

TC04 Best Practice Group Meeting

Tampa, FL

Customer Service / Operations



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Welcome!

84 Degrees & Sunshine!

Getting Started



- Opening Comments from the Chairman
- Review the Agenda & Housekeeping
- Anti-Trust Review
- Roundtable Introductions
 - Name, Responsibility
 - Expectations / Specific 'Asks' for this meeting

Hot Topics

Open Discussion

- Drivers....Drivers...Drivers
- Capacity Opportunities/Challenges with higher demand
- Revenue growth forecast in 2018 – tracking higher/same/below?
- How do you decide who & when gets Capacity? Shipper scorecard, Network/Lane analysis, Rate?



Hot Topics








Open Discussion

- ELD affect on demand
- Increased brokerage opportunities
- What new process/project/service have you implemented since the Charlotte meeting?
Positive/Negative results?

DAT Trendlines™






Industry Trends	WEEK	MONTH	YEAR
	Feb 4 - 10 vs. Jan 28 - Feb 3	Jan 2018 vs. Dec 2017	Jan 2018 vs. Jan 2017
 Spot Market Loads	+ 0.3%	+ 26%	+ 134%
Spot Market Capacity	- 1.5%	+ 4.1%	- 6.9%
 Van Load-To-Truck	+ 2.3%	+ 9.5%	+ 200%
Van Rates (Spot)	- 2.7%	+ 7.1%	+ 35%
 Flatbed Load-To-Truck	- 1.0%	+ 57%	+ 144%
Flatbed Rates (Spot)	+ 0.9%	+ 3.0%	+ 24%
 Reefer Load-To-Truck	- 1.8%	+ 14%	+ 118%
Reefer Rates (Spot)	- 3.5%	+ 7.3%	+ 36%
 Fuel Prices	+ 0.5%	+ 3.8%	+ 17%

*** Seasonal decline week over week over week, but still significantly higher than 2017 same period**

2018 Predictions BPG / TPP Surveys



- 8-22% Organic Revenue Growth 
- 0-14% Improvement in Gross Margin Results 
- Driver and Non-Driver Payroll will increase 
- Shorter Length of Haul (various reasons given)
- Continued Driver Retention Issues
- Higher Driver to Non-Driver Ratios

Composite Review / Special Meeting Survey



Composite Review / Special Meeting Survey

- Data reporting – new tool for mapping @ the GL level
- TPP Chart of Accounts (income statement)
- Special Survey – question review
- Selected results from inGauge



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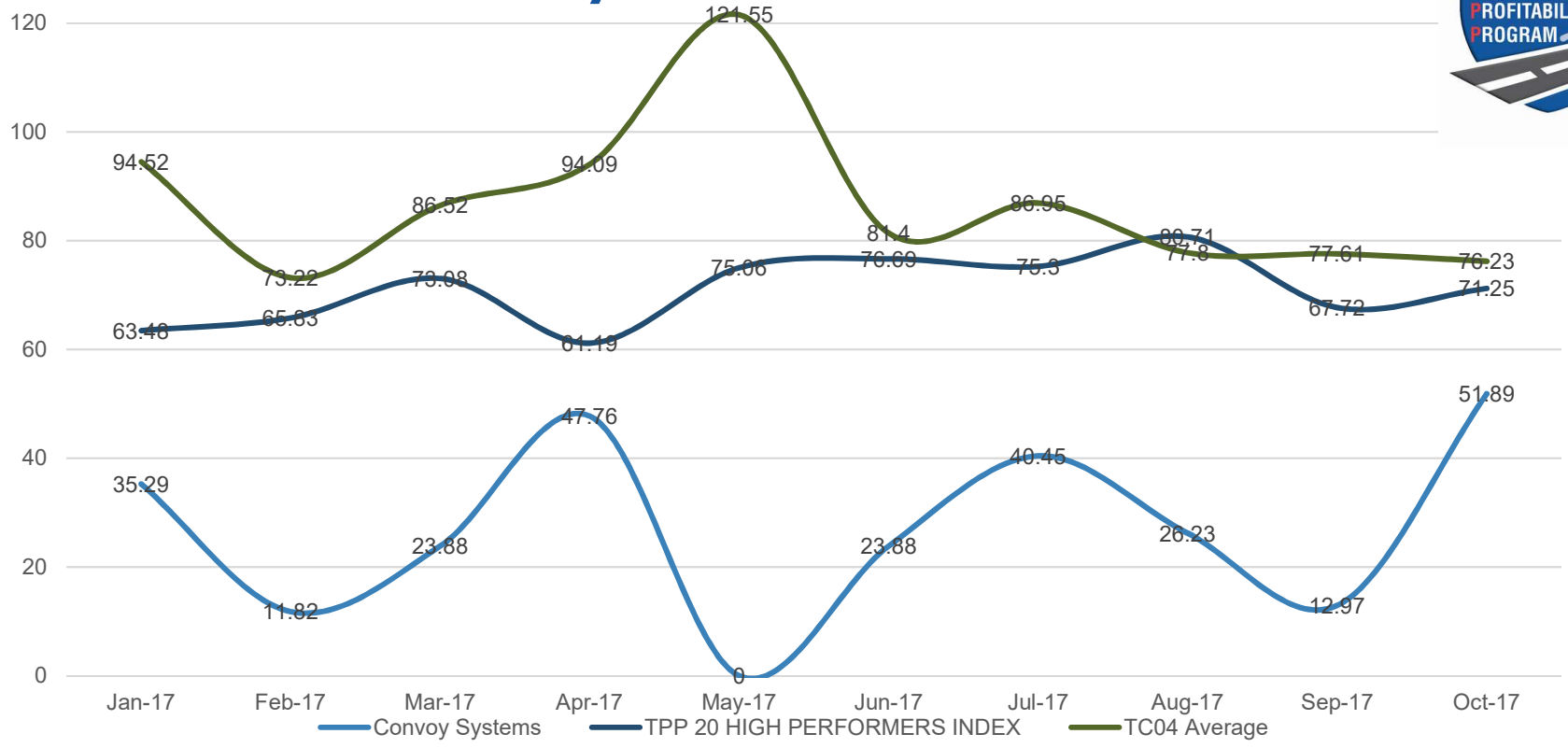
inGauge Trends

Driver Turnover 2017

- Calculation
 - $\frac{((\text{Number of Drivers Departed} * 12) / ((\text{Driver Count Beg.} + \text{Driver Count End}) / 2)) * 100}{}$
- Annualized Driver Turnover each month
- Definition of "Departed" – should be after completion of orientation – active duty (although you should track both internally). Include both voluntary and involuntary



Driver Turnover 2017





Driver Turnover Insights

- Convoy Systems – What is the special sauce?
 - ESOP? High wages (40.68% of Net Revenue)? Culture? Length of Haul? Type of Freight
 - Brenda: “we spoil them”
- How many are moving to Guaranteed pay? Salaries?
- How will Productivity be impacted?

