

LANE ANALYSIS FOR CARRIERS



MINSTAR
TRANSPORT
USES
MCLEOD'S
LANE ANALYSIS
TO CREATE DENSER,
MORE PROFITABLE
LANES

BY JODY FARLEY, GENERAL MANAGER FOR MINSTAR TRANSPORT

At MinStar Transport, we think of our lanes as assets that we own. We take this approach because it's too easy for OTR trucking companies to ignore the central role that lanes play in overall business success. Everyone understands that carriers invest hard dollars in purchasing equipment and paying drivers, but it's also true that time, energy, and dollars are

empty miles may be the most obvious problem with some lanes, but it's far from the only aspect to consider.

Try comparing density and rates on your lanes. If you discover that the densest lanes are bringing the lowest rates, you may want to make some rate adjustments. Have you checked to see if there's too much distance between your lanes and

the homes of your drivers?

The data might reveal that you need to refocus hiring efforts so that you recruit drivers who live in closer proximity to your busiest lanes. Safety and fines should be factored in. By filtering the data to isolate tickets and inspections by lane, you can see where the hot spots are and take actions to adapt.

These examples only begin to scratch the surface. In order to thoroughly evaluate your lanes, you need access to a broad range of lane data and the ability to analyze

that data in multiple ways. The software tool that delivers those capabilities is the Lane Analysis feature within the McLeod LoadMaster system.

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invested in lanes. That's why it's a good idea to take ownership of your lanes, analyze them, and make sure that you're going where you need to go.

In broad terms, we try to determine which lanes are profitable and which are not. It may sound simple, but in practice it's a complex challenge, because there are so many factors that can affect profitability. Too many



T H E A B I L I T Y

GAIN VISIBILITY INTO YOUR LANES

McLeod's Lane Analysis supplies lane data from every angle, and we use that information to run our business. We can look at lanes by density, revenue, profit, customer, commodities, inbound states, outbound states, accidents, inspections, drivers, and more. Here are just a few examples of the broad extent of information that's available:

- **REVENUE PER LOADED MILE** — You may think you know which lanes are bringing in the most money, but your gut feeling isn't always right. Pull up the numbers and you'll have the facts right there.
- **EMPTY PERCENTAGE** — This is one statistic that must be analyzed because empty miles drain profits.
- **OUTBOUND STATES** — What are your densest lanes? What are your rates in those lanes? Are you making money?
- **OPERATING RATIO** — Maybe the revenue is high, but are the costs also high? How does the OR compare from lane to lane?
- **CUSTOMERS** — Why is this lane profitable or not so profitable? If you break it down by customers, does it turn out that one customer's rates on this lane are much better than the rates for other customers?
- **COMMODITIES** — Look at your lanes in terms of the types of freight you're hauling. What can you learn about the relationship between commodities and lane profitability?
- **VELOCITY** — How quickly are you getting loads delivered in each lane? If your velocity is slower in this lane, can you see why?

Choosing where to send your trucks is not easy. How do you know where to go? Do you go places because your customers tell you that they want you to go there, or do you go there because you're

getting paid well to go there? Traditionally the attitude for most carriers has been to be all things to all people, but that may not be profitable.

Every carrier needs to define the business's strategic goals. Are you focused on reducing deadhead? Is driver recruitment and retention a primary concern? Do you need to identify and remove unprofitable lanes? Your decision-making process for handling such questions should be guided by hard data. With the right information in hand, it becomes possible to sift through the variables and choose the best places to send your trucks. Lane Analysis gives you this information and the software can be configured to suit your business needs.

LoadMaster also has reporting capabilities that provide options for viewing data in charts, graphs, and maps. When you look at the data and want more detail, it's easy to drill down to get answers. For example, maybe you're looking at revenue by state and the numbers for Texas vary

widely from month to month. You may dig deeper and discover that Dallas is working well week after week, but that you're having trouble getting back out of Houston and San Antonio. Once you have visibility into your lanes at this range and depth, you can start making the decisions that will improve your business.

WE CAN LOOK AT
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CUSTOMER,
COMMODITIES,
INBOUND STATES,
OUTBOUND
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DRIVERS, AND
MORE.



T O D O M O R E

HOW MINSTAR USES LANE ANALYSIS

WE REMOVE LANES THAT AREN'T PROFITABLE.

