



TRUCKER

2019 | VOLUME 10 ISSUE 3

Focus



STAND OUT
IN THE INDUSTRY

DIVERSIFYING IN THE CHANGING *Economy*

The trucking industry, which along with our interstate highways acts as the arterial system for our nation's economy, has had several good years—some with record-high rates for carriers and drivers alike. However, carriers must always be prepared for changes in the market.

Although no one can predict for certain when changes might occur, in watching load boards and the spot market, some rates seem to be tapering off. Industry consulting firm FTR calculates a Shippers Condition Index (SCI) to measure the transport environment for shippers by tracking four major variables in the U.S. full-load freight market, including freight demand, freight rates, fleet capacity, and fuel price. FTR stated earlier this year that, after months of paying record-high trucking prices in a tight capacity market, shippers are finally beginning to see relief thanks to declining rates and fuel prices.

This potential rate decline is also supported by the Cass Freight Index, which some market analysts use as an overall measure of the broader shipping industry. This index fell for the fifth straight month in May and, with shipments dropping six percent from the year prior, Cass sees freight conditions moving from “warning of a potential slowdown” to “signaling an economic contraction.”

Trucking's product is a commodity, essentially identical to those sold by many of its competitors. This forces truckers to compete for customers mainly on price. Having the ability to differentiate your company from your competitors can be impactful to your bottom line.

Here are five key areas to help motor carriers differentiate themselves from competitors:

- 1 Diversify.** Trucking is a high asset, commodity business requiring reliable cash flow to meet expenditures and retain drivers by keeping them busy and profitable. Diversifying your freight and customer base can not only help achieve this, but also foster the growth of your fleet in offering your customers year-round service and the ability to respond quickly in handling higher seasonal demands.
- 2 Be prepared for changing consumer trends.** Emerging trends will undoubtedly affect many carriers. The closing of many retail stores reflects the trend of consumers favoring shipments directly to their homes. Manufacturers have also made changes that affect trucking, including the closing of a GM plant in Ohio and Flambeau River Papers in Wisconsin, as well as the Carrier Group moving its manufacturing to Mexico. For an industry like trucking that has historically focused on moving pallets and large pieces, this Amazon-type trend indicates the time has come to consider how the changes in freight movement, including individualized packages, may affect your business. You can see this with some mega carriers refocusing their business from traditional long haul to shorter, more customer-centric hauls.
- 3 Understand costs.** Have a working knowledge of the industry to understand your costs and avoid hauling loads without a margin. When rates are high, it can seem easy to make money in trucking. However, this can lead to an incomplete understanding of fixed and variable costs of doing business. Knowing your costs allows you to better work with customers to accept, counter, or reject loads based upon their profitability.



Fixed costs are expenses you have whether you're driving your truck or not, including truck and equipment loan payments, insurance, license and IRP fees, and equipment such as ELD, GPS, cameras, and cell phones. Variable costs are the expenses you incur when you're operating your truck, generally related to the number of miles driven or the business operations, such as fuel, maintenance, tires, tolls, and permits.



a business necessity, but be sure you are following a well-defined plan and that your investment justifies the monthly payments incurred.

Some fleets replace equipment because their CSA BASIC Maintenance scores are high. The FMCSA Safety Measurement System's most common offenses for equipment violations are brakes, lights, and tires. A strong driver vehicle inspection program and good coordination between the driver and repair shop can often meaningfully reduce these issues. Focusing on driver vehicle inspections and properly maintaining what you already own, may allow you to keep those large monthly payments in your pocket until you decide otherwise.

4 Control debt and utilize assets already under your control. No matter how efficiently a company operates or how well it controls its costs, excessive debt can drive them into bankruptcy when rates fall and margins disappear. Of course, replacing equipment is

YOUR LIFE ON THE ROAD



This issue's winning picture comes from **Brian Brown**, who has been driving for Tribe Express for nearly five years after retiring from the Air Force as an F-16 aircraft mechanic.