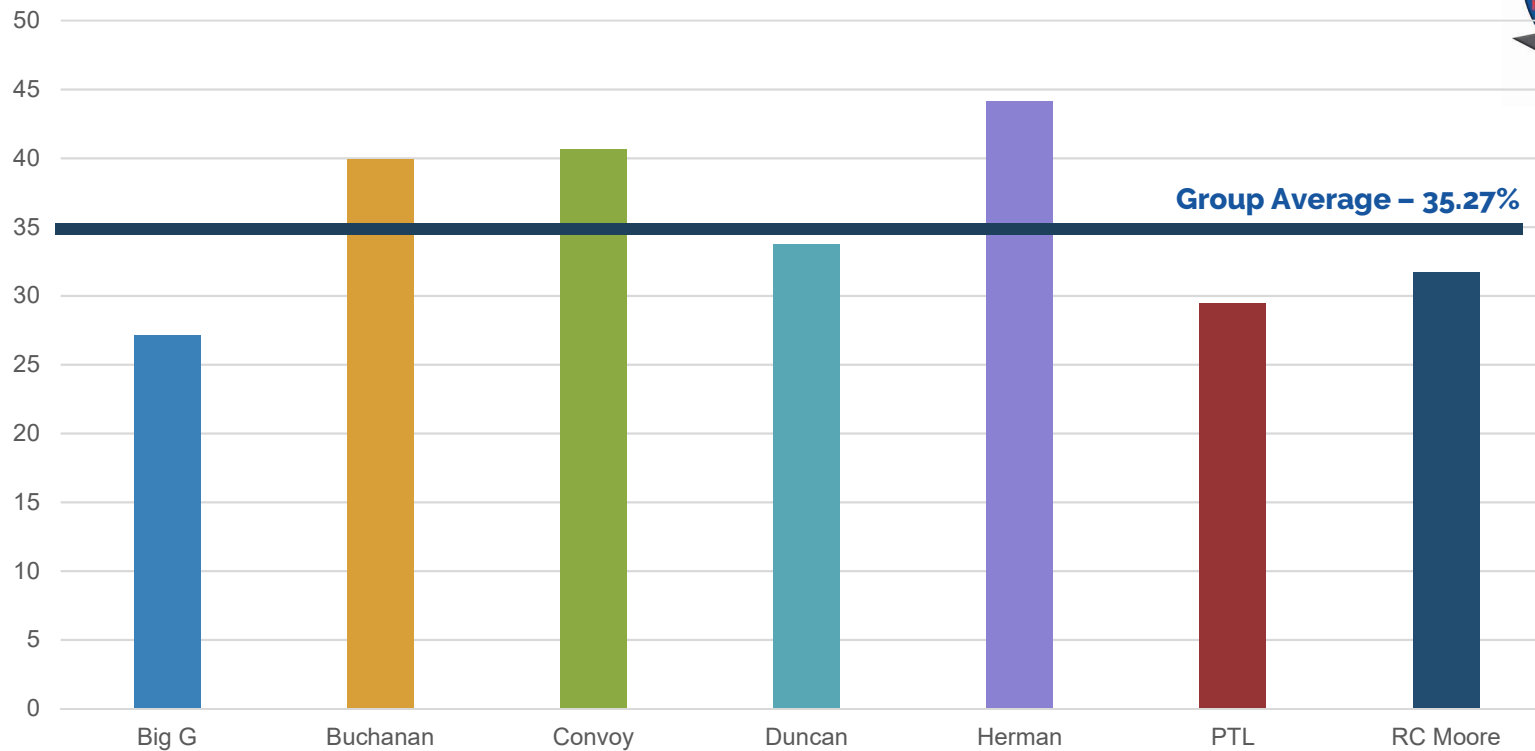
Driver Wages & Benefits

- Wages
- Per Diem
- Bonuses
- Payroll Taxes
- Health Insurance, 401k etc
- It's going up across the board!





Driver Wages & Benefits - % of Net Revenue

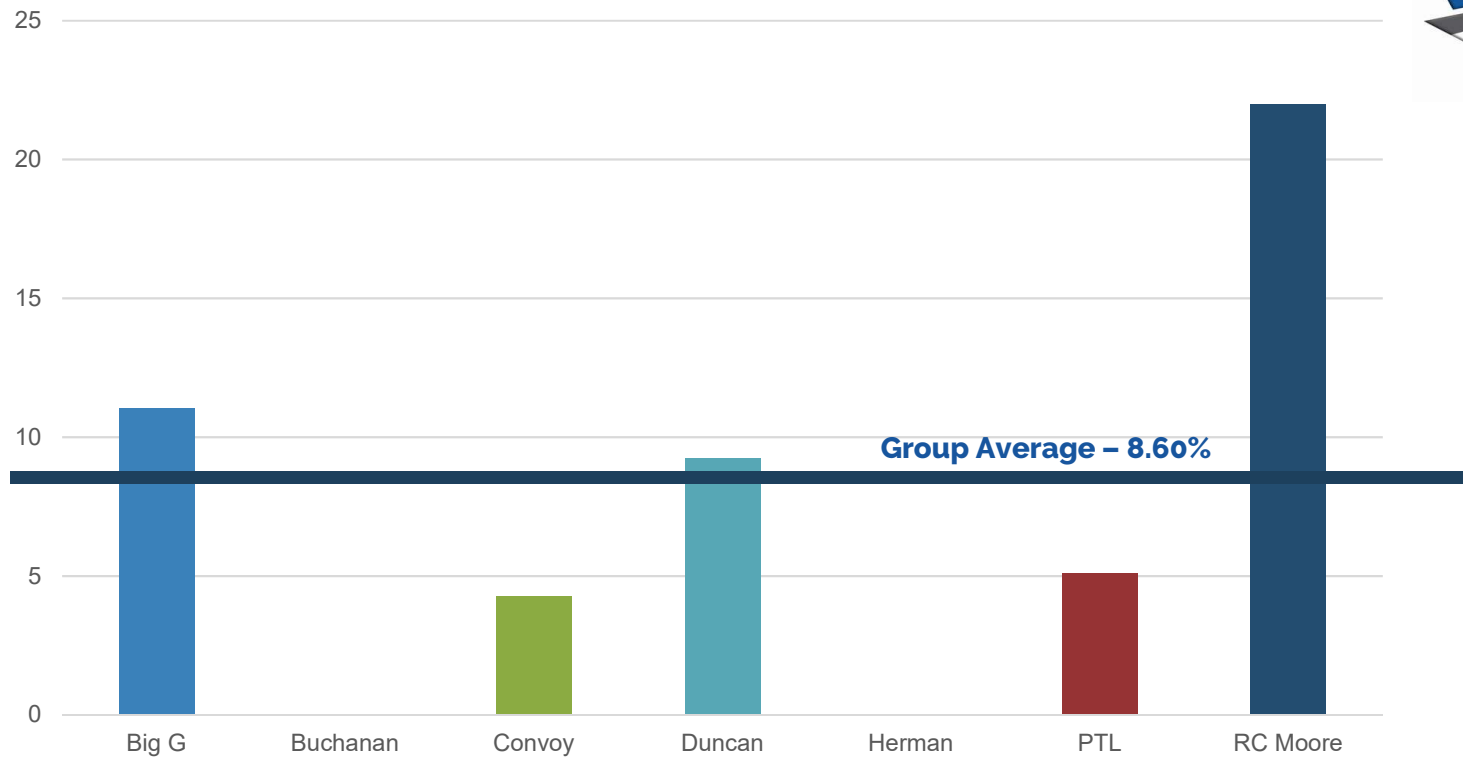


Unseated Tractors

- An issue with almost every company in Best Practice Groups
- Tons of freight, can't find drivers
- What are you focusing on for Retention?
- Correlation between Driver and Non-Driver Turnover?



