Surviving a Season of Runaway Fuel Costs

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Escalating fuel costs, a perennial drain on carrier profits, continue to pump funds out of company coffers as fleet owners seek lasting solutions for survival.

On the other hand, higher fuel prices could turn out to be a blessing in disguise for less-than-truckload carriers. How? By prompting them to take a fresh look at pickup-and-delivery productivity and route planning – and to consider the best use of modern technology for implementing change and improving performance in those areas.

The result could be significant cost reductions and corresponding gains to the bottom-line.

If that sounds too good to be true, consider this example: By taking advantage of up-to-date technology, a 50-truck carrier can save more than $15,000 in annual fuel costs – or even several times that amount if the trucks serve multiple cities. On top of that carriers can save $1 per mile in operating costs for wear and tear, maintenance and man-hours.

By using new technology to re-engineer its route structure, the carrier in our example can save one stop – or five miles – per truck per day on average. Multiplied over 220 work days, the same carrier saves 55,000 miles a year or $15,715, assuming use of seven miles per gallon, with per gallon costs of $2.

Additional technology-driven fuel-cost savings can be gained by eliminating engine idling and by using wireless communication to reduce backtracking.

The carrier also can achieve huge incremental profits by adding a new productive stop from the extra man-hours saved. It would conservatively gain $175 a day to its bottom line – translating to an increase of about $1.9 million a year in revenues. If you disagree with the math, take half. That's still a huge increase.

To achieve these cost savings and bottom-line gains, carriers need to leverage available technology and computer power.

While all carriers today have some kind of computer system in place, most are using their current technology for administrative, billing and tracking purposes. Few carriers, if any, are aware of how much control they can gain to efficiently manage their fuel costs and improve productivity.

For example:

■ **Route trucks more efficiently.** Today's software can effectively route shipments to the best vehicle, taking into account service requirements, historical business volumes and the day of the week. The system should help carriers reduce operating costs by keeping drivers on a direct route, preventing the dispatch of two drivers to the same customer and eliminating repeated stop attempts.

■ **Reduce backtracking.** Two systems that will help carriers reduce backtracking are simple mapping and orderly, timely pick-up dispatching.

■ **Load trucks more efficiently.** The sequence in which deliveries are loaded and pick-ups are assigned helps reduce mileage and overtime. The loading guides (manifests) provide the dock instructions to load deliveries in sequence. Deliveries should be loaded in the reverse order of stops to be made.

■ **Improve route planning.** Computerized route planning incorporates appointment times, customer requirements and equipment requirements into geographic routing.

■ **Adjust the linehaul schedule.** Information available from carrier computers helps management arrange the linehaul schedule, and put trucks on the road earlier with more freight per truck. Based on what is being picked up in a certain city, management may decide to add or cut linehaul units. Or, they may determine that some locations can load direct, eliminating intermediate handling and speeding one or more trucks past that location.

Efficient loading can supplement linehaul planning by adding one or two productive stops per truck per day, improving productivity, moving more freight with the same mileage, and reducing the number of trucks on the road.

Planning linehaul schedules also provides freight statistics that enable truckers to see earlier what freight will be inbound later that night. With this information, one can plan for the next day's operations, including setting delivery appointments for freight before it even leaves its origin. Planning the route in advance will increase the likelihood of arriving on time to prevent waiting.

■ **Eliminate idling.** With today's engine technology, it's easy to start a well-maintained truck when stationary. So when drivers stop for coffee, a meal, wait for a space at the dock or exchange freight with another truck, they can save fuel by killing the engine.

■ **Plan double and triple bottoms.** Having complete knowledge of the freight carriers would be moving may enable them to plan doubles and triples where allowed, saving on fuel costs and man-hours.

■ **Install wireless communications.** Getting messages to trucks on the road would enable carriers to reschedule pick-ups and deliveries as needed, further reducing backtracking. Trucks would spend less time waiting to get on the road and in transit.

In today's competitive environment, you must save every possible dollar on fuel. If you are able to save a dollar on fuel cost and don't, you are in effect preventing many times that amount from reaching your bottom line. In today's competitive environment, you can't afford not to save every possible dollar on fuel costs.

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