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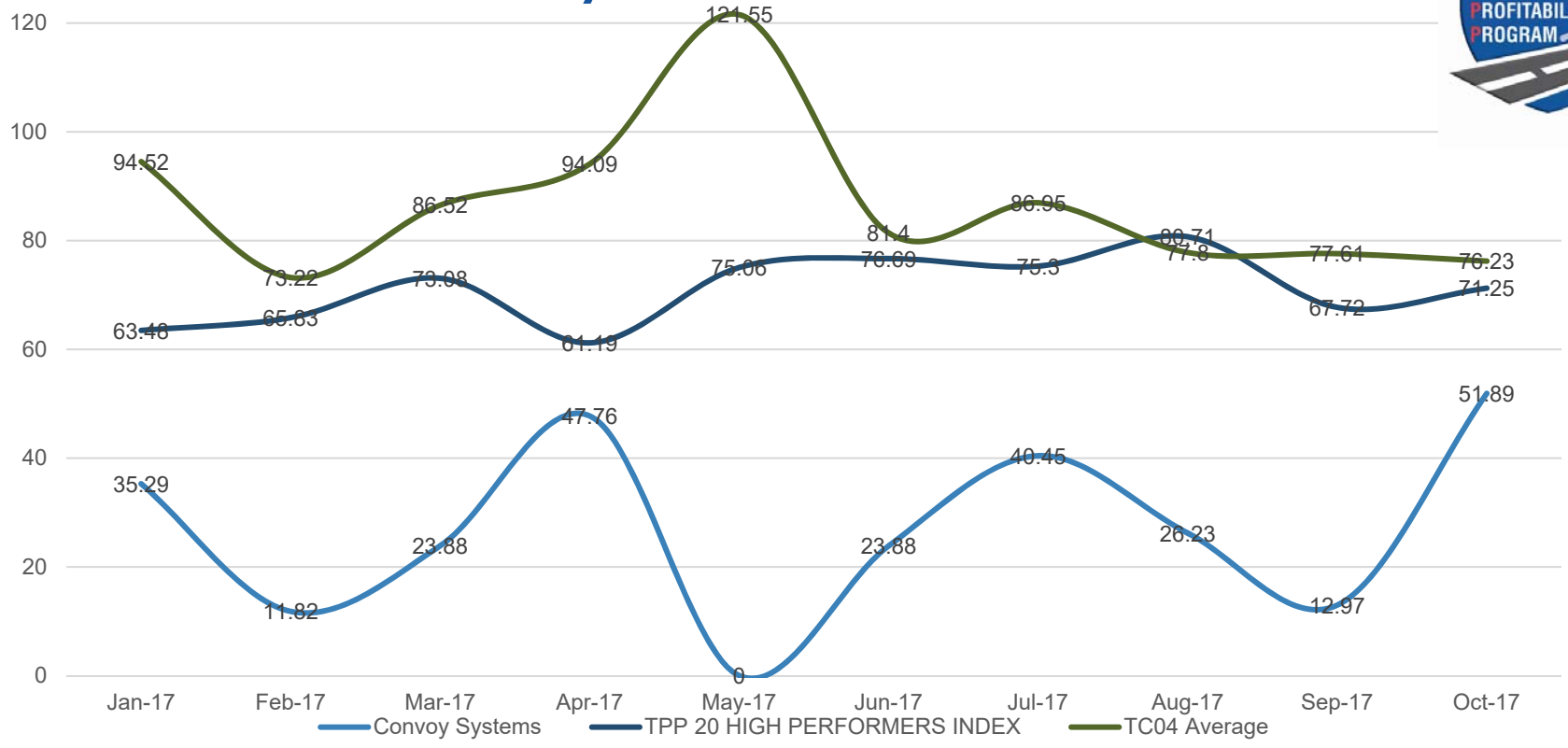
inGauge Trends

Driver Turnover 2017



- Calculation
 - $((\text{Number of Drivers Departed} * 12) / ((\text{Driver Count Beg.} + \text{Driver Count End}) / 2)) * 100$
- Annualized Driver Turnover each month
- Definition of “Departed” – should be after completion of orientation (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
- How many are moving to Guaranteed pay? Salaries?
- How will Productivity be impacted?

