

MCLEOD IQ: MAKE GAINS & KEEP THEM



McLeod

The logo features a large, stylized 'IQ' where the 'I' and 'Q' are formed by thick, curved arrows. The 'I' is composed of a light blue arrow pointing down and a light green arrow pointing up. The 'Q' is composed of a yellow arrow pointing right and a red arrow pointing left. In the center of the 'Q' is a circular target with a blue center and a white ring. The target has a yellow arrow pointing towards the center. The background is a dark blue grid with a pattern of binary code (0s and 1s) in various shades of blue and green.

McLeod IQ puts business intelligence to work for your company on the first day you have it. We've done the heavy lifting to provide you with unparalleled access to the data in your LoadMaster and PowerBroker systems, as well as 3rd party sources. You can drag and drop the exact data you want into the analysis tool of your choice, such as Microsoft Excel Pivot Tables and Microsoft Power BI.

The result is an amazing opportunity to gain valuable insights into your business that you've never had before. Data can be aggregated in ways that are easy to analyze, report, and understand. By creating a multidimensional cube, McLeod IQ empowers you to explore relationships and correlations that are beyond the reach of standard reports and conventional reporting approaches.

Efforts to improve the business are often hindered by limited visibility into the complex factors that lie beneath profit and loss. You already have the data, but you may not be able to establish the right context around specific numbers and identify trends. IQ gives you the ability to dig into the data, uncover the root causes, and pinpoint the reasons that you're succeeding here and failing there.

In this way, IQ plays a vital role in helping transportation companies pursue Continuous Improvement (CI) methodologies. CI hinges on the ability to find the underlying causes of problems in the business. Once improvements are made, IQ also helps you maintain your progress by giving you a clear way to measure your ongoing performance.

Each company needs to determine its own metrics for improvement, and IQ has the flexibility to allow you to create unique definitions for your KPIs. You can closely monitor your improvements and ensure that you keep moving forward.



CASE STUDY: BARTON LOGISTICS

Headquartered in Medina, Texas, Barton Logistics has been providing full truckload freight transportation services since 1997. Criss Wilson, who serves as vice president of operations, speaks about the advantages that Barton Logistics has gained through the use of McLeod IQ.

CONTINUOUS IMPROVEMENT STRATEGIES

- **GET AT ROOT CAUSES BY ASKING THE 'FIVE WHYS'**

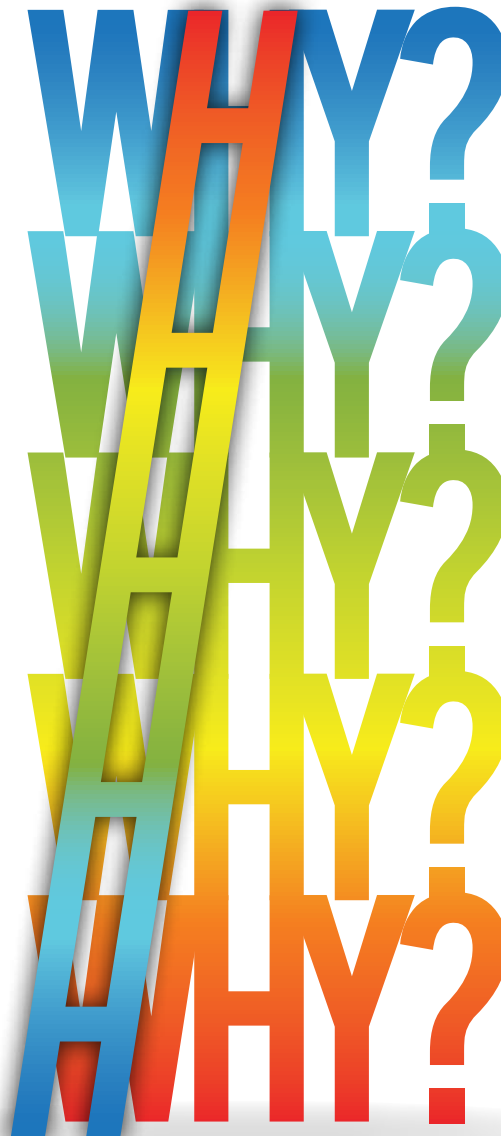
"McLeod IQ is an excellent tool for supporting continuous improvement strategies. A perfect example is the 'Five whys' from the Six Sigma continuous improvement concept. This is a way to drill down into the deeper layers of your data. Usually at that level, you can uncover the ultimate root cause of a problem, which leads to an action you can take to address the problem. To see how this works, say that you were caught speeding one morning while driving to work. Why? Because you were running late. Why? Because you overslept that morning. Why? Because your alarm clock didn't go off. Why? Because the batteries were dead. Why? Because you forgot to replace them. Forgetting to replace the batteries is the root cause and it's actionable. This is the key for taking concrete steps for improvement. Now you have to decide what action to take,

