

Jones gives an example of a TCG customer that decided it wanted every conversation at every level in the company to include the topic of profitability. "They knew it was first and foremost their goal," he says.

Foster communication

To get the right data to the right people, communication among departments is key.

Christian Schenk, vice president of product marketing for Xata, says one of the biggest mistakes he sees fleets make is not sharing information internally. "It comes down ensuring the data is making it back to the people who can leverage it," he says.

Al Uritis, CEO and co-founder of Operating Tax Systems, a transportation tax and consulting company, says it's helpful to have everyone together to bridge gaps and talk about what each department needs.

"What we like to do is schedule a meeting ahead of time and say 'I want someone from finance, I want someone from maintenance, driver training, accounting, dispatch, operations,'" Uritis says. "It's amazing. Between back office and operations,

you'd be surprised how many walls are built up."

Mike Kelley, director of information technology for Mesilla Valley Transportation, a 1,200-truck long-haul dry-van carrier in the Southwest, says one of the company's mechanics years ago mentioned how helpful it would be to get fault code information from trucks. "That mechanic instigated the consumption of that data," Kelley says.

Adjust for size (and vocation)

Take into consideration your size and vocation.

"A truckload carrier that normally runs between New York and California is going to be different than a spoke-and-hub operation, which has totally different approach," says OTS's Uritis.

Data management will be different for LTL fleets than truckload fleets.

"[For LTL], there could be hundreds of shippers on a particular schedule," says Ken Weinberg, vice president, Carrier Logistics Inc., which offers LTL transportation software. "If it's discovered a schedule is not paying its way, the fleet has to look at customers to see which ones are profitable and which ones aren't, but it's doable."

While large fleets might have IT departments that can dig deeper into data and perform additional analysis,

your numbers count

smaller fleets usually don't have that luxury.

"The best thing they can do if they don't have someone in-house is reach out and find a consultant who understands not only numbers but also how those numbers relate to service," says Kevin Avery, senior consultant at Carrier Logistics Inc.

Xata's Schenk advises small fleets to think about simplicity. "[Smaller fleets] don't want 5,000 reports, they want 15," he says. "They may think they want 5,000, but that may not advantageous or affordable."

Interact only with what you need

Just because the data is in front of you doesn't mean it's useful to you

at that particular moment. Schenk recommends managing by exception.

"If you need to talk to 40 drivers, only look at information for 40, not 1,000," Schenk says. "You don't need to look at all the data if only 5% needs your attention."

Jim Sassen, senior manager, product marketing with Qualcomm Enterprise Services, says a great way to do this is to set up alerts for what you want to see and when. "The alert sends a text or email saying there's a performance issue that needs your attention," he explains. "It's pushing information to you, which allows you to be more efficient."

Sassen says to make sure the information is only going to the people who need it. "If they're a

safety manager, they may not want [or need] to see a bunch of information about fuel."

Get information as soon as you can

A lot of day-to-day fleet operations happen too quickly to rely on old information, which is why a lot of systems offer fleets data in "real time."

"In trucking, you no longer have the option of waiting around to see how your loads went last week," says McLeod's Seals. "You need to have your finger on the pulse of operations today."

This applies to safety especially. "Some of these large fleets will get hundreds of violations during the day," says Steve Bryan, CEO of Vigillo, which offers CSA scorecards.

Vital Signs

A good way to get the full picture of how your business is running is to create a "scorecard" with the KPIs or "vital signs" most important to you. Following are some KPIs you might find useful for your scorecard.

Scheduled shipped revenue: The revenue you expect to bring in from trucks on the road right now.

Scheduled delivered revenue: The revenue you expect for the freight you'll deliver today.

Billed revenue: Your cash flow.

Fuel surcharge: The revenue you make from fuel surcharges.

Percent fuel surcharge: The average percentage for the fuel surcharge for all current loads.

New revenue: How much revenue you're generating from new orders daily.