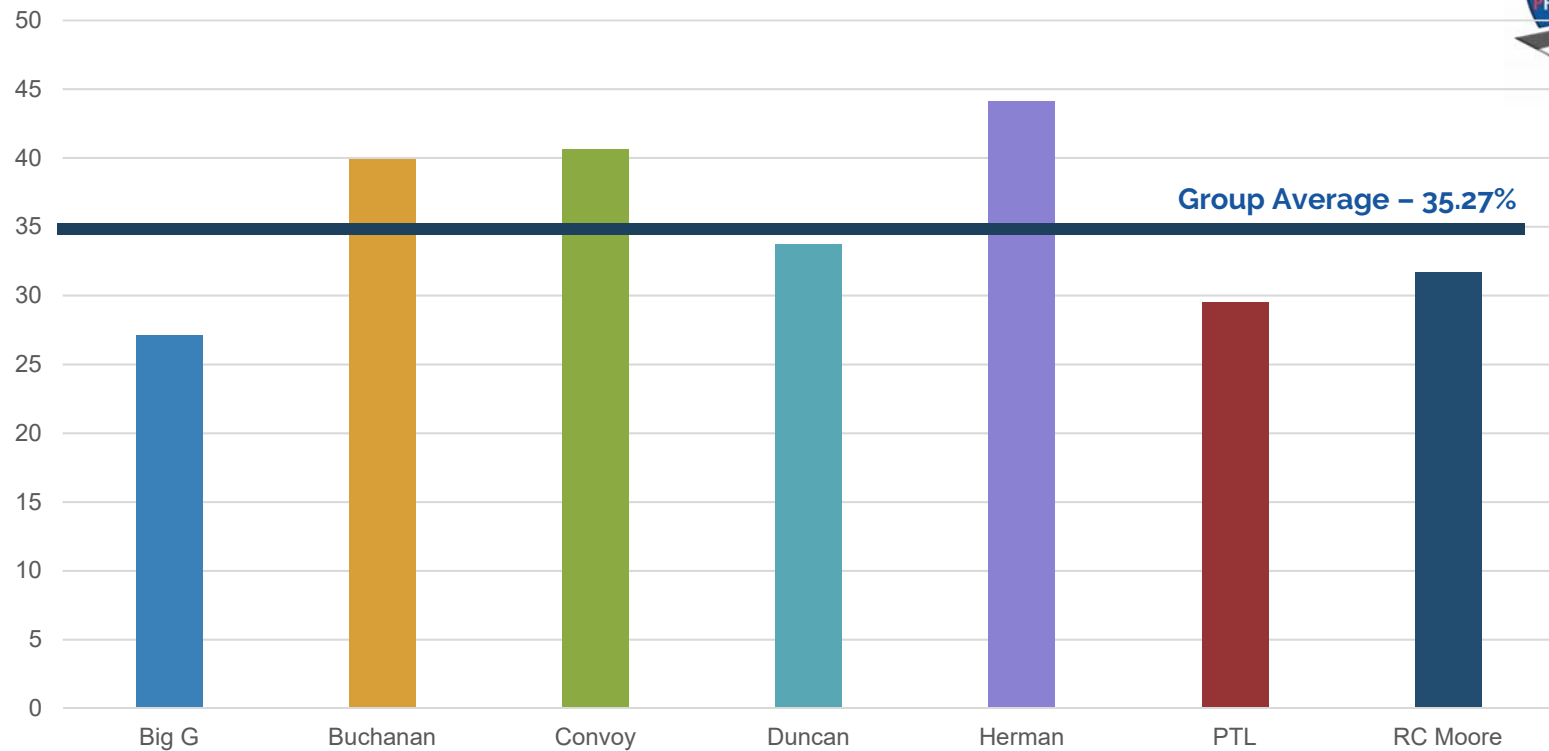
Driver Wages & Benefits

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





Driver Wages & Benefits - % of Net Revenue

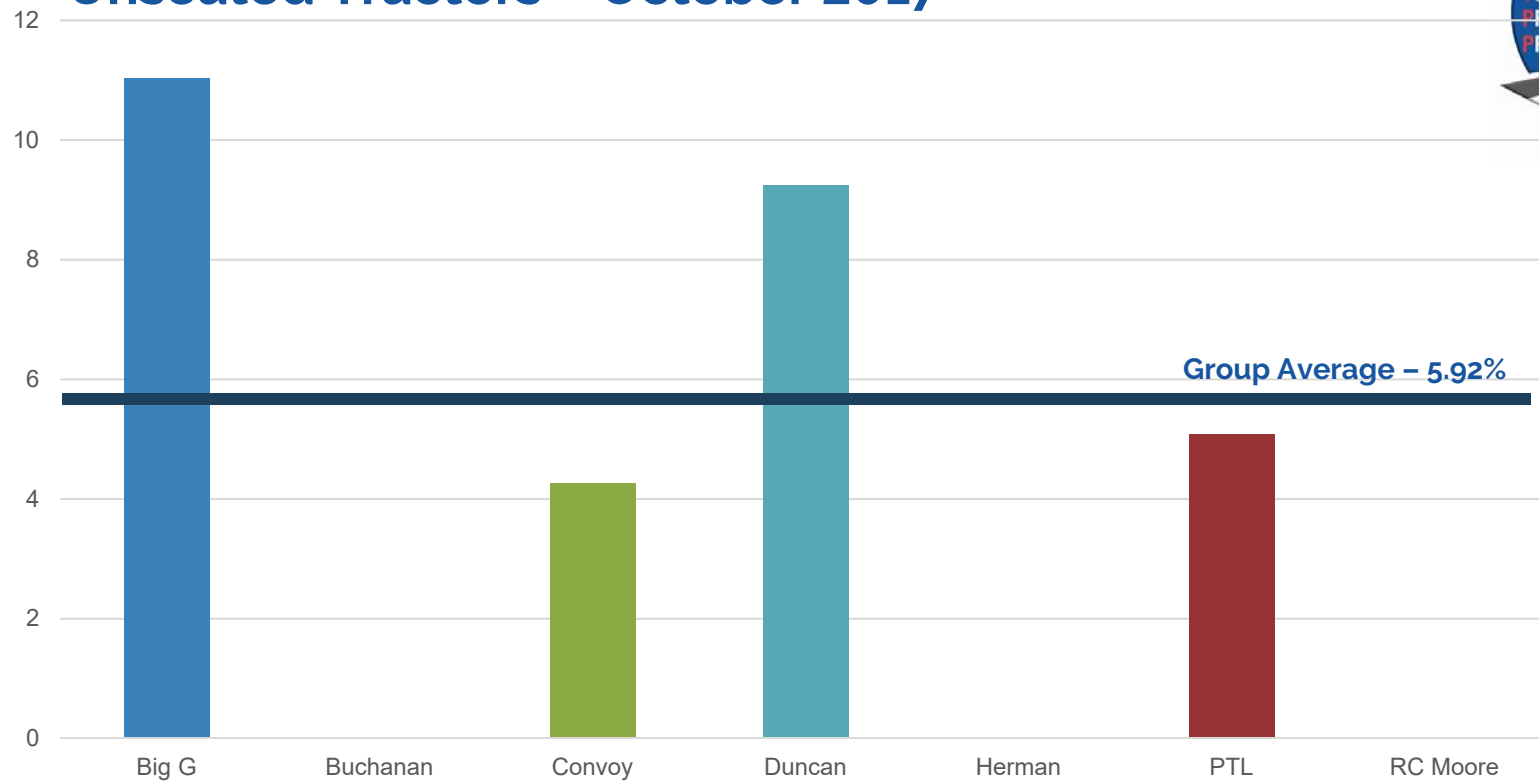