"This was my little riding buddy. His name was Peepers, but we just called him Puppy. He passed away on the road with me. Puppy had a brain aneurism, but he was an amazing companion.

This was us waiting to be unloaded, and he loved to look out that window. I miss him very much.

He rode with me to many, many states and places. His favorite was ALDI Distribution Centers because he loved to run in their well-groomed grass. He was a rescue dog who was handicapped due to prior abusive owners, but his last years of life were happy ones. I was blessed to have him and feel good that he had a great last five years of his life seeing the country with me."

Send us a picture from your Life on the Road and you could win \$100!

We're looking for fun and unique trucker photos! Please send us a photo or two that show your life on the road. Great pictures show an interesting story such as unique loads, challenging or amazing delivery locations, unexpected events, family/company stories, or other situations that truckers might find interesting. If we choose to feature your picture in Trucker Focus, you'll win \$100!

Photos should be sent to lifontheroad@acuity.com.

For more information, please visit our Life on the Road web page.



THE FUTURE OF TRUCKING

Trucking is a driving force behind our economy and the supply line of goods and services. From groceries to lightbulbs, if you have it in your home, it was very likely on a truck at one point in time.

According to the American Trucking Associations, “Commercial truck traffic is vital to our nation’s economic prosperity and plays a significant role in mitigating adverse economic effects during a national or regional emergency. Our economy depends on trucks to deliver ten billion tons of virtually every commodity consumed—over 80 percent of all freight transported annually in the U.S. In the U.S. alone, this accounts for \$700.4 billion worth of goods transported by truck. Trucks hauled 65.6% of the shipment of value into Canada and 67% of the shipment of value into Mexico. It becomes apparent that any disruption in truck traffic will lead to rapid economic instability.”

Some industries rely on drivers to do much more than drive. For example, with a local delivery to a bar, restaurant, or convenience store, the driver may unload freight and stock shelves in addition to driving and parking. In construction, drivers often screen their load, load the truck, and visit the job site to determine how to best place the load. Some will spread it out with a dozer or skid steer as well. In the logging sector, drivers may chain tires, load wood, and secure loads, all tasks that require human interaction. Another great thing about the trucking industry is that it is very difficult to outsource a driving position to another country.

Though autonomous trucks certainly exist and are being used, most are level 3 (conditional automation) vehicles that still require driver interaction. Level 5 (full automation) vehicles, which require no driver input other than destination, are estimated to be decades away.



WORD OF MOUTH

A post on the administration’s moves to ease drive-time rules for truckers generated a lot of comments and reactions from visitors to Acuity’s Trucker Focus Facebook page. Join in the discussion and read more about other trucking topics at facebook.com/acuitytrucking.

In addition to all the great online resources for truckers Acuity makes available at acuity.com, we also feature the latest news, trucking trends, and lively discussions on our Trucker Focus Facebook page.



ASK THE SPECIALIST



Cliff Johnson
is Acuity's
Trucking Consultant.
Contact him at
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Ask Cliff

I've heard a lot about the Internet of Things. What is its impact on trucking?

In my travels visiting motor carriers, I see a lot of glider kits. Often, the owners proudly state that the engines are pre 2000-model years. They go on to state how reliable these trucks have been for them and that they are simple in their design and easy to perform maintenance on. I can certainly see the draw, as many of today's drivers are accustomed to these trucks. As a matter of fact, the Bureau of Labor Statistics estimates that the average age of a commercial truck driver in the U.S. is 55 years old. So, it is only natural that we are comfortable with what we know, what is affordable, and what has reliable uptime.

But as we know in life—and certainly in trucking—all things will change, and the Internet of Things (IoT) is one of those changes. IoT is the extension of Internet connectivity into physical devices. These devices communicate and interact with other devices via the Internet and can usually be remotely monitored or controlled using a smartphone, tablet, or computer.

