Transport Topics

Opinion

Driver Turnaround and New HOS

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The new hours-of-service regulations are here, and transportation companies have embraced them and adjusted their businesses accordingly. But the hours-of-service limits have intensified the current capacity shortfall by taking trucks and drivers off the road. And when capacity goes down, freight rates inevitably go up.

To avoid higher freight rates, carriers are working hard to offset the lost capacity by becoming more efficient and making the most of the time allotted to them under the new rules.

Here's where it gets tricky: Hours-of-service rules don't regulate efficiency. They regulate points in time — the start and the end of a driver's shift. The main barrier to carrier efficiency is delays at the pickup and delivery points.

While most companies are sensitive to meeting agreed-upon appointment times, many are not. It's not unusual for drivers to lose four or five hours at a single location.

According to the American Transportation Research Institute, delays like this cost carriers $83.68 per hour. Over the course of a year, this equates to hundreds of millions of dollars in extra costs, industrywide.

Who pays for this? We all do, as the cost baton gets passed from carrier to customer and, ultimately, to consumer.

In the post-HOS environment, minutes matter. By reducing driver turnaround time, we can minimize the fallout from HOS-related capacity constraints. Carriers must do their part, but they can't do it on their own. It will require manufacturers, retailers and carriers to prioritize this issue and collaborate on a solution.

In the United Kingdom, waiting in lengthy lines — or "queuing up" as they call it — is patiently accepted. In America, we hate to wait. We have express lanes at the supermarket, E-ZPass lanes at highway tolls and urgent-care clinics springing up everywhere because we don't want to wait in doctors' offices or hospital emergency rooms. Yes, we're a little impatient, but the reality in business is that time is money.

If that's the case, why is keeping a driver — and his or her truck — waiting for hours in a distribution-center yard so common?

In some cases, it's simply poor planning — either not having the product ready or not having enough people to load or unload.

Some receiving managers give preference to certain carriers, leaving others to wait despite the fact that they met their appointment window. Still others view waiting for long periods to load and unload as standard practice — the nature of our business.

But it can't be. Not anymore.

A concerted effort to fix the problem benefits carriers and their customers alike.

For manufacturers and retailers, faster driver turn times result in increased shipping volumes and a faster cash cycle. It also reduces detention charges — fees levied by carriers if they are held beyond an agreed-upon time. Other shipper benefits include less yard congestion, predictable labor requirements and cleaner, safer product-staging areas.

Carriers, of course, also benefit from reduced delays. These benefits include improved capacity to handle more deliveries, reduced fuel consumption, improved planning for better fleet utilization and more "home time" for drivers. Carriers translate these efficiencies into lower rates that benefit everyone.

The incentives are clearly there to reduce driver turnaround time. The question now is: "How do we make it happen?"

Because carriers do not control driver turnaround time, the solution must be collaborative. The Grocery Manufacturers Association and the Food Marketing Institute have recognized this and are co-funding a study by management consulting firm Kurt Salmon & Associates of Atlanta to explore solutions.

Early results from this study were presented at the January 2012 GMA/FMI Supply Chain Conference during a session titled "Transportation Receiving Dock Unloading Predictability." Sounds like the title of a doctoral thesis, right? Actually, it was one of the best-attended sessions at the conference. Senior-level executives from manufacturers, retailers and carriers filled the room to overflowing and strongly supported a continued focus on this issue.

Our own industry associations need to follow suit and make improved driver turnaround time a priority. With the right focus and brainpower, we can get better — a lot better.

The government is looking at the issue, too. In 2012, the Federal Motor Carrier Safety Administration plans a study on how detention time contributes to hours-of-service violations.

Whatever the solution, it should not set more "rules." It should put market forces to work to drive behavior. For instance, if car insurance companies can reduce rates for good drivers, why can't carriers provide incentives to customers who consistently meet appointment and turn-time agreements?

Transportation is a complex puzzle of interconnected events. While HOS regulations undoubtedly will make our highways safer, they indirectly make it harder for shippers to find needed capacity, for carriers to make a fair profit and for the industry as a whole to keep freight rates down. Let's view the new HOS rule as a trigger point to attack inefficiencies at pickup and delivery points.

And let's start now.

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