Unseated Tractors

- 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 – October 2017



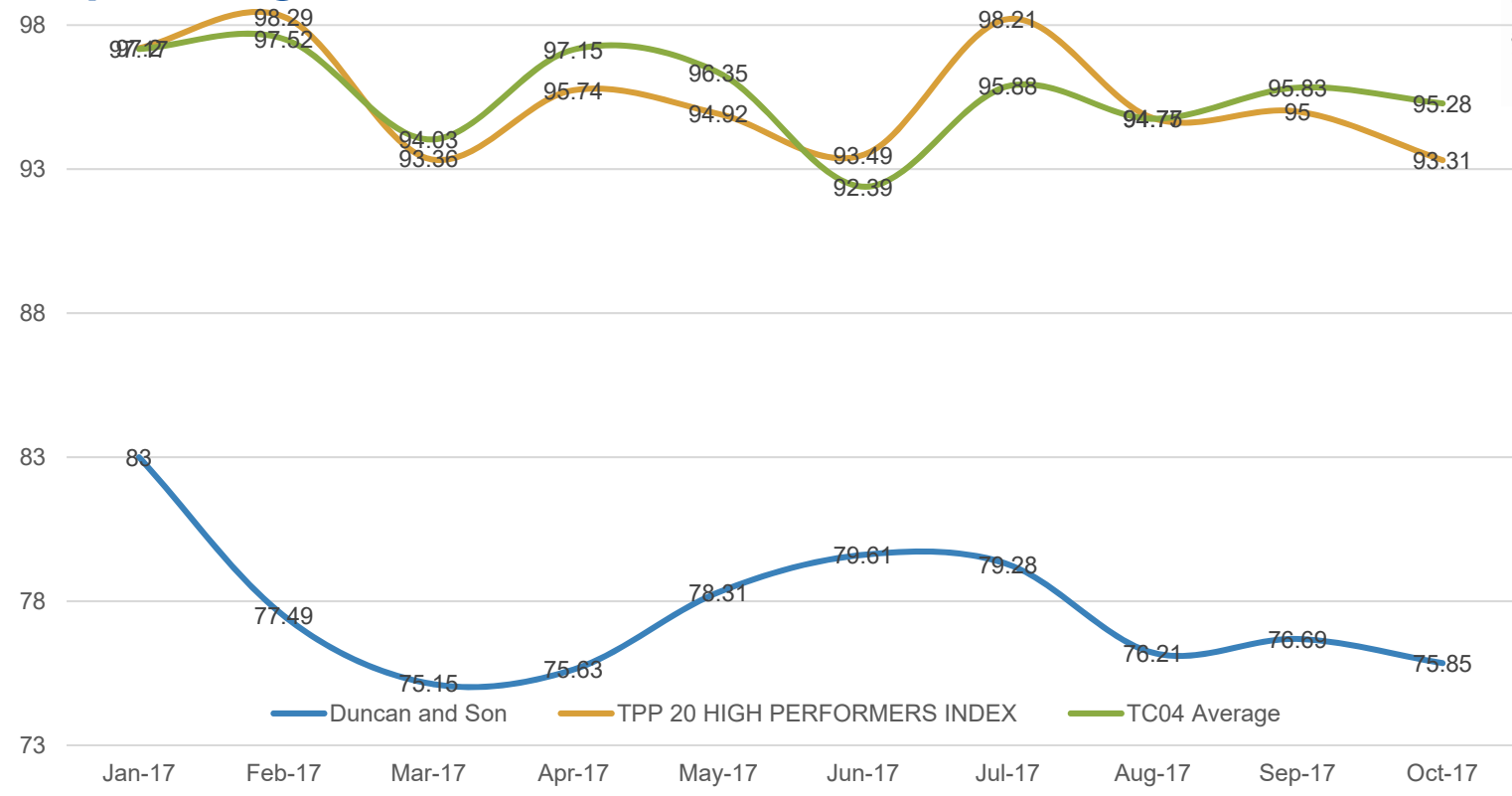
Operating Ratio - 2017