Billed miles, loaded miles, empty miles and total miles: Check your billed miles against your loaded miles to make sure they're as close as possible. Watch empty miles to make sure it stays low.

Deadhead percentage: Increase your bottom line by turning deadhead miles into loaded miles.

Revenue per loaded miles and revenue per total miles: Revenue per loaded miles shows you the rates you've negotiated. Revenue per total miles lets you see how deadhead affects revenues.

Number of orders: The number of orders you're currently handling.

Average billed mileage per order: The length of haul for your active orders.

Revenue per tractor and revenue per working tractor: Set a goal for what you want your revenue per tractor to be each month. Revenue per working tractor excludes vehicles sitting in the yard.

Orders entered: The number of new orders each day.

Dispatches made and dispatches completed: Loads picked up and delivered in a day.

Driver exits: The number of drivers you lost today.

Accidents and OSD: Accidents and loads that are reported over, short or damaged.

Service Failures: Late deliveries.

TECHNOLOGY

"You can't really manage this stuff unless you're looking at it all the time."

Qualcomm's Sassen uses hard braking as an example. "If someone hard brakes five times in a minute, you want that info right away so you can reach out to the driver, especially for fleets carrying sensitive cargo."

Know how your information is connected

If one of your numbers isn't right, you need to understand why before you can fix it. Understanding how your data is connected, McLeod's Seals says, can help you discover the basic issues that are affecting those numbers.

"I call it the Zen of trucking,"

Seals says. "All this stuff is connected, and a lot of times folks forget that."

Let's say you see your deadhead jump 4% in just a few hours. You check and see that your staff took loads that are out of their lane, and when you ask them why, they say it's because they were feeling desperate to book more freight. By digging deeper and finding connections, you recognize the issue and are now able to respond to it.

Let your employees know the score

Seals compares fleet operations to a football game – but in a football game, he says, players can look up at the scoreboard to see how the game's going.

"You've got to let your folks know what the score is so they know if they're winning or losing," he says. "Make that visual day after day."

Louis McAnally, vice president, operations for PeopleNet, says one customer started measuring driver fuel performance and posting the information for drivers to see Monday morning. "After a few weeks, drivers were surrounding that poster looking for their name and how they were performing."

Mesilla Valley Transportation uses motorcycles to better fuel performance. Every quarter, they give away a Harley Davidson to the driver with the best mpg. For the driver with the best mpg for the year, the company awards a \$25,000 bonus. "It's competitive," Kelley says. "I know of drivers who won't use A/C or heat in the cab unless they really have to because it uses fuel."

Set achievable goals

It's important to make sure the goals you set are reachable.

Setting goals for your fleet is like weight loss, Seals says. "Let's talk about losing a pound a week, not a 100 a year."

Seals recommends taking a look at your data history to set those goals. "Don't set a \$60,000 goal for Mondays if historically you've never done better than \$40,000," he says.

Translate your goals into numbers that are meaningful to your employees. Even though management thinks in terms of dollars, that doesn't mean the rest of your employees do.

"You may understand \$10 million or \$100 million, but a customer clerk who does nothing but enter loads doesn't understand \$100 million," Seals says. "But she can understand she has to put in 50 loads a day to reach that \$100 million."

Eliminate paper where you can

Minimizing the amount of paper you pass back and forth among departments can significantly increase efficiency.

"You have one report, but maybe seven different people need to see it," says Xata's Schenk. Sending that report electronically speeds up the distribution of that information, eliminating bottlenecks.

"Ultimately, that information just gets put back in a database somewhere anyway," Schenk says.

A paperless system can streamline the way you manage your fleet, but OTS's Uritis says make sure you know it will benefit you before you eliminate paper.

"If I'm going paperless, there's a cost to that," he explains. "I have to weigh the ROI. Some companies are so entrenched and have such a great paper system that going paperless wouldn't benefit them." ■