Unseated Tractors – December 2017

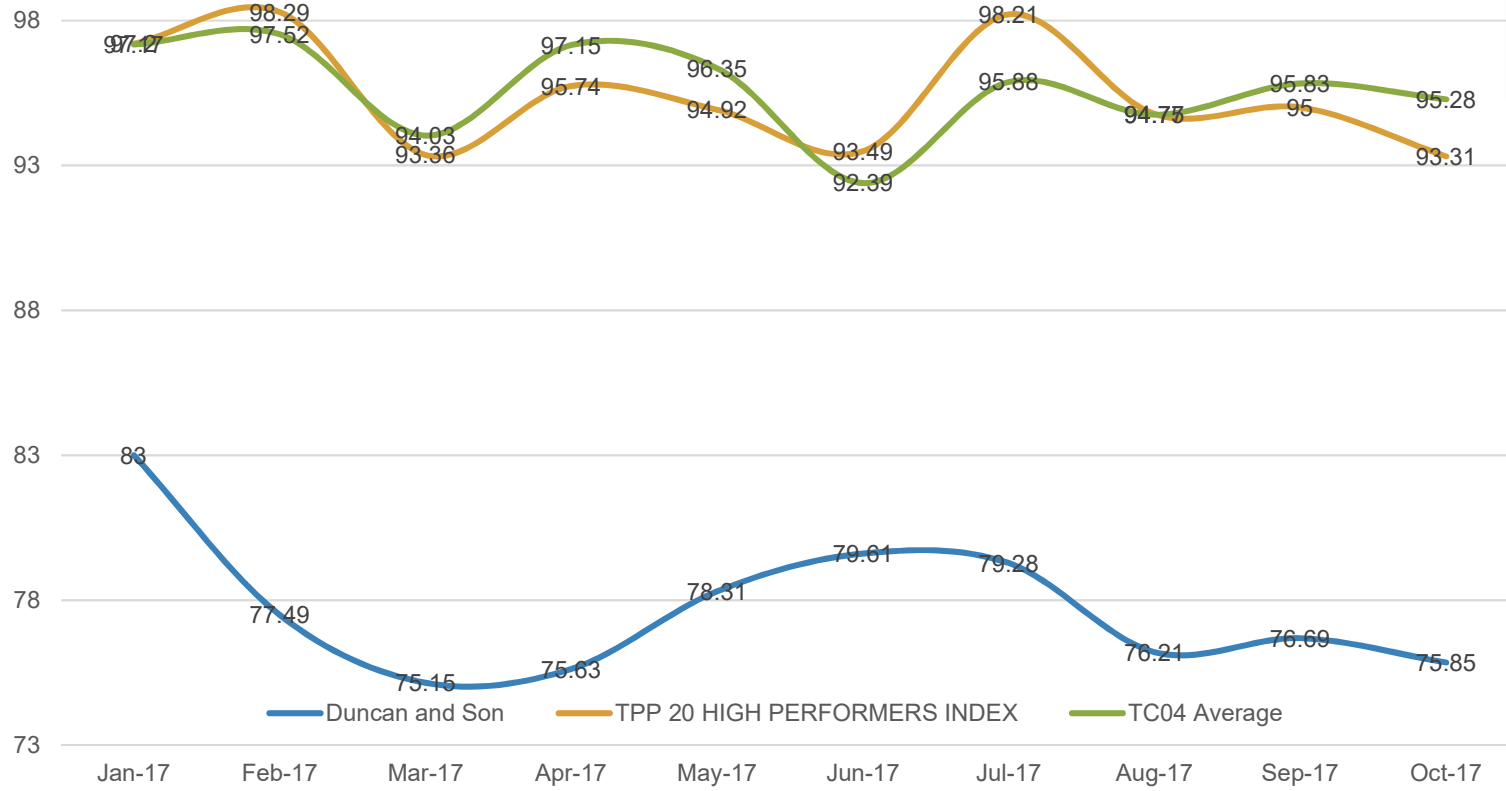


Operating Ratio - 2017

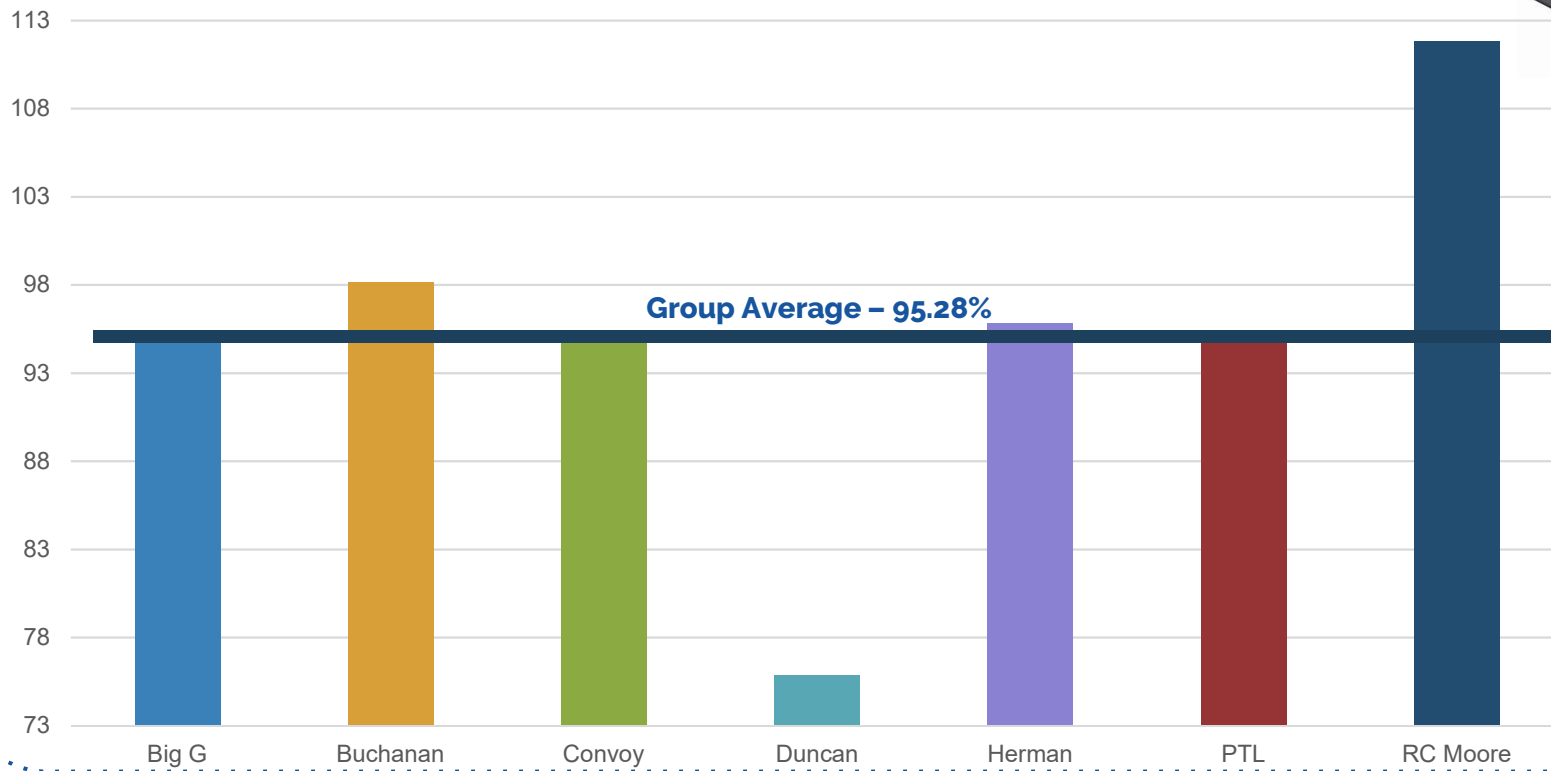
- Calculation
 - $\frac{((\text{Linehaul} + \text{Accessorial}) - \text{Operating Profit})}{(\text{Linehaul} + \text{Accessorial})} * 100$
- Duncan and Sons – Top OR Performer in entire Best Practice Group program
- Duncan & Sons – Operating attributes, culture, freight, location?
- Not seeing as dramatic predicted improvement (Year over Year) – Drivers, Drivers, Drivers



Operating Ratio - 2017

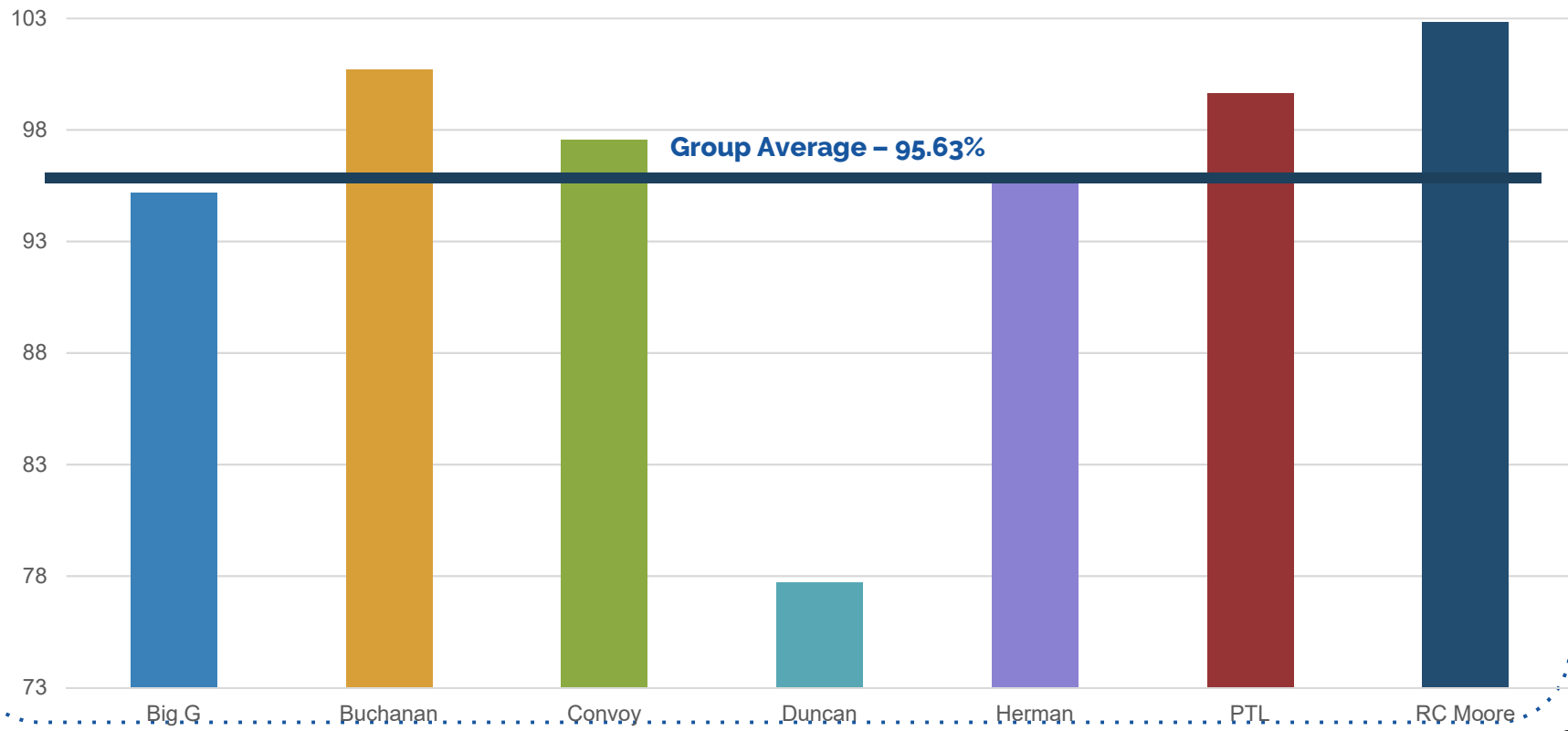


Operating Ratio (CF & OO) – October 2017





Operating Ratio (CF & OO) – 2017 YTD (Ending Oct '17)