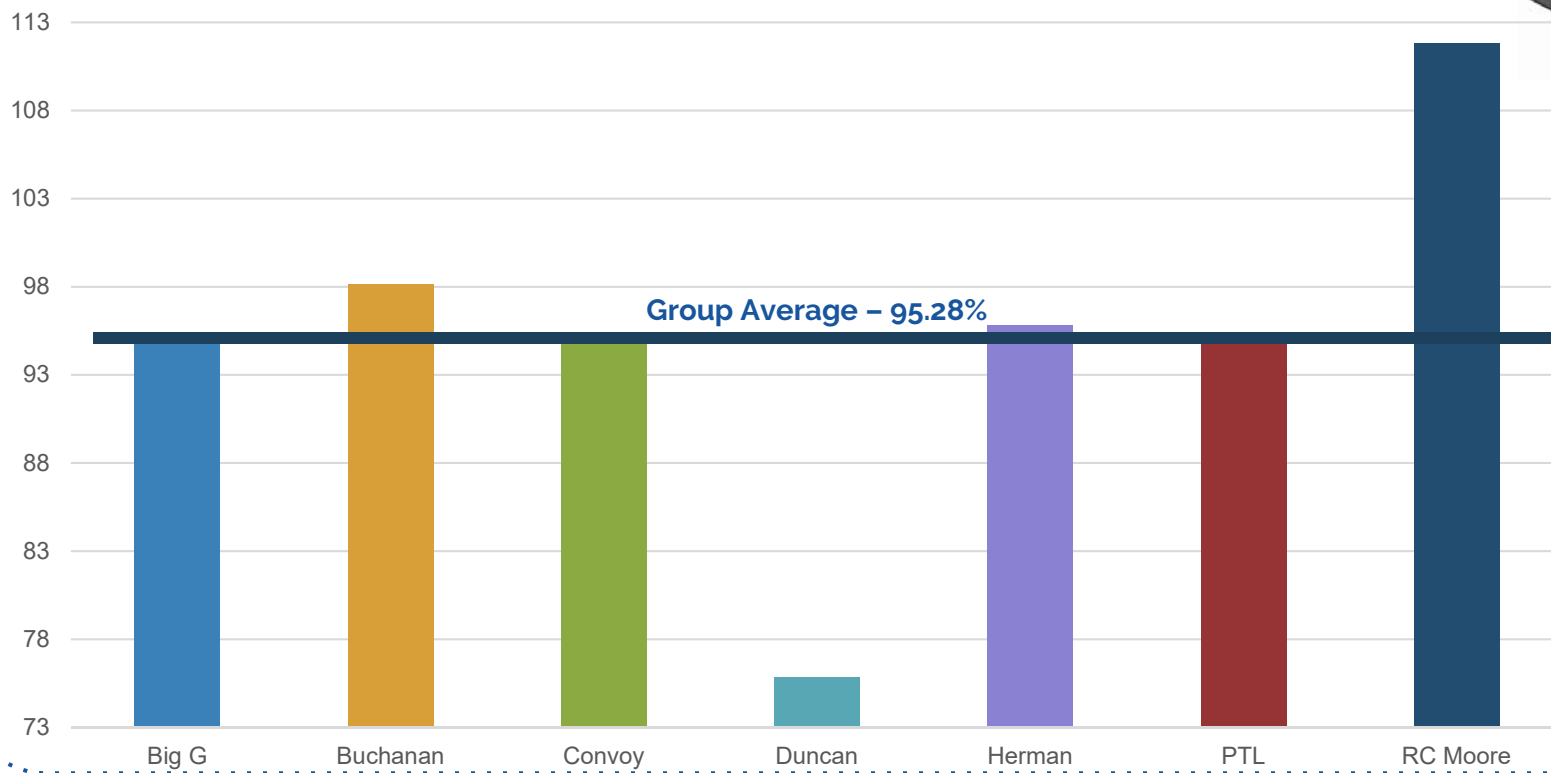
- Calculation
 - $((\text{Linehaul} + \text{Accessorial} - \text{Operating Ratio}) / (\text{Linehaul} + \text{Accessorial}))$
- Duncan and Sons – Top OR Performer in entire Best Practice Group program
- Duncan & Sons – Operating attributes, culture, freight, location?
- Not seeing as dramatic predicted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