The IoT is already making an impact on trucking. Examples include:

Safety Telematics. These tools gather performance data in real time that is accessible to fleet managers, brokers, or even shippers. They can include ELD, GPS, cameras, and sensors. These tools can monitor hard braking, vehicle speed, location, tire pressure, engine oil pressure, water temperature, and even temperature, humidity, and vibration in the trailer, just to name a few.

Maintenance. Some fleets are using apps that report any safety defects identified by the driver completing their DVIR back to the maintenance department and automatically schedule the truck for needed repairs. In addition, some manufacturers are monitoring the vehicle's health and proactively identifying future predictive diagnostic data or mechanical issues.

Security. Whether in the form of load lock sensors in your trailer or video cameras monitoring your office or shop, IoT offers a sense of security in understanding what is happening at these locations.

In trucking, IoT is here to stay. It can help businesses improve their efficiency in today's competitive climate.



This article is provided for informational purposes only, is general in nature, and is not intended to and should not be relied upon or construed as technical, legal, or other professional advice. If legal or other expert assistance is required, the services of a competent professional should be sought. The information presented in this article is based on the most current information available at the time of publication.

BEST OF THE BLOG

By Cliff Johnson, Trucking Consultant



Safe Choices For Safety!

With so many safety methods and products available to the trucking industry, it can be difficult to know where to start. A motor carrier's safety efforts should start simply and grow as the company's needs evolve.

In my travels, I often see carriers overlook the fundamentals in favor of unnecessarily expensive or complex actions. For example, I have seen management spend hundreds of thousands of dollars upgrading equipment to address their Vehicle Maintenance BASIC score, when only a few pieces of equipment or a couple drivers caused the issues. Instead, they should have begun by focusing on the basics, including:

- 1** Hiring experienced, professional drivers and ensuring the basic legal requirements are met through using a driver qualification file checklist.
- 2** Having drivers demonstrate, through road tests or training, their competency and comfort performing required tasks. For instance, can the driver demonstrate competency in completing a driver vehicle inspection report (DVIR)? If not, this training must be promptly provided.
- 3** Having management audit 3 to 5% of the fleet weekly to ensure DVIRs are being completed properly.
- 4** Auditing the maintenance shop to ensure safety defects are being repaired before the vehicle is released back to operation. If shop personnel need training, provide it.

5 Using CSA scores to educate both drivers and maintenance personnel where issues exist and are repeating.

6 Creating a plan to address the shortcomings and setting goals to improve.

I recommend addressing these fundamentals in three steps. Step one is assessing your company's policies and procedures, whether informal or not. For example, do procedures adequately address driver hiring and training and empower drivers to be successful with the right tools and equipment to complete the job safely and on time?

Step two is operations. Are the activities outlined in policies and procedures actually completed, or are those policies just gathering dust? For example, if a driver is not able to drive per company policy, is he or she dispatched anyway, for just one more load? Or if a safety defect is found, is the equipment used anyway until maintenance has time to fix it correctly?

Step three is auditing. Are you achieving the desired results from operations that you expected or needed to achieve? If not, what can be adjusted in policies and procedures to positively impact operations so the desired results can be achieved?

Management must lead the way. Providing appropriate top-down support is essential to creating safe operations and helping a motor carrier achieve success.