Operating Ratio Insights

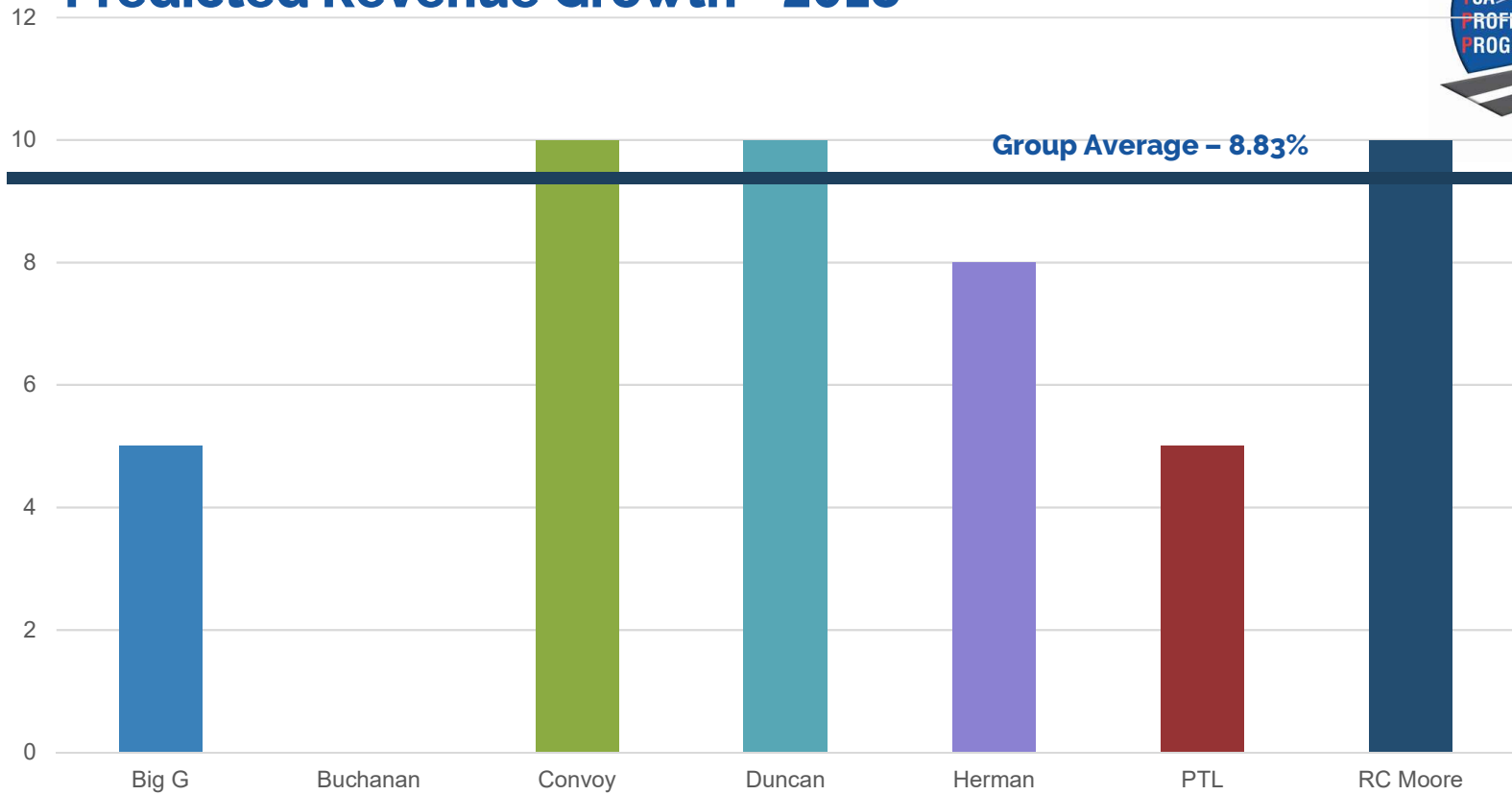
- Higher rates will equal better ORs , but due to higher Driver Wages & Benefits not as dramatic
- Is your Brokerage operation growing?
 - Average TC04 growth predicted for 2018 + 8.60%
 - Higher as a percentage of Revenue?
 - Growing # of preferred carriers (or just carriers)?
- Improved TMS utilization, and automation – can it offset increased wages & benefits?



Revenue Growth 2018

- BPG overall predictions +4 – 21% (organic)
- TC04 Average + 8.60%
- Range +5 – 10%
- Exposure to Spot Market
(Same/Decrease/Increase)
- Contracted rates – experience thru Fall '17
 - Any shippers proactively increasing rates?
(we are hearing that)

Predicted Revenue Growth - 2018



Gross Margin 2017

Calculation

Revenue

FSC not included (Cost Offset)

Accessorials IN: (Sold as Option Pricing)

MINUS

Driver Wages & Benefits

Equipment Cost (Lease, Depreciation, Interest)

Net Fuel (Fuel, DEF, Additives minus FSC)

Maintenance (including Shop Wages)

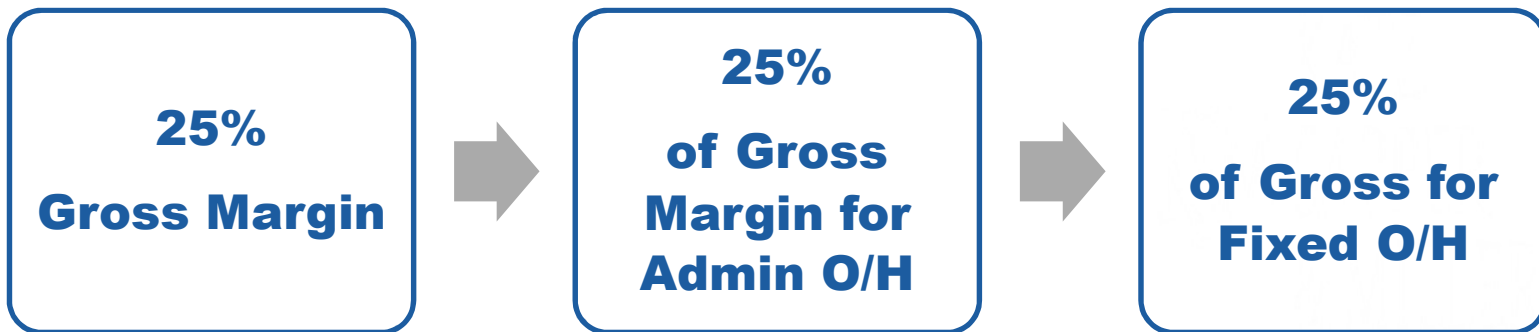
Insurance Expense (including Self-Insured claims, deductibles etc)

Variable Driver Costs (Tolls, Fines, Driver Screening etc)