and there may be more than one thing you can do in response. For example, in this case, you could get a plug-in alarm clock or adopt a routine of replacing the clock's batteries at set times before they run down. The point is that by repeatedly asking 'Why?' you can peel away the layers of an issue and get to the root cause of the problem. Keep asking 'Why?' until you reach an actionable level. Ask why at least five times."

- **LET YOUR BUSINESS GOALS DETERMINE YOUR QUESTIONS**

"Choose your questions carefully, because you get answers only to the questions you ask. You want to get at the issues that relate to the goals for your business. Here are some of the questions we have used for directing improvement efforts:

- How do we compare with the industry?
- What are the root causes of the results we get in the areas where we underperform?
- What can we do to change the results?
- What can we do to exploit the yield?
- How many delivered loads are un-invoiced?
- How long does it take us to bill?
- How long does it take us to get paid?
- Do the customers who are slow to pay cover their target ROI?



- **DRILL AND GRILL**

"I recommend what I call 'drilling and grilling.' Use IQ to drill down into the data to see what it's telling you and then go out and grill the operations team about what you found.

'Why does the data say this when you say that?' Maybe the data is leading you in the wrong direction, or maybe the operations team is missing something important. You go back and forth, back and forth, because it's in that interaction that the magic happens and you discover the true root causes of your problems. Then you can take actions to make solid improvements."



- **BREAK DOWN YOUR ACTIONS INTO THREE CATEGORIES**

"As I started to identify the problems and proceeded to taking actions I found it helpful to think about actions as falling into one of three categories—adaptive, corrective, and perfective action. If I identify a process that we need, but don't have yet, we have to be adaptive and build the process from scratch. If I identify a problem within one of the processes that we already have in place, then we have to be corrective and take actions to fix the process. I try to avoid perfective actions, because that's a trap. You have to be able to see when a problem is minor and fixing it involves more trouble than it's worth. Don't get wrapped around the axle with perfective actions."



- **LET YOUR STAFF KNOW WHAT THEY'RE DOING RIGHT**

"One of your goals should be to see how you compare with the industry. If you are doing something better than the industry, make sure you're telling your people, because you're going to find some areas where this isn't the case, and as a result they're going to need to know that you're not out to undercut them, that you're not using the data to throw them under the bus."

- **INCENTIVIZE IMPROVEMENT**

"No matter how easy you make it for your staff to access the McLeod IQ data, people who are not critical thinkers will not become critical thinkers unless you give them a reason to do it. Only a few people will instinctively jump on the data and make use of it. So make it part of their job and

provide incentives for using the data to make improvements. Just because the data is available doesn't mean people will use it."

- **STAY OPEN TO WHAT THE DATA TELLS YOU**

"As you work with McLeod IQ and gain greater access to your data, let go of your preconceived ideas about your business. Park what you think you know at your office door and let the data talk to you."

STRATEGIES FOR BOOSTING NET MARGIN

- **FOCUS ON YOUR WORST AND YOUR BEST LOADS**

"McLeod IQ supported our effort to see which loads had the worst margin and which had the best. We then focused our improvement efforts on the extremes. We made sure we had less of the low-margin transactions and tried to get more of the ones with the highest margin. You can make a dramatic increase in your bottom line by working both ends of the graph like this."

- **TRY A MULTI-FACETED BID STRATEGY**

"How do you know which direction the market is going to go? If you drop your rates in an attempt to win the bid, you may end up locked into rates that are too low. If you don't drop your rates, you may price yourself out of the market entirely. So do both, and see which one wins you more business. Use McLeod IQ to identify your strong lanes and get aggressive with your bids. In your modestly good lanes, float a couple of rates that are a little above market and see what happens. You might win both."

- **GET SMARTER ABOUT SPOT MARKET PRICES**

"IQ data showed us where our spot market rates were good and where they weren't so good. Once you have that visibility, you can start finding ways to make smarter decisions."