- No one is in business to lose money; so when we looked at our lanes and saw that some of them weren't profitable, we stopped sending our trucks there. We started our investigation by designing reports that let us see a list of loads with origins, destinations, and OR. At a glance we could see that California to Arizona was paying well, but that California to Illinois wasn't. Sometimes there are other factors to consider, such as getting a driver home or doing a favor to a loyal customer, but the data shows us that there are some places that we shouldn't go to on a regular basis.

WE USE LANE ANALYSIS AS A BID TOOL.

- Some customers request that we rebid all of their lanes each year. This involves extensive time and effort on our part, but we've started using Lane Analysis data to facilitate the process. For any customer, we can look at the previous year, see where they sent us, where we made profit and where we didn't, and what our deadhead was. Based on what we learned, we could choose to bid up some of the lanes which had high deadhead and were not profitable. We drilled down, analyzed the data, determined which lanes were the best, and bid those really well.

WE USE THE REPORTS TO CATCH ERRORS.

- After viewing lane data in various reports, we realized that we were able to catch errors that might have otherwise slipped past us. Analyzing the Operating Ratio revealed to us that certain lanes had a particularly low OR. Here again, we were able to use the software to drill down and get the full picture. We learned that, in some cases, we were failing to add all of the stop charges necessary, and these charges were significant. Our use of Lane Analysis brought it to our attention.

WE USE THE DATA TO GUIDE DRIVER RECRUITING AND RETENTION.

- Drivers need to get home on a regular basis and MinStar works hard to make this happen. The challenge is getting those drivers home who live far away from any of our lanes. We used Lane Analysis to look at the number of drivers in each state and compare that to our top states and markets. We're based in Minnesota, so it was no surprise to see that this is our busiest state and that we have more drivers living in Minnesota than any other state. However, we were surprised to discover that we had almost no drivers from Iowa, our second busiest state. So, why aren't we recruiting in Iowa? When we narrowed our search from states to markets, we saw that Eau Claire, Wisconsin was a top destination, which told us that we should try to recruit drivers there, instead of Superior or Green Bay. When drivers live along your lanes, life is easier for everyone.

T H E A B I L I T Y

WE LOOK FOR HIDDEN COSTS.

- If we're not making money on a lane, we want to be sure we know why. It's not always clear what the problem is, because some lanes have hidden costs. Maybe there are frequent accidents at one loading dock because it's poorly designed and drivers have to back in blind. We may discover that our trucks are being slowed down by more inspections in some states than others. Perhaps the data will reveal that speeding tickets are spiking along a certain corridor. The more we know, the more adjustments we can make to improve our performance.

WE USE IT TO TRACK VELOCITY.

- Velocity tells you how efficient you are at getting loads delivered. It's a measurement that gives a ratio in miles per hour based on the length of haul in relation to the time it takes from picking up the load to delivering it. With velocity, we're not looking only at revenue per mile; we factor time into the equation and look at the total revenue per hour on a load. Once you start tracking velocity, you can start taking actions that improve it. Taking six hours off your load time doesn't increase your revenue per mile, but it does generate six hours that you can use to get started on another load. You're improving asset utilization, driver efficiency, and customer service. In this way velocity is another way to evaluate lanes. This valuable bit of data shows you where inefficiencies are holding down your profit.



T O D O M O R E

HOW TO GET STARTED

USE LANE ANALYSIS EVERY DAY AND EXPAND YOUR SCOPE GRADUALLY.

- Lane Analysis offers so many options that it may seem overwhelming at first. The best approach is to start by looking at only a few specific metrics, but to track these on a daily basis. Do you know your deadhead percentage on all of your major lanes? What about your OR? Find some questions that you want answered and use Lane Analysis to provide answers. After this becomes part of your daily routine, expand your scope. Look at your lanes

from more vantage points and start making connections between various sets of data. If there's not time in your schedule to do this, find someone in the company who can make this a priority. The benefits that come from tracking lane data will pay for the investment of time and energy many times over.

EXAMINE LANES FROM DIFFERENT ANGLES, BUT CHOOSE CAREFULLY WHICH DATA TO VIEW.

- Business objectives should guide your work. Lane Analysis can provide data from

many different perspectives, but you should choose carefully which sets of data you will view. At one point, driver recruiting and retention may be your priorities, but six months later, you may have a different focus. You have to define your business objectives, and then find the data within Lane Analysis that will help you pursue that agenda.