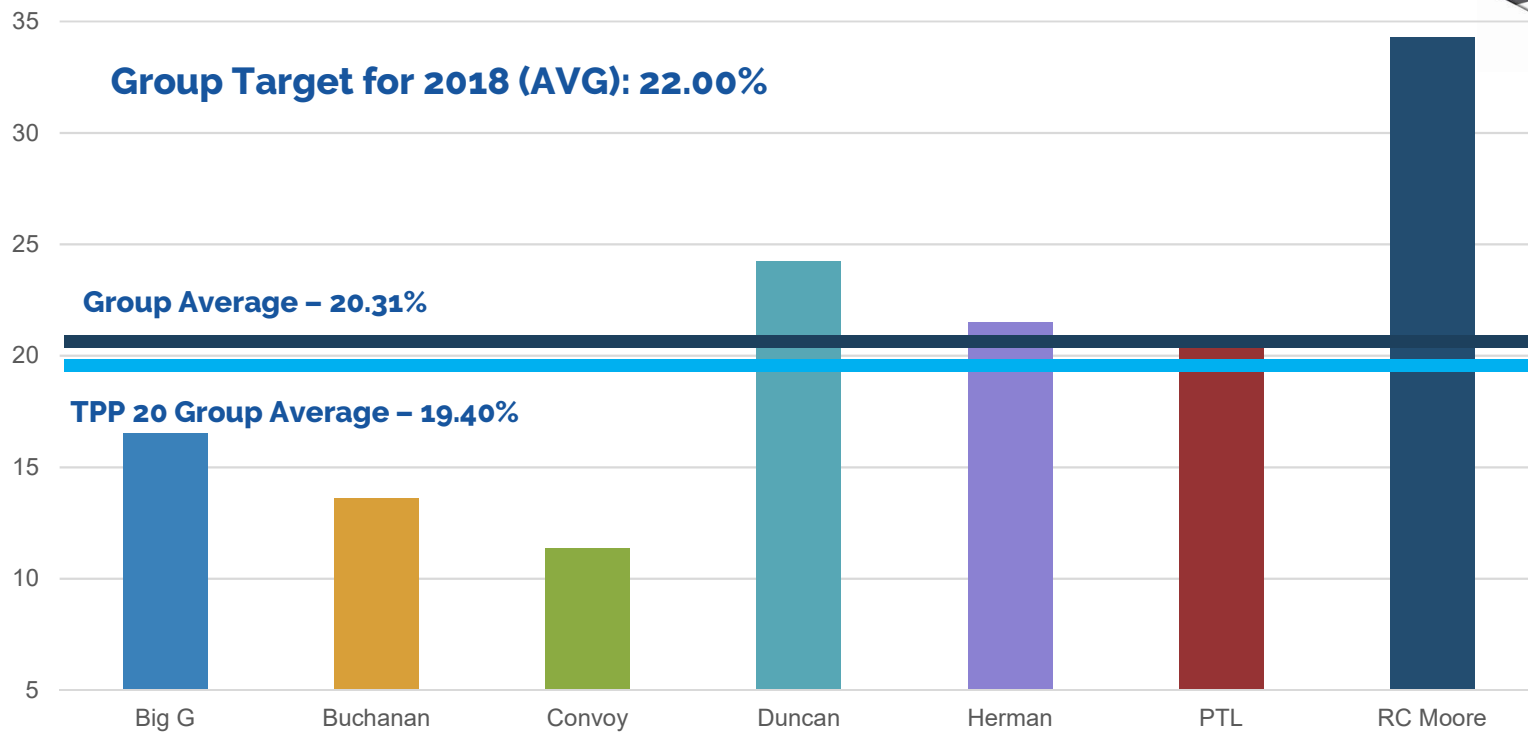




The Golden Ratio



Gross Margin – October 2017

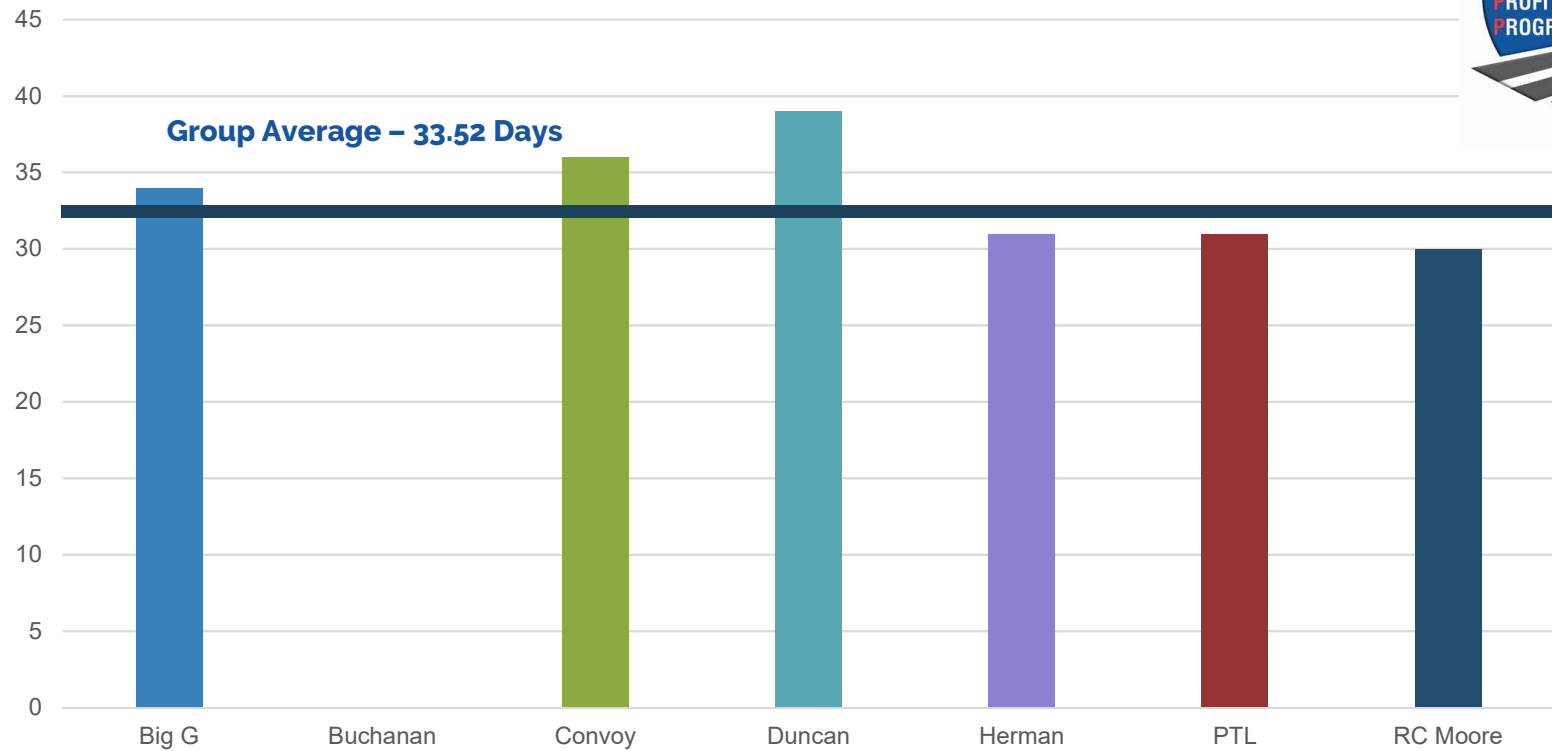




Gross Margin - Insights

- Higher driver wages will hurt gross margin, rate increased may or may not fully cover
- Fuel? Predictions for 2018
- Maintenance? Predictions for 2018
- Are you seeing any noticeable increase in your interest expense?

A/R – DSO – Survey Result



“

*“...September is even better,
October better yet, and the first
week of November is monster!
We're pushing hard.”*

Best Practice Group Member

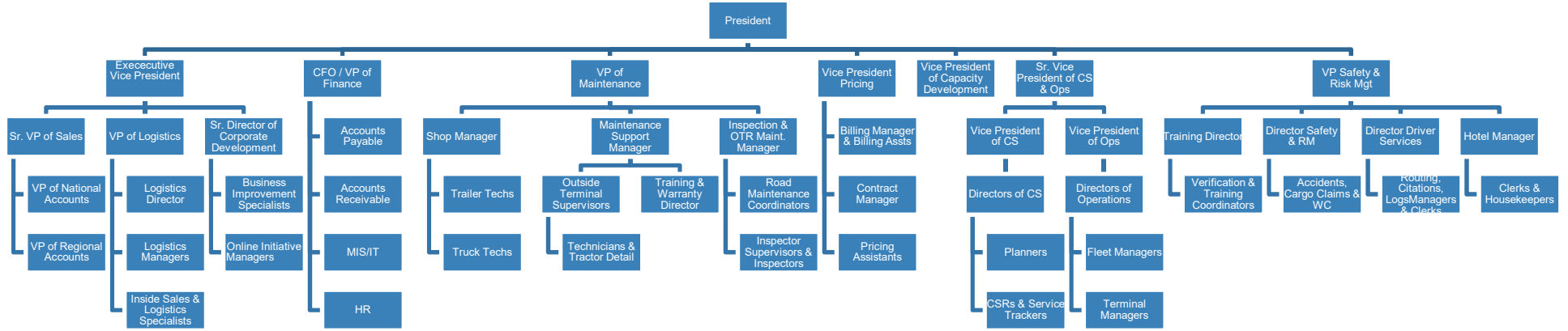


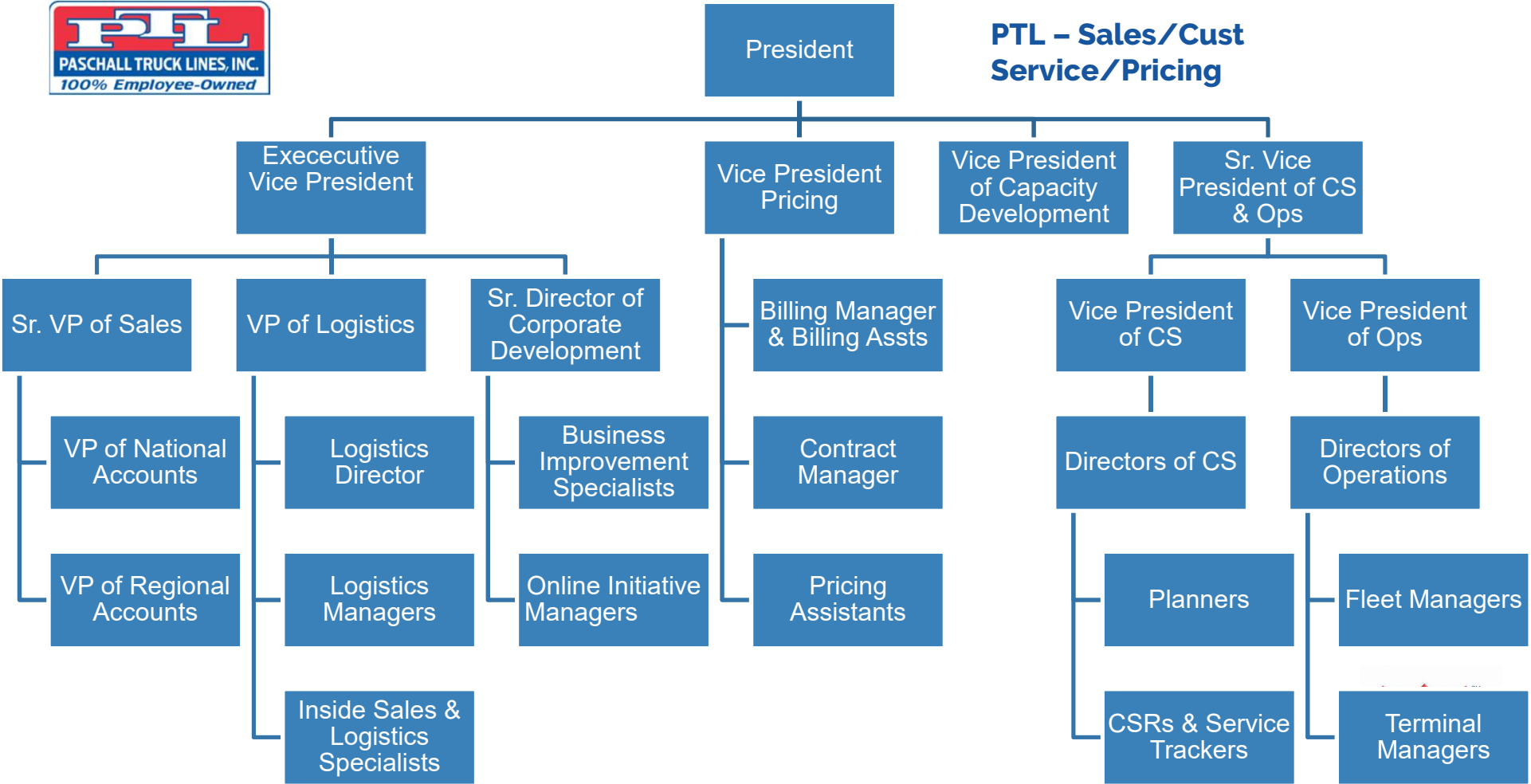
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Organizational Structure