Operating Ratio - 2017

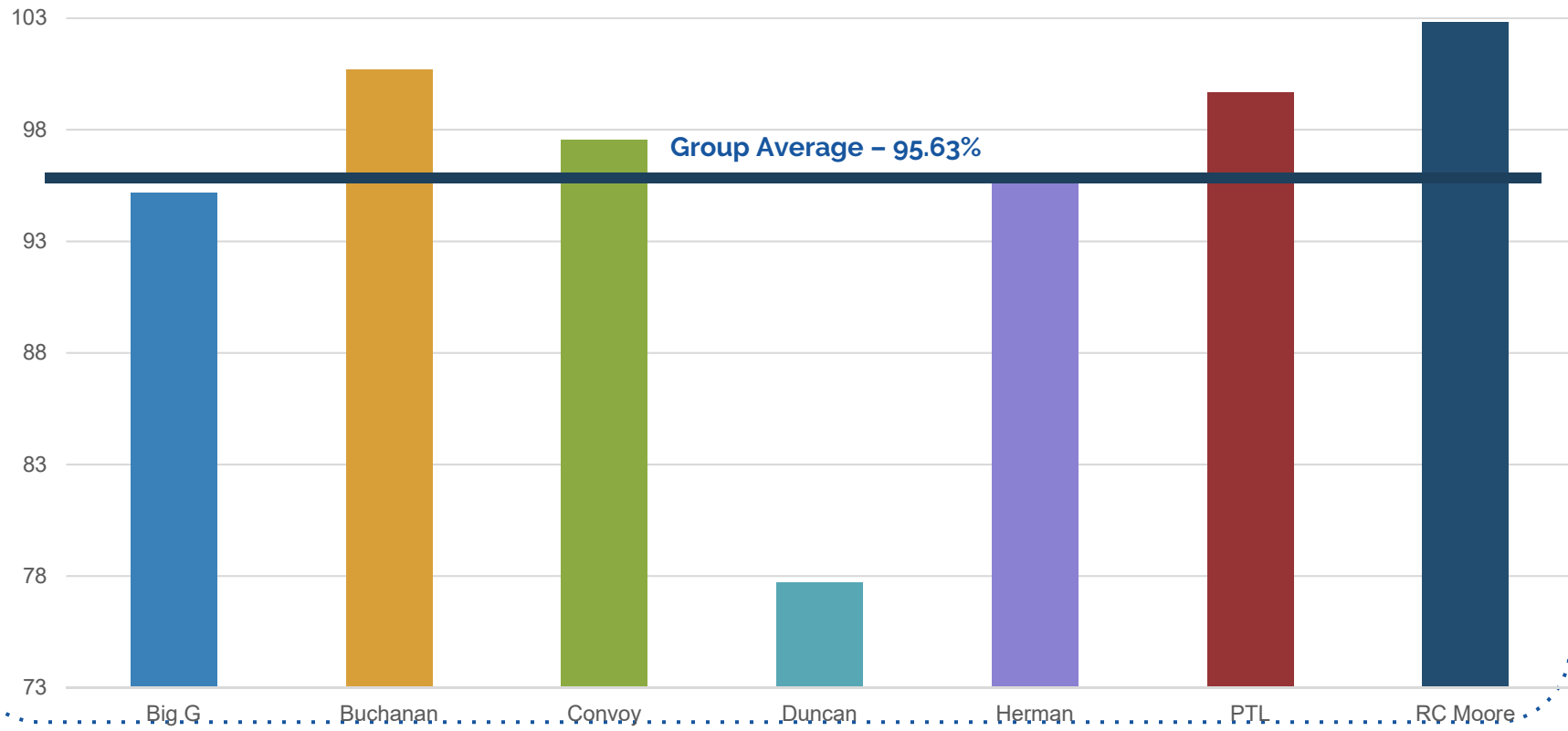


Operating Ratio (CF & OO) – October 2017





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





Operating Ratio Insights

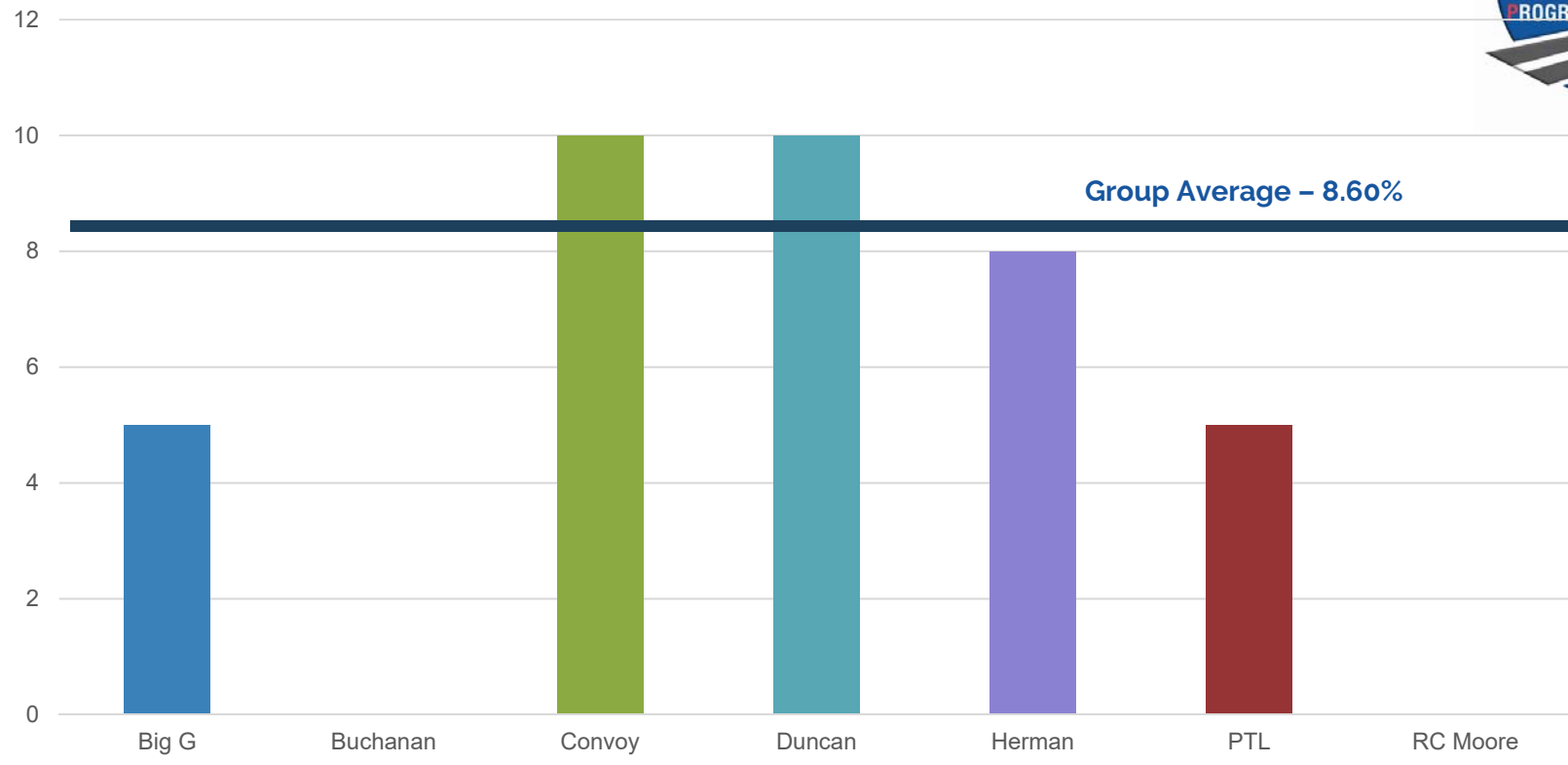
- Higher rates will equal better ORs , but due to higher Driver Wages & Benefits not as dramatic
- Is your Brokerage operation growing?
 - Average TC04 growth predicted for 2018 + 8.60%