- **BILL FASTER AND GET PAID FASTER**

"From the data I get from McLeod IQ, I no longer manage cash flow monthly or weekly. I manage it daily. I know when we'll have a billing problem five days from today. Some of our customers don't require bills of lading, so we invoice them fast. We have better visibility into delivered loads that haven't been invoiced and we find out what the problem is. The result is that we're getting our

invoices out sooner and our DSO has gone down."

- **DON'T PAY COMMISSION ON LOW-MARGIN LOADS**

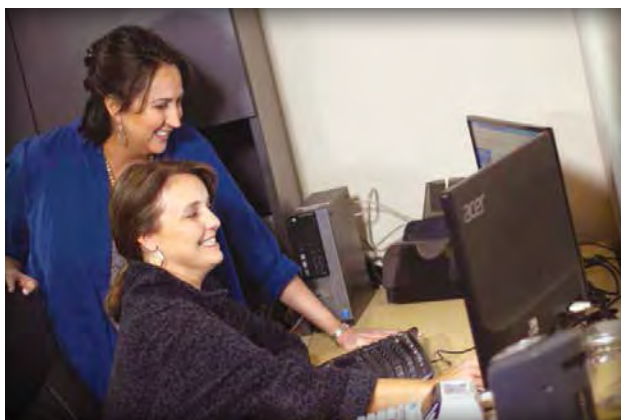
"We don't want to provide incentive to cover loads with a low margin. So we use the data from McLeod IQ to track margin and identify low-margin loads because these are not eligible for commission pay."

- **OFFSET BID LOSSES WITH SPOT MOVES**

"Visibility into lanes and rates from McLeod IQ helped us avoid major losses in the early part of 2014 when

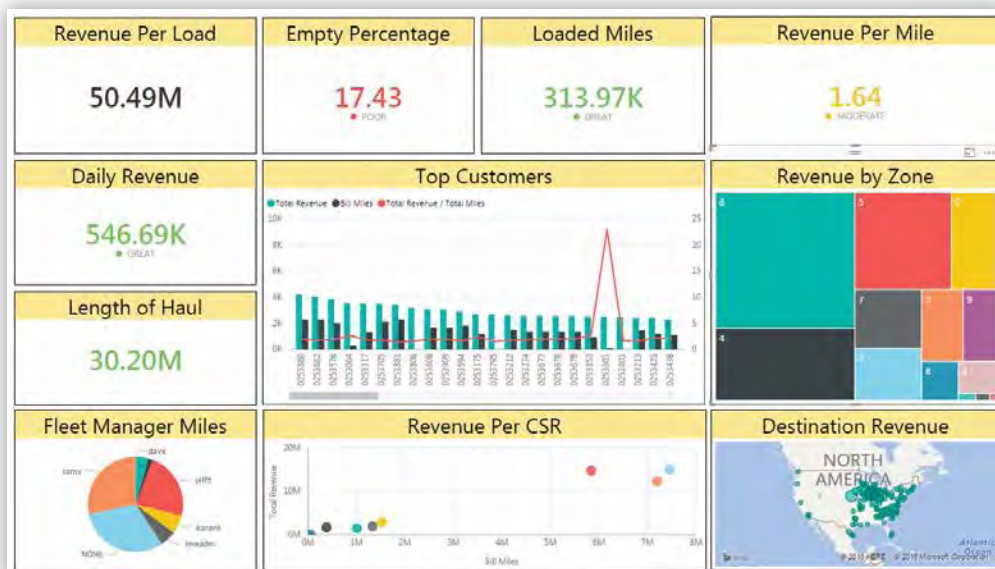


the polar vortex hit. The severe weather caused chaos. We had bid commitments for loads that weren't ready when we committed to getting there and moving them. As a result, scheduling was a mess and we were losing big until we realized that the chaos also created spot market loads that needed to be expedited. We could honor the rates we had bid, even though it meant doing it at a loss, because we could leverage it against the loads where the shipper was desperately saying, 'Please, just move it. I'll pay you what you need.'"



• GET A GRIP ON YOUR TOTAL COSTS

"Automated load tracking has been a big help to us. We're now getting hourly updates without calling the driver, which is saving our folks tons of time. The load tracking data became part of a cost study I did to answer the question, 'What's my real cost as a broker?' McLeod IQ made it possible to pull the data I needed and conduct the analysis."



