WHITE PAPER: SPIREON - PRIVATE FLEET OPTIMIZATION

You Don’t Need More Trailers

If you want something done right, do it yourself.

Some of the most successful companies in the United States choose not to use a conventional trucking company, but rather to operate their own private fleet. By starting its own fleet, adequate asset capacity can be assured, outstanding customer experience provided, and flexibility maintained through variable demand cycles.

According to the National Private Truck Council (NPTC), when asked why private fleets exist, more than 90 percent of private fleet operators chose “customer service.” Respondents defined customer service as an operation that is flexible, reliable, and dependable; prioritizes company employees ahead of customers; has building access; and provides security. They also see private fleets as expertly managed, controlled, and flexibly deployed at or below carrier rates.

“Indeed, the private fleet provided control against capacity spikes, leverage from escalating rates, guaranteed levels of committed service, and control over the supply chain,” posits Gary Petty, president and CEO of the NPTC, in the organization’s Benchmarking Survey Report 2017.

According to the NPTC, private fleets hauled 69 percent of the market share of all outbound freight in 2016. The average fleet maintained a 4.3 trailer-to-tractor ratio, about 585 trailers, in 2017, a significant increase from 2.72 in 2016. The numbers indicate that private fleets are a viable option that continues to grow more efficient and offer higher upside.

THROWING MORE TRAILERS AT THE PROBLEM

When a non-trucking company brings fleet operations in-house, it can grapple with the caveats of managing an ancillary business function. Trailer utilization, maintenance costs, driver management, and regulation compliance can make administering a fleet harrowing. Plus obviously, fleet operations sometimes take a back seat to primary business matters. As such, companies will simply “throw more trailers” at any problems that arise rather than explore ways to optimize what they already have.

When load demand outweighs the supply of trailers, a private fleet may find itself periodically buying into a progressively larger asset force — 300 trailers today, 320 in six months, 350 another six months later, then 400, and on and on. Meanwhile, there may be dozens of trailers that remain idle at backhaul locations, vendors, or pool points, or that are simply out of commission due to maintenance issues. Fortunately, tracking technology offers solutions that can lead to better utilization in private fleets.

FleetLocate
BY SPIREON

THE SECRET SAUCE: TELEMATICS

According to the NPTC, technology has become widely adopted in private fleets. In 2017, a whopping 97 percent of private fleet operators had deployed onboard technology to track and improve various elements of their performance. For perspective, just a little over a decade ago, less than 50 percent of operators were using some form of onboard technology.

“In addition to providing the tools to manage their investment, on-board technology provides the data that can lead to more effective methods to understand, communicate, and improve their value, performance and safety,” NPTC stated in its Benchmarking Survey Report 2017. “The challenge — and in many cases — the frustration expressed on the part of the fleets is to detangle the massive amounts of data and convert it into actionable intelligence.”

Back-office technology — deployed by 88 percent of private fleets in 2017 — can optimize a company’s technology investment through analysis and actionable insight. Fleet operators use this insight to control costs through improved dispatch, routing, and maintenance. Specifically, a telematics technology platform that pairs onboard tracking with advanced back-office analytics can benefit a private fleet in a numbers of ways, not least of all, trailer utilization.

FleetLocate BY SPIREON

VISIBILITY CREATES ACCOUNTABILITY

Trailer purchase avoidance offers some of the highest return on investment for a private fleet. By avoiding the underutilization of existing trailer assets, a fleet can dramatically reduce its operating costs by curbing the “throw more trailers at the problem” band-aid approach.

When getting started with a telematics platform, some private fleets see a 15 percent uptick in trailer utilization in just the first six months alone. As early as the device installation phase, trailers in need of simple maintenance are often discovered. Many issues end up being simple fixes, easily remedied with a liftgate battery, tire, or axle replacement. It can be a revelation seeing how many sidelined trailers can be put back into duty with a dash of awareness.

ACCOUNTABILITY: THE HAWTHORNE EFFECT

The Hawthorne effect occurs when individuals modify an aspect of their behavior in response to knowing that they are being observed. Not everyone likes accountability, but it is an effective motivator. Tracking technology can put the kibosh on a lot of unproductive behaviors. If shrinkage is a problem, coupling a door sensor with geofencing —virtual boundaries placed around authorized areas — can lead to alerts anytime a trailer door is opened outside of designated stores, pool points, vendor sites, or backhaul locations.

For greater maintenance options, telematics devices that draw power from the 12-volt lift gate battery can in turn provide true battery analytics. With actual battery voltage on hand, a fleet operator can detect a bad battery before it becomes an issue in the field. An issue in the field can obviously lead to excessive downtime on the side of the road, burning fuel, wasting a driver’s hours of service, and delaying delivery of goods to the destination — not to mention the bill for roadside assistance. In the case of one such private fleet operating for a popular retail chain, this technology saved $2 million annually.

BETTER, CHEAPER, FASTER, MORE PROFITABLE

The path to maximum ROI isn't a set-it-and-forget-it proposition. A technology partner that offers world-class service will wrap a highly qualified sales engineer and client account manager around each of its private fleet clients. That kind of intimacy creates a tight partnership in which specific pain points are understood and around which solutions can be built. Vendor contacts and end users alike should be highly trained on how to take the data and turn it into action.

Seeing inactive trailers is another potential efficiency. The next time it takes six hours to load freight in what was contractually agreed upon as a one-hour job, a private fleet can have awareness of that idle time. Detention not only delays delivery, but also costs the fleet driver time and fuel. With trailer tracking, reports can be generated with actual arrival and departure times, which can be powerful leverage in the next annual negotiation of rates and terms.

Speed is essential. Technology that provides the exact location of a trailer in a dispatch yard over Google Maps can save drivers an abundance of time and money. By saving 15 minutes of time per driver per day — pointing them to the right asset in the right location so they can quickly hook up and go — this technology pays for itself: 100 percent return on investment. Tack on the rest of the savings and benefits, and there is really no excuse any private fleet should not have these capabilities.

While the refrain "If you want something done right, do it yourself," rings true, private fleet operators should also be sure to heed the adage: "Anything worth doing, is worth doing right."

For more information on best practices and solutions for private fleets, visit spireon.com/gps-trailer-tracking/private-fleets or call one of our friendly experts at 800.557.1449.