 - Higher as a percentage of Revenue?
 - Growing # of preferred carriers (or just carriers)?
- Improved TMS utilization,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



Revenue Growth 2018

- BPG overall predictions +4 – 21% (organic)
- TCo4 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)

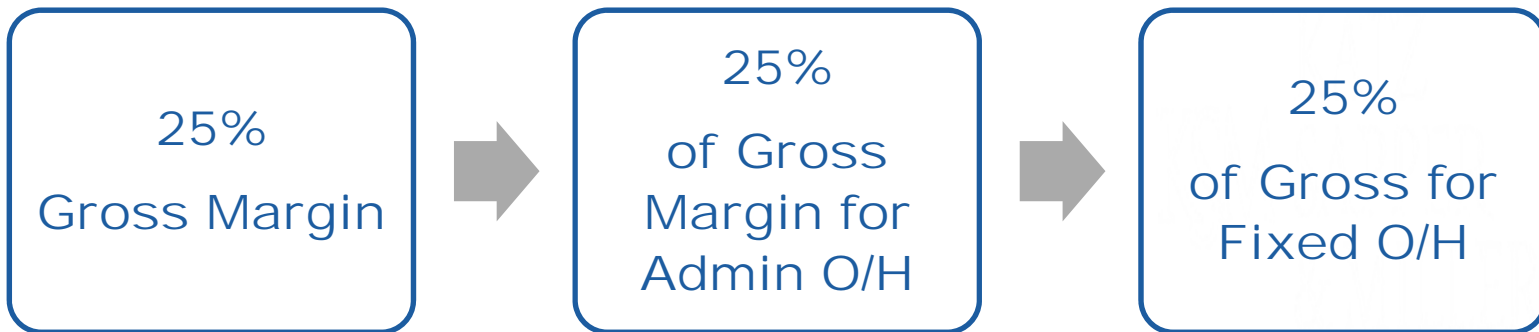
Insurance Expense (including Self-Insured claims, deductibles etc)