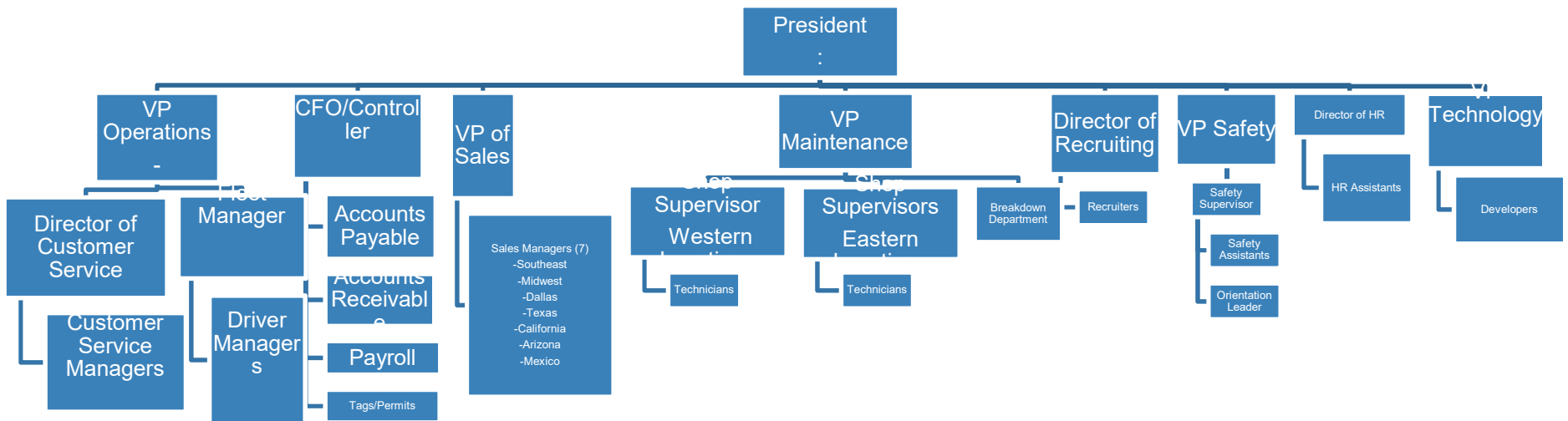
PTL – Full Org Structure





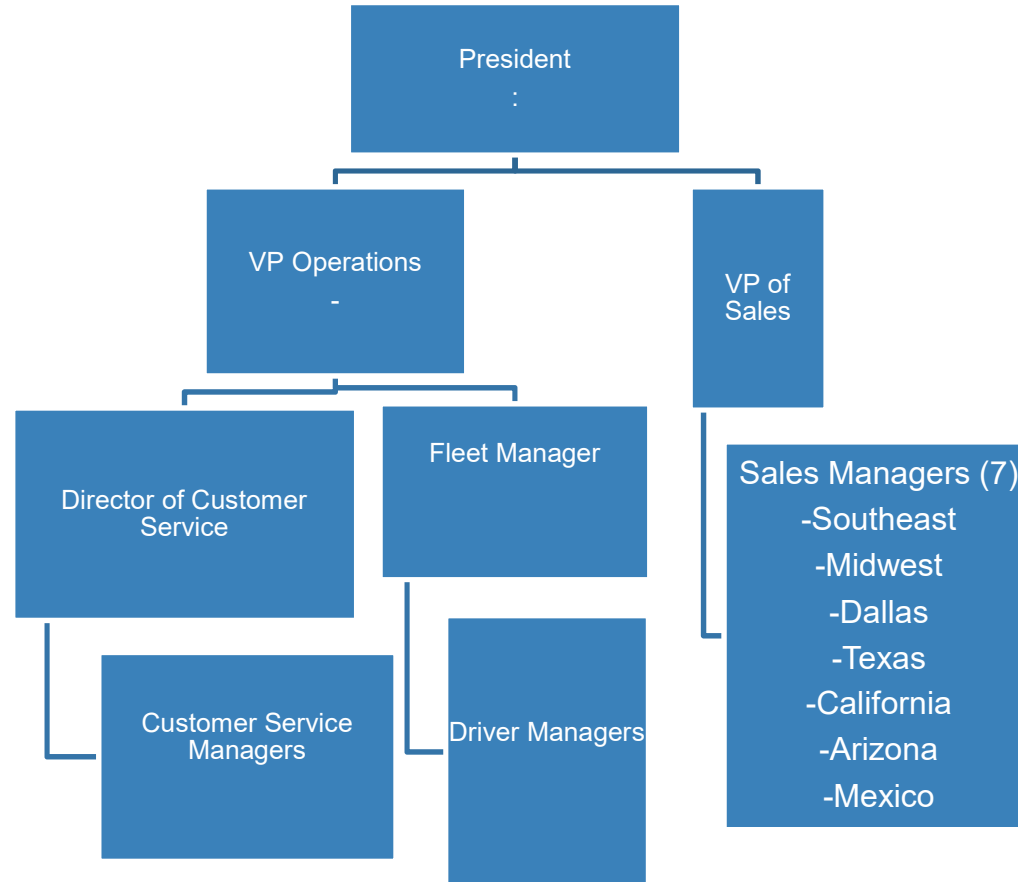


Danny Herman - Full Org Structure



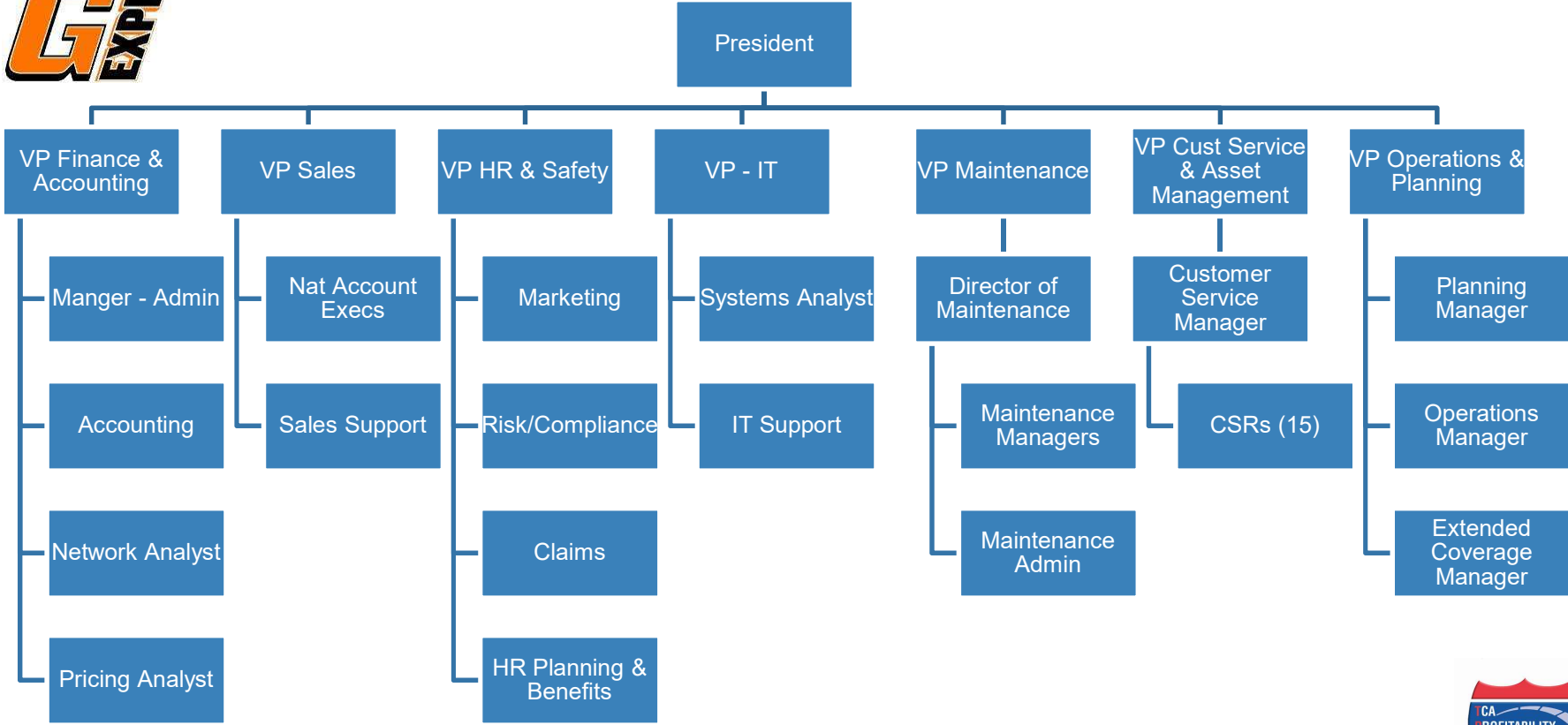


Danny Herman – Sales/Ops/Cust. Serv. Structure