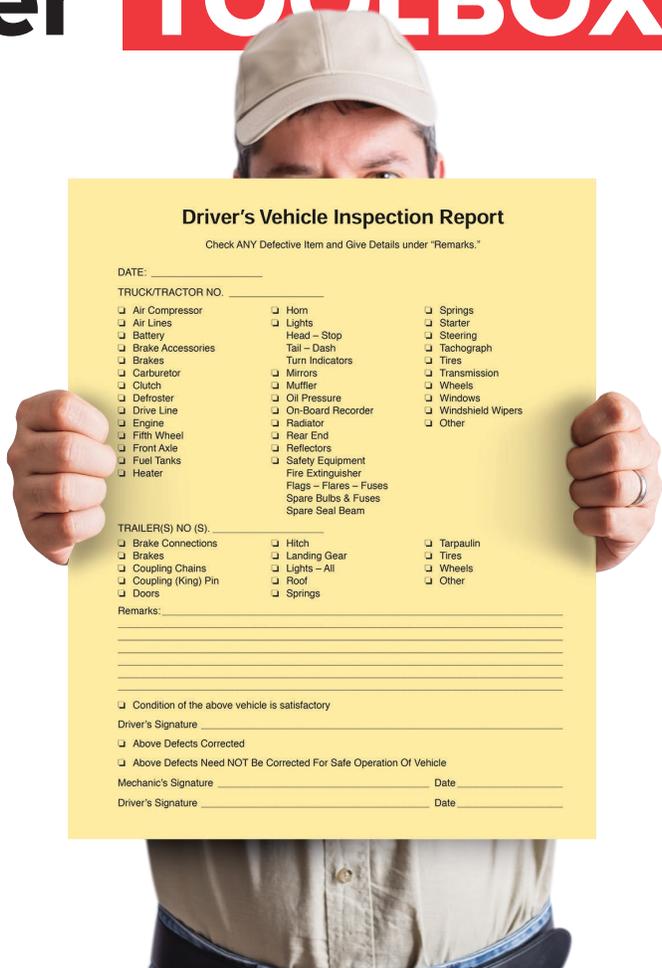
Motor Carrier

TOOLBOX

Pre- or Post-Trip Vehicle Report

Using this handy checklist can help you keep your rig safe! Download a copy from the Motor Carrier Toolbox area of our website.

Acuity's Motor Carrier Toolbox gives you exclusive access to this checklist and over 140 other tools, programs, and policies designed to help you comply with government regulations, address maintenance and safety issues, aid drivers in navigating today's complex trucking business, and more. The tear-off page at the back of this issue features another resource that is available. For more great tips, check out Acuity's Motor Carrier Toolbox at www.acuity.com/mctb.



Driver's Vehicle Inspection Report
Check ANY Defective Item and Give Details under "Remarks."

DATE: _____

TRUCK/TRACTOR NO. _____

<input type="checkbox"/> Air Compressor	<input type="checkbox"/> Horn	<input type="checkbox"/> Springs
<input type="checkbox"/> Air Lines	<input type="checkbox"/> Lights	<input type="checkbox"/> Starter
<input type="checkbox"/> Battery	<input type="checkbox"/> Head - Stop	<input type="checkbox"/> Steering
<input type="checkbox"/> Brake Accessories	<input type="checkbox"/> Tail - Dash	<input type="checkbox"/> Tachograph
<input type="checkbox"/> Brakes	<input type="checkbox"/> Turn Indicators	<input type="checkbox"/> Tires
<input type="checkbox"/> Carburetor	<input type="checkbox"/> Mirrors	<input type="checkbox"/> Transmission
<input type="checkbox"/> Clutch	<input type="checkbox"/> Muffler	<input type="checkbox"/> Wheels
<input type="checkbox"/> Defroster	<input type="checkbox"/> Oil Pressure	<input type="checkbox"/> Windows
<input type="checkbox"/> Drive Line	<input type="checkbox"/> On-Board Recorder	<input type="checkbox"/> Windshield Wipers
<input type="checkbox"/> Engine	<input type="checkbox"/> Radiator	<input type="checkbox"/> Other
<input type="checkbox"/> Fifth Wheel	<input type="checkbox"/> Rear End	
<input type="checkbox"/> Front Axle	<input type="checkbox"/> Reflectors	
<input type="checkbox"/> Fuel Tanks	<input type="checkbox"/> Safety Equipment	
<input type="checkbox"/> Heater	<input type="checkbox"/> Fire Extinguisher	
	<input type="checkbox"/> Flags - Flares - Fuses	
	<input type="checkbox"/> Spare Bulbs & Fuses	
	<input type="checkbox"/> Spare Seal Beam	