• GIVE YOUR STAFF TARGETS

"The results of the cost study were put to use in all kinds of ways. One thing is that I wanted to know what we needed to make as a net margin. Once I had that, I could share it with our brokers. Having the figures gave them a target for their efforts."

• EXPAND THE SKILL SETS OF YOUR EMPLOYEES

"One of the big things we've done for our brokers is help them learn how to negotiate. Most of them

didn't come here with that skill, but they've acquired it through our instruction."

• HELP YOUR STAFF GET A HANDLE ON PRODUCTIVITY

"It's common for brokers to try to focus on covering more loads at a lower margin, instead of negotiating for a higher margin with fewer loads. This is the path of least resistance, but I come back and show them that if they had negotiated, they could have gotten a

higher margin and done a fraction of the work. They live on the spot market. Do they really want to do a \$3 million book of business to get their target or would they prefer to do it with a \$2 million book? I tell them to think about how many times they have to pick up and set down the phone, about all the emails and driver tracking and communication and customer problems. If

they can meet their target with fewer loads, why not? Be wise—work smarter, not harder."

MAKING FULL USE OF THE TOOLS

- **IT'S EASY TO BRING IN OUTSIDE DATA**

"You can bring in data from other sources, and that's part of the magic of McLeod IQ. If the data is tabled in a SQL database or a SQL-compatible database, you can go crazy. You can go out and grab it. You can index it, if there's an index-able relationship in both tables that says, 'I belong to this transaction over here.' You can stack it and make your array wide. You can look at disparate data sets and track them in the graphics. Telephony is an example of something that I want to bring in. How much time do I spend covering that 5% load that I earned versus the time that I had in that 25% load? I can't wait to play around with that set of data."

- **LEARN TO USE EXCEL PIVOT TABLES**

"Excel is a wonderful tool. It makes your problems and questions easy to understand. The drill-through capability of Excel is amazing. Excel pivot tables are easy to work with and intuitive to use. Even if you've never used pivot tables before one day in your life, do not be afraid. Drag and drop. It's easy. If you need help, McLeod will help you learn the ropes."



- **CREATE THE METRICS YOU NEED**

"I wanted to see my margin per mile, so I went into Excel and created this measure based on data extracted with McLeod IQ. I set up the tool to divide billable miles into margin. Once I had that metric, I could slice and dice it to look at it in all kinds of ways, such as by week, month, quarter, and year."

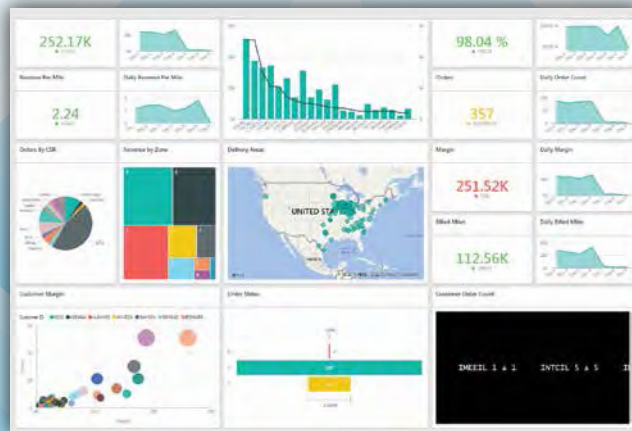
- **LET GRAPHICS BRING THE NUMBERS TO LIFE**

"Use charts and graphs, because these visual aids can make the measure pop. Graphics can make trends obvious in ways that you would never notice by looking at only a set of numbers. You can also make comparisons so easily. You can lay one graph on top of another to show if there is a correlation or not. For example, I used McLeod IQ to make a chart

that showed our annual margin and load count grouped by nine profit families, starting with the worst and going up to the best. By placing multiple years on top of each other, it was easy to see the substantial progress we made in 2016."

ELEVATE YOUR BUSINESS INTELLIGENCE WITH MCLEOD IQ

The complexities of the freight transportation business can make it difficult to know why some lanes, customers, and loads are profitable and others are not. Yet this is exactly the information you need if you want to take the right actions to improve the bottom line. The solution is McLeod IQ. This is the tool that can give you visibility into the root causes of problems in your business. You can “slice and dice” the data to create the KPIs that highlight the issues that need your attention, analyze the data to reveal trends, and have visual representations of the data that make it easier to understand. This is business intelligence that helps you both make gains and keep them.



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