Spring Transportation Seminar Series

Midwest Transportation Consortium

University of Missouri - Columbia
Iowa State University
University of Northern Iowa
University of Missouri - Kansas City
University of Missouri - St. Louis
Lincoln University

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Businesses help solve others problems...
There are all kinds of problems!!!
...and Bigger is not always better!
General Overview

Our purpose is to be informative and thought provoking

• Presenter Information
• Transportation Industry Overview
• Operational Profitability
• Information Age Opportunities
• Where YOU come in!!!
PRESENTER INFORMATION
Presenter - Jay Thompson

- **High School** - Operated farming equipment
- **College** - Drove trucks in logging, coal & construction
- **Major Industry Supplier** - to transportation (13 years)
  - Product performance - worldwide troubleshooter
  - In Denver - sales, service & field engineering
- **Aviation & Trucking Holding Company** (5 years)
  - Bankruptcy, M&A, IRS & financing company work
  - ICC companies & brokerage / agent – 500k miler
  - Equipment holding & leasing (*aircraft & I.C. trucks*)
  - State College operated truck driving school
  - College accredited / FAA Part 141 pilot training
  - FAA Part 135 charter airline
Presenter - Jay Thompson

- **Transportation Business Associates** *(last 14 years)*
  - Supply chain / logistics / Intermodal – productivity consulting
  - Marketing consulting to major industry suppliers
  - Investment firm analyst *(public companies)*
  - Banking / financing – analyst / marketing
  - Business management consulting *(benchmarking, program creation, training seminars, etc.)*

- **Other Current Businesses & Activities**
  - Partner in lease-financing company *(1,500+ units)*
  - Partner in e-Business *(GPS, RFID, satellite, terrestrial, hardware, software, integration…)*
  - On or consultant to trucking companies boards
  - Active in public forums, shows & publications
  - Copyright and patent holder, CDL, pilot & insurance producer
INDUSTRY OVERVIEW
Transportation Overview

- Overall market is about 20% of US economy
- Breakdown $$: Highway - 75%; Rail - 10%; Water - 5%; Air - 5%; Pipeline - 3%
- Breakdown Tonnage: Rail - 35%; Highway - 30%; Pipeline - 20%; Water - 15%
- Growth projections very positive --100% in next 20 yrs.
What Will Drive Growth…

• Driven in part by commodities (food, manufacturing, housing…)
• Weakening dollar helps (exports…)
• Capacity is an on-going issue (revenue & customer focus)
• Logistics / JIT focus will continue
• Intermodal is major growth area
• Functional integration is key (just like with IT)
Segment Opportunities

- Shippers / Consignees
- Freight / Logistics / Intermodal companies
- DOT compliance (safety, legal, licensing, logs…)
- Infrastructure (rail, ports, highways…)
- Industry Suppliers (banking, financing, equipment, oil, IT, other services…)
OPERATIONAL PROFITABILITY
(a look at trucking)
Top Transportation Issues

- Revenue (*lanes, pricing, surcharge...*)
- Productivity (*biggest impact on profits*) – 1 to 3+
- People (*largest overall cost*) – 30%
- Equipment (*largest fixed cost*) – 15%
- Fuel (*largest operating cost*) – 20% normalized
- Risk Mitigation (*insurance, compliance...*) – 10%
- Government (*taxes, emissions, etc.*) – implied $\frac{1}{2}$
Successful Companies Will…

- Focus on targeted shippers
- Manage growth (*unlike late ’90’s*)
- Address personnel (*$$ vs. home vs. work*)
- Increase utilization (*from 50% of available tonnage space & the miles per week*)
- Utilize Information Technology (*integration*)
- Make the most of strategic relationships
INFORMATION AGE OPPORTUNITIES
The Information Age

- Internet is largest innovation since printing press (the first information age)
- Affects every part of our life and work
- Allows information to be freely shared
- Replacing TV, radio, newspapers…
- Offers E-mail, information, low cost purchases…
- “Bigger” issue is what information to share
- WE must decide how to best tie it all together
The Internet

“The CB Radio of the Information Age”

- Like a CB, much of the information must be qualified (*fleets, trucks, dealers, traffic…*)

- Use it as a tool in conjunction with what and who you already know

- However, personal relationships for business will be more important than ever
IT - In Trucking

Internet (Information, features / benefits, low cost purchases...)
Satellite / terrestrial communication (Trip notification, E-mail, load tracking, problems...)
Onboard electronics (Diagnostics, parameters...)
Revenue (Load costing, closest equipment, traffic lanes...)
Fleet software (Routing, mileage & cost summaries...)
Day-to-day operations (Productivity programs, notification...)
Equipment (Spec it to mission / operation)
Fuel (Where and how to purchase – different options)
Insurance (Health/life/collision/bobtail/workers compensation)
IT - In Trucking

Financing  *(How to get best from industry & fleet programs)*

Maintenance  *(Servicing and tires – fleet / OEM programs)*

License and permits  *(Programs available)*

Repairs  *(Information & planning – programs, dealers…)*

Banking  *(Billing, direct deposit, automatic payment, debits…)*

Retirement planning  *(Ask questions and help do something)*

Accountants / computer programs  *(Pricing & services options)*

Planning  *(Key business practice – benchmarking)*

Industry Support Programs  *(Strategic alliances)*
Examples From A Typical Company

- **TRIP GENERATION** - Trip costing, loaded & deadhead miles, routing

- **ACCOUNTING** - Billing, accounts receivable / accounts payable, checkbook, operational information, advances, payroll, accountant tax information

- **ON ROAD** – Truck feedback, fuel prices, advances, directions, traffic, port bypass

- **ROAD & FUEL TAX** - Separate calculation program

- **LOG VERIFICATION** - Audits, reports

- **AGENT / BROKER FREIGHT** - Agents process, DAT

- **DRIVER SCREENING** - DAC type program

- **SPREADSHEET TYPE PROGRAMS** - Cost analysis, maintenance

- **INFORMATION PRODUCTS** - Internet, satellite, relays
Key Trends

- INTEGRATION – functional & information (*adapting reality to information*)
- Customer needs assessments and software flexibility versus selling generic products
- Seamless information flow with shippers, consignees & all interested parties
- Paperless BOL, signature capture, automatic billing…
Key Trends

- GPS tied into truck for mapping, directions… – transmission tied into other services
- Trailer / load tracking focus – security, planning, demurrage, used as storage, etc.
- Mobile devices for voice / e-mail for operators (retention issue)
- Mobile Internet – in dash – weather, news, sports, routing, mapping, etc.
SUMMARY
& WHERE YOU FIT IN!
Personal Keys To Success

• Focus on what you like doing best

• Work hard at it (work yourself out of job)

• You will be noticed & things will open up

• Take advantage of opportunities

• Networking is more important than ever
Some Final Thoughts

• You are OUR future!
• Listen before acting (*take a walk first*)
• Look at things historically - with a fresh eye
• Clearly define the situation
• Articulate vision – “Mission Statement”
• Don’t coast – if so – you are going down hill
Thank You!!!
How about questions???