

PARCEL



JANUARY-FEBRUARY 2015

www.PARCELindustry.com

PACKAGING IS
KEY, BUT ARE
YOU INVESTED IN
THE OVERALL
PROCESS?

P 18

TURN THE NEW
DIM REGULATIONS
INTO PROFITABILITY!

P 20

PARCEL SPEND
MANAGEMENT:
A SOLUTION IN
THIS RAPIDLY
CHANGING
INDUSTRY.

P 24

TIPS AND
TRICKS TO
IMPROVING
YOUR
BOTTOM
LINE



Suspension of HOS Rules Has the Potential to Reduce Freight Costs

On December 13, the US Senate passed the FY 2015 Omnibus Spending Bill that included an amendment introduced by Sen. Susan Collins, R-Maine that is aimed at suspending some of the HOS rules that went into effect in July 2013. The approved changes will suspend two key elements of the HOS rules for a 12 month period, during which time the Department of Transportation will conduct a study into the HOS rules and its effects. Drivers will no longer need to take two consecutive 1 am to 5 am periods off duty when taking a 34 hour restart. The bill also suspends the restriction limiting drivers to one 34 hour restart within a seven day period. The bill was signed by the President and will be made effective immediately; carriers most likely began altering their driver schedules almost immediately.

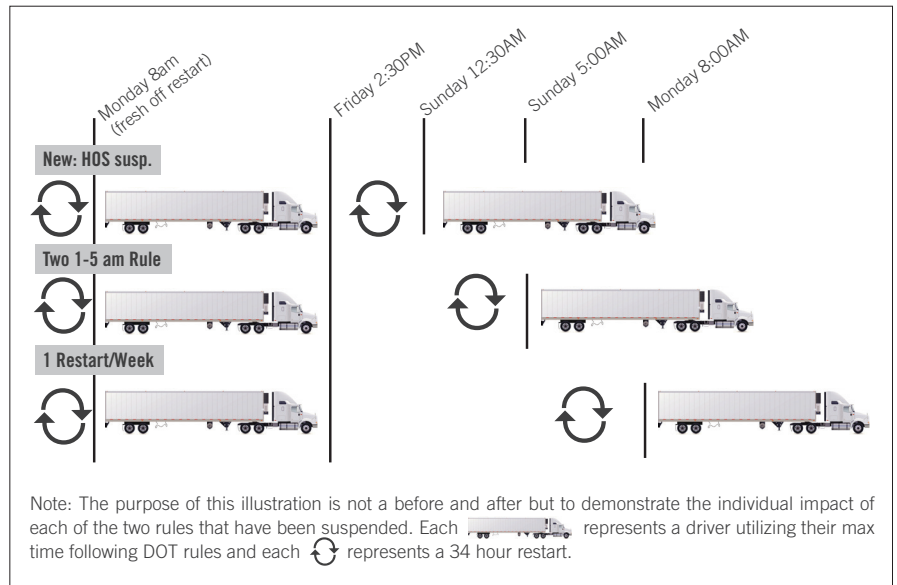
When the bill was originally passed it was based on a safety prognosis; reducing their overall hours and forcing drivers to sleep will provide a more alert driver. However, there has been large fallout due to the changes, which has sent ripples through not only the trucking industry but for retailers, manufacturers and anyone who depends on freight shipments in their supply chain. With the reduced number of hours, output of drivers has gone down, increasing the amount of supply needed to meet the same demand. The result has produced a driver shortage, limited overall capacity for shippers and rising transportation costs.

Drivers are now forced to run during daytime hours given the night time reset. This puts more trucks on the road during high volume traffic periods which not only

increases the likelihood of multiple-vehicle accidents, but reduces driver miles efficiency. Arguments could be made surrounding the ongoing driver shortage. Carriers' desperate need for drivers to fill the increased capacity is creating a less experienced, less trained driver pool. Put simply, trucking companies cannot invest in drivers. At this point they will hire nearly any candidate who will qualify, placing them on the road as soon as minimum requirements have been met.

(12:30am) they could start driving again. The previous rule requiring two periods between 1:00-5:00 a.m. would have pushed this back to 5:00 a.m. Sunday, and the one restart a week provision pushed this even further to Monday at 8:00 a.m.

The suspension of these particular rules has the potential to increase driver utilization, which may ease trucking capacity and reduce shippers' freight costs. The key thing to remember is that this is just a 12 month suspension to better



So what do these rule changes really mean timeline wise? Let's assume a driver comes off a fresh restart over the weekend, beginning duty at 8:00 am Monday morning. We then see 60 hours of driving/on duty time, with the mandatory 30 minute break each day, and the 10 hour off between. They could then begin their restart again by Friday afternoon at 2:30 pm. This means early Sunday morning

analyze the big picture effects caused by the HOS rules. The biggest driver will be the impact on safety, so for the next year let's all hope that the big rigs stay clean on the road, and maybe just give them a little extra space.

ERIC GRICE is Senior Analyst - Transportation Solutions Consulting at enVista.