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

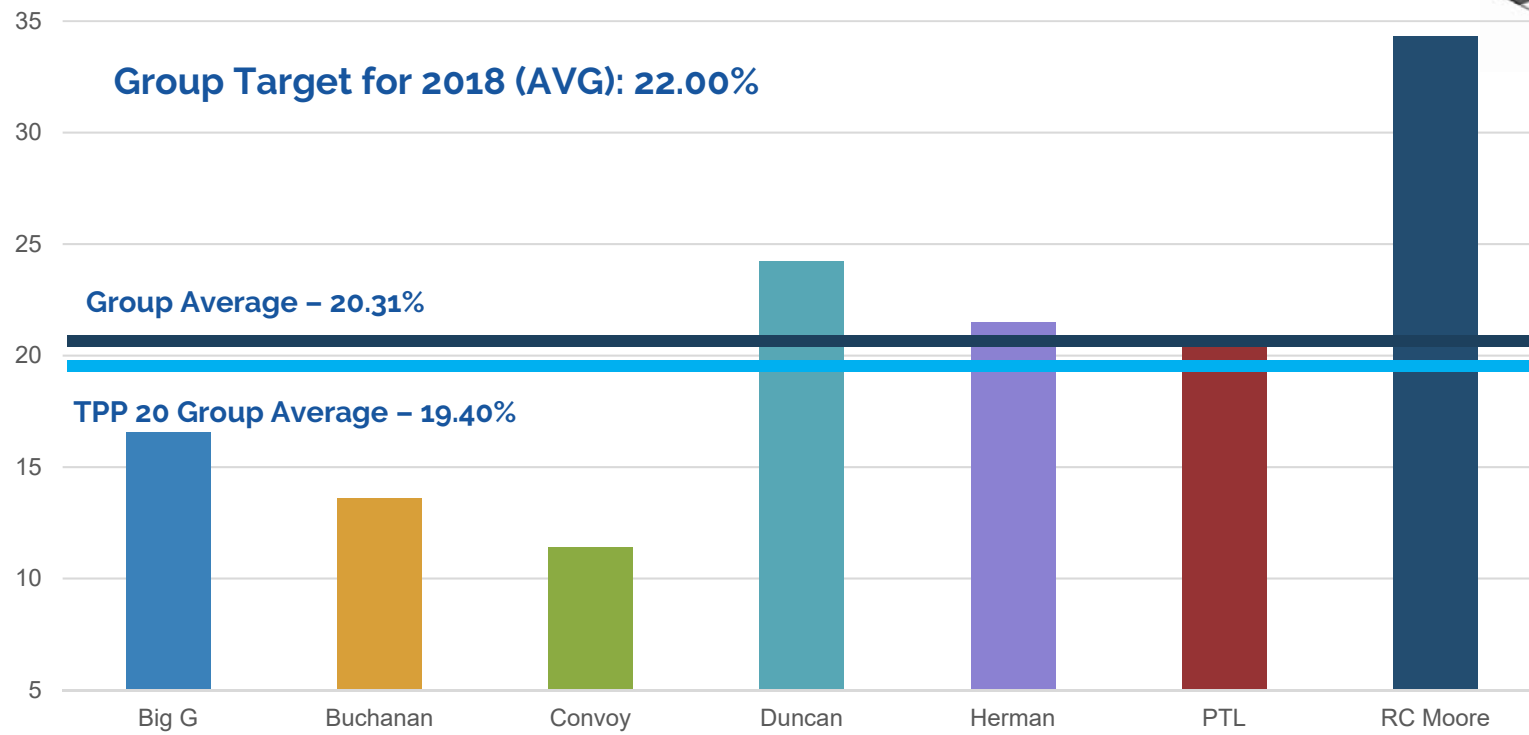




The Golden Ratio



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?