TRAILER(S) NO (S) _____

<input type="checkbox"/> Brake Connections	<input type="checkbox"/> Hitch	<input type="checkbox"/> Tarpaulin
<input type="checkbox"/> Brakes	<input type="checkbox"/> Landing Gear	<input type="checkbox"/> Tires
<input type="checkbox"/> Coupling Chains	<input type="checkbox"/> Lights - All	<input type="checkbox"/> Wheels
<input type="checkbox"/> Coupling (King) Pin	<input type="checkbox"/> Roof	<input type="checkbox"/> Other
<input type="checkbox"/> Doors	<input type="checkbox"/> Springs	

Remarks: _____

Condition of the above vehicle is satisfactory

Driver's Signature _____

Above Defects Corrected

Above Defects Need NOT Be Corrected For Safe Operation Of Vehicle

Mechanic's Signature _____ Date _____

Driver's Signature _____ Date _____

TEAR ALONG THE PERFORATION LINE

FIND THE FLAGPOLE FOR A CHANCE TO WIN \$100



Acuity's headquarters in Sheboygan, Wisconsin, is known for hosting the World's Tallest Symbol of Freedom: a 400-foot flagpole that flies a 70- by 140-foot American flag.

In each issue of the *Trucker Focus*, we'll hide a miniature version of our flag: . In our last issue, the flagpole was hidden on our Best of the Blog on page 6. Find the flag hidden elsewhere in this issue, then send an email with its location to flagcontest@acuity.com by October 1, 2019. We'll

choose a winner of \$100 at random from among the correct entries received.



Winner of last issue's contest was:

Dawn Wagner - Windber, PA

This contest is not open to employees of Acuity or their immediate family members. For a complete list of rules, visit www.acuity.com/flagcontestrules.



Acuity Knows Trucking!

Check out our dedicated trucking-focused online channels!

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 **Facebook**
facebook.com/acuitytrucking

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acuity.com/trucker-focus

 **YouTube**
youtube.com/acuityinsurance
(Trucker Focus playlist)

 **LinkedIn**
linkedin.com/company/acuity-insurance

 **Twitter**
twitter.com/acuityinsurance

TRUCKING QUESTIONS?

Acuity's on-site trucking consultant provides over 30 years of industry experience to your business.

 **Email**

trucking.news@acuity.com

 **Phone**

800.242.7666, extension 1740





INCIDENT INVESTIGATION CHECKLIST

TRUCKER TALK AHEAD ↗

When investigating an incident, ask why. Use the checklist to get started. Keep asking why until you find the source of the incident.

DRIVERS

- Are there written procedures for the tasks to be accomplished? If so, was the employee provided training?
- Is the employee physically capable of carrying out the tasks?
- Did the employee wear the appropriate personal protective equipment (PPE)?
- Is enough time allowed for workers to do their tasks correctly and safely so they aren't tempted to take shortcuts?

Comments from employee:

ENVIRONMENT

Did the environment contribute to the incident?

- Light
- Dark
- Wet
- Heat
- Wind
- Cold weather or ice
- Outside
- Indoors
- Uneven ground
- Visibility (fog or shadows)
- Other

Comments on environment:

MANAGEMENT

- Is management trained in hazard recognition?
- Did management anticipate the hazard and the risk?
- Was management aware that a deviation from safety procedures might occur and take steps to prevent it?
- Is management's role in hazard recognition and corrective action clearly defined and assigned?

Comments from management:

EQUIPMENT

Did the equipment contribute to the incident through a failure, lack of feature, or lack of maintenance?

- Tractor
- Trailer
- Liftgate
- Pallet jack
- Hand jack
- Other

Comments on equipment:

SOURCE OF INCIDENT - What conditions could have been changed to prevent the incident?

NEXT STEPS

GENERAL CATEGORY	SPECIFIC TASK	OWNER OF TASK	DATE COMPLETED
Repair or replace equipment			
Develop environmental solution (e.g., correct lighting)			
Train employees			
Train management			

Signature _____ Date _____





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TEAR ALONG THE PERFORATION LINE