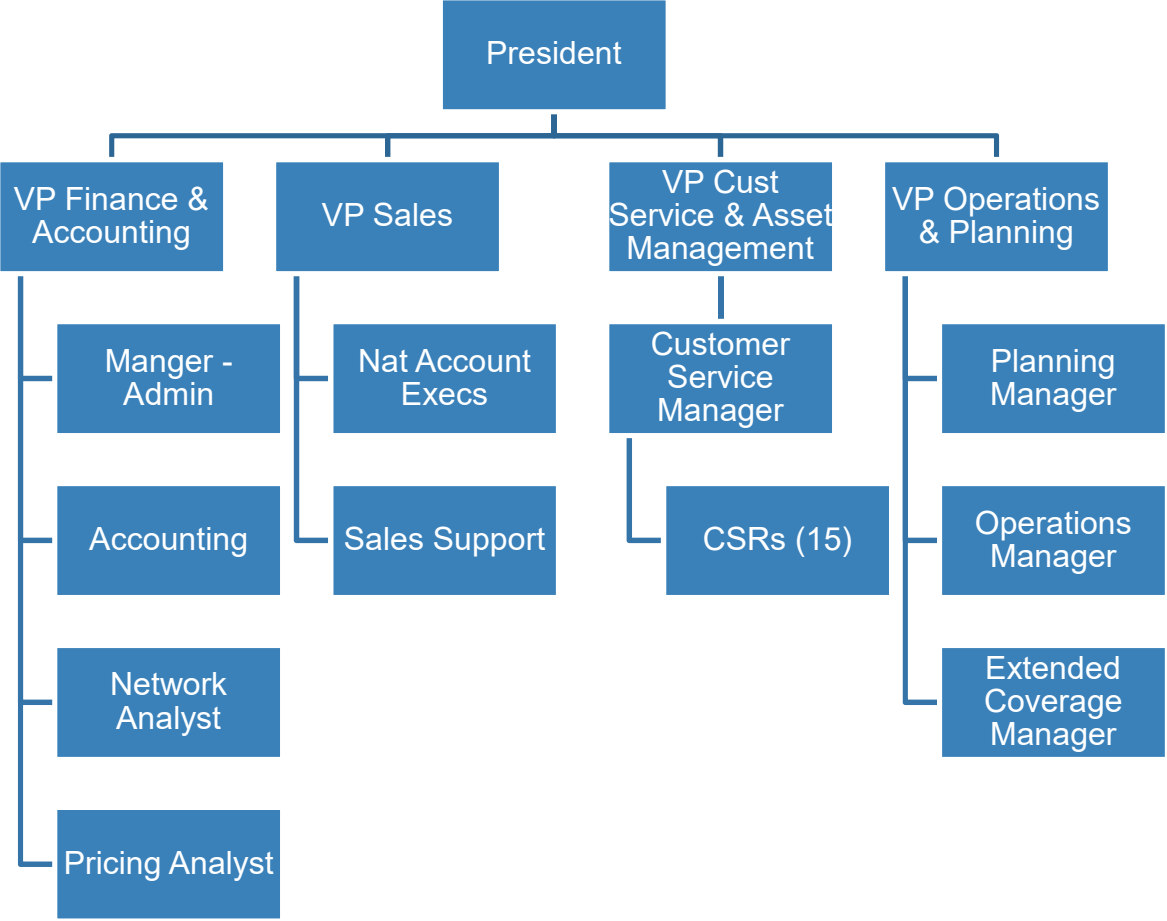


Big G- Full Org Structure





Big G- Sales/Ops/Cust. Serv. Structure



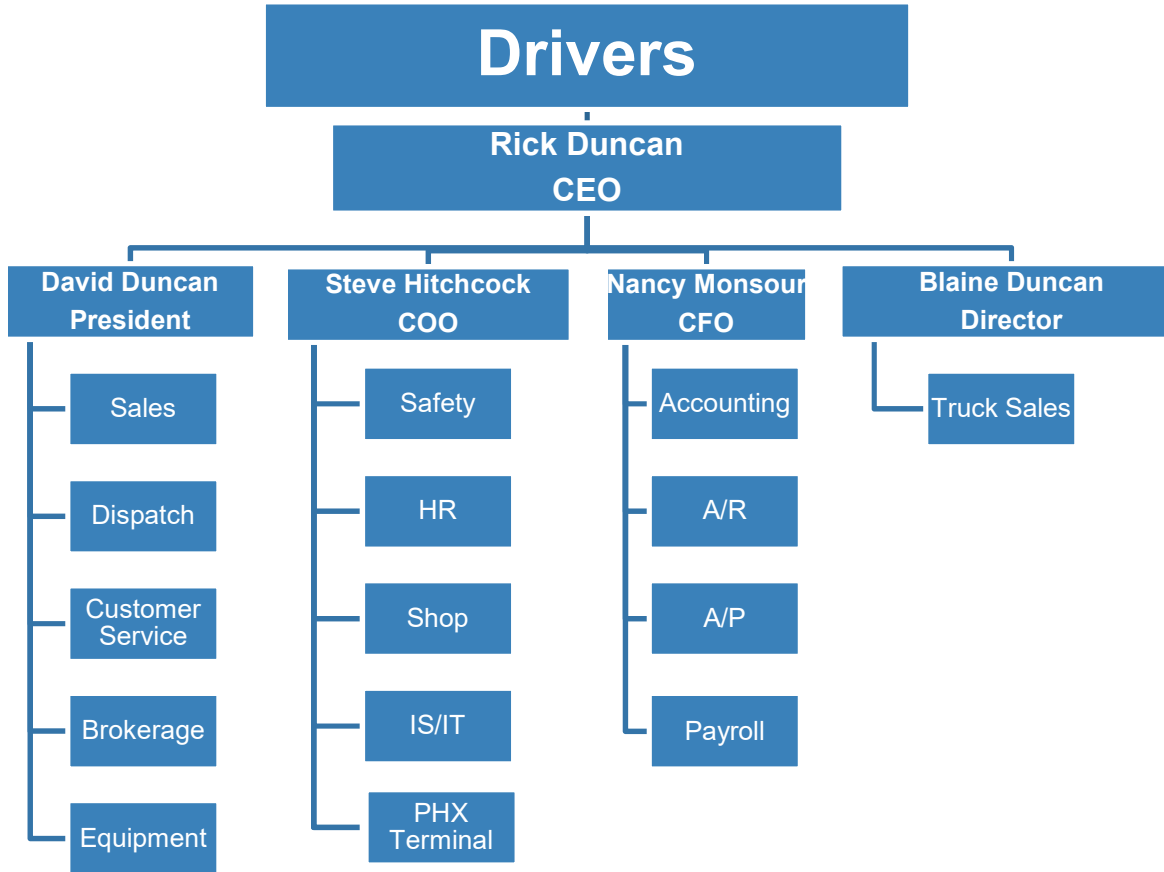


Buchanan – Detailed Structure – Open new ppt.