DIG DOWN INTO THE DETAILS WHEN NECESSARY.

- There have been countless times when we've looked at data and wondered why this figure was so low or that figure was so high. That's when you have to drill down and gather the surrounding data that tells the full story. The ability to get the details easily is one of the reasons this tool is so valuable to us.

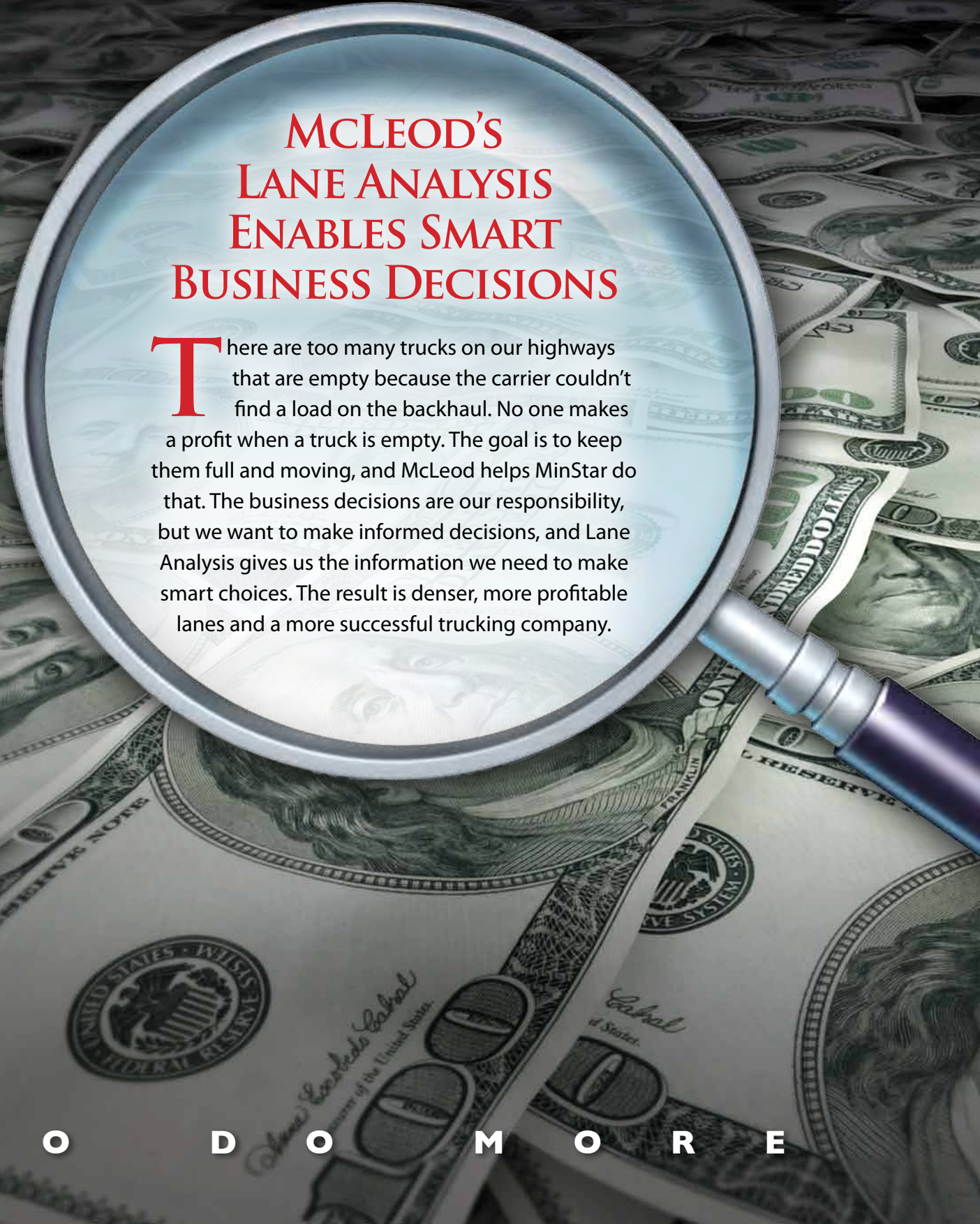
TAKE ACTION BASED ON WHAT YOU LEARN.

- "No" can be a good word. You don't have to lose money. You don't have to take the loads that aren't profitable. If a lane isn't