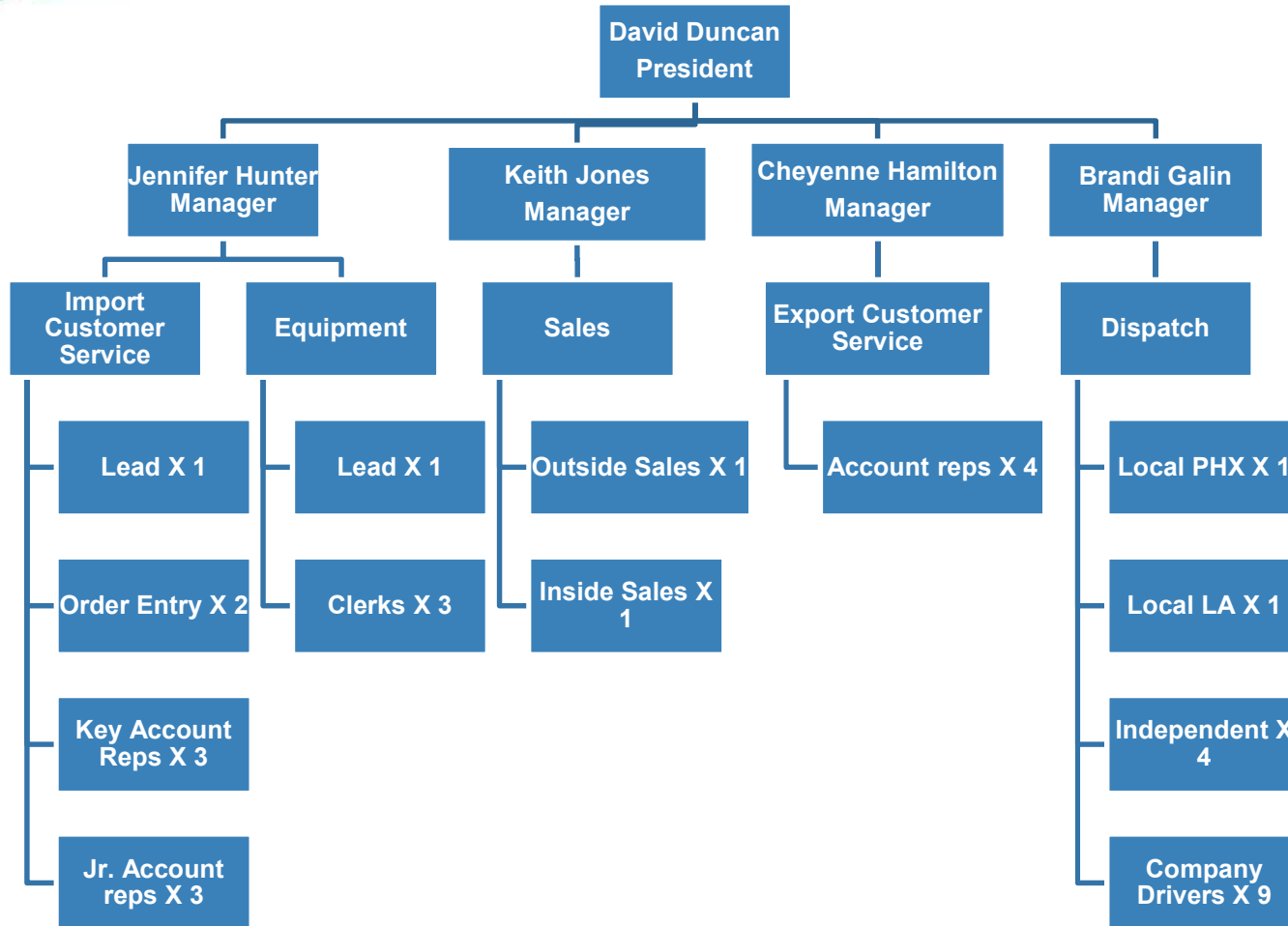


Duncan & Son – Senior Managers





Duncan & Son – Sales/Ops/Cust. Serv. Structure





Customer Service / Sales Org. Structure

- Sales Department Leader and who do they Report to?
- Number of Outside Salespeople and Territory, National or some other responsibility
- Internal Sales Structure – Customer Service
- Customer Service Personnel Breakdown
 - Customer Inside Sales
 - Appointment Planning
 - Scorecard Adjudication & Handling



Placeholder Salaries Wages & Benefits % of Revenue



Customer Service Agents

- What is a CSA / CSR within your walls? Role?
- How many customers are assigned to a CSR?
- Single point of contact for the customer?
- How often does your customer service people have direct contact with the customer on a weekly basis?
- Customer online tracking tools employed?
- Knowledge of profitability - does Customer Service have?
- How is the CSR incentivized?



Contract Handling

- Do you have a specific process on how Annual Bids are handled?
- Accessorial Handling: What is the Process? Automated? Telematics use? TMS used?
- Who reviews contracts?
- Contract Management – who keeps contracts, and at what point does legal get involved?
- Credit Monitoring



Customer Onboarding Process

- Are Account Teams developed before, and who is picked for those Teams?
- Specifics of a new customer or new lane communicated to operations?
- How is Operations consulted before a new account or new lane is added?
- When servicing a new location, how do you qualify the location for serviceability by your equipment?
- Does operations know when a customer is slow in paying?



Customer Relationship Management

- Shipper Scorecarding? If yes, what are the main criteria?
- Measuring actual loads vs commitments?
- Accessorial / Assessorial billing vs. results?
- Driver friendly vs unfriendly facilities

Customer Service Tracking



- Technology for track and trace for Customers?
- On Time Service Tracking: policies and procedures to ensure on time delivery for high-service expectation customers.
- How are Customers defining and measuring on time delivery (self-reporting, independent verification, etc).

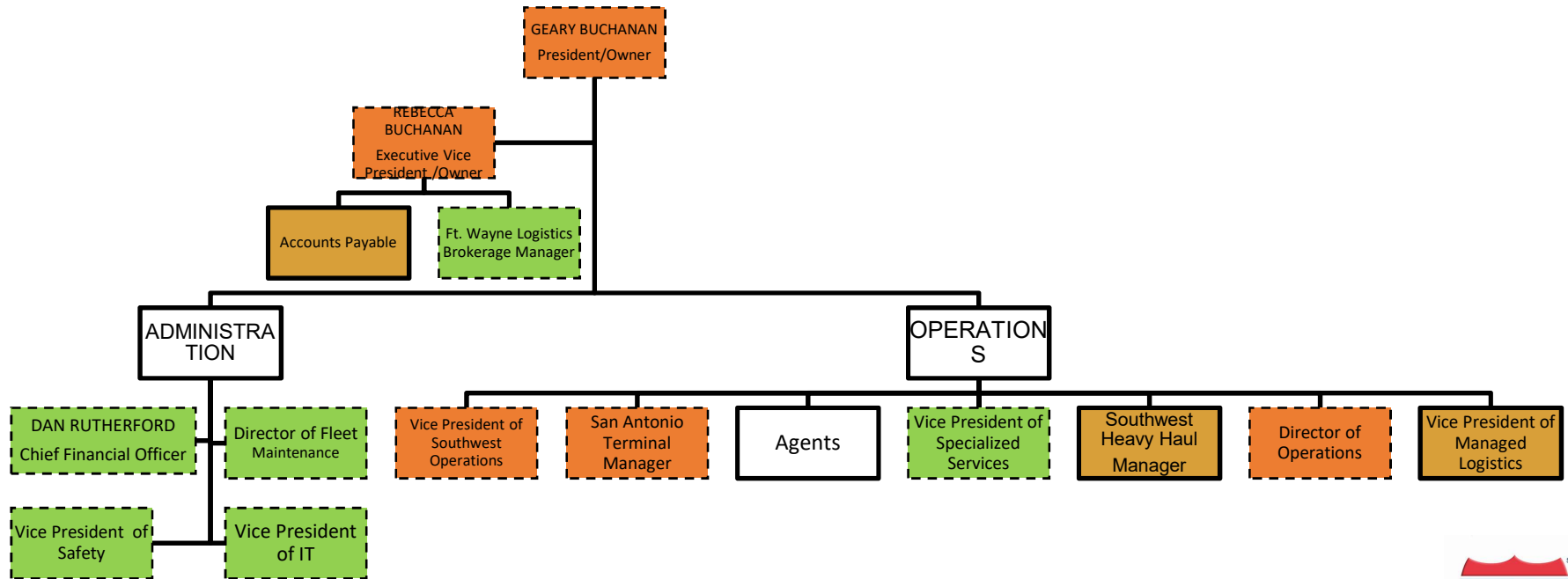


Day 2 – Group Administration

- Possible new members
- Meetings:
 - June 21– 22: San Diego:
 - Recruiting & Retention
 - Information Technology
- October – Site Visit @ Duncan & Son?
- New at InGauge
- Member Takeaways from Yesterday?



Buchanan – Senior Managers



Best Idea Presentations



- Identify your Best Practice you have ever implemented.
- This should be focused on current Procedures, or any other Process you use today..
- Each Carrier will put \$40 in the Pool; after all presentations we will vote for the top 2 Presenters, and they will split the pool 60/40. Good Luck!



EDI / API / Data Sharing

- Are your Customers asking for more Transparency, and what is your plan for that?
- What are the New Challenges that EDI, Commitments, and On-Time Delivery Affect Operations Efficiency?
- How are you identifying and Loading New EDI Customers? Is it painful
- Using APIs instead?
- Four Kites, MacroPoint (Descartes), Project44

Revenue Assurance

- What's your Process in Evaluating your Customer's Financial Performance?
- Credit Insurance and who do you use (D&B lookup, Ansonia, CompuServe, etc.)?
- How and who is performing risk scores for A/R limits?



The Do Not Do List

- What are some of the common tasks and projects that have questionable value to your company?
- Which processes/tasks/functions are you going to stop doing?



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- **Sample Team Member Survey - <https://www.surveymonkey.com/r/TC04Sample>**
- **Blockchain - <https://www.udemy.com/the-basics-of-blockchain/>**
- **TPP General Ledger - <https://tcaingauge.com/resources/>**



Thanks!

Safe Travels and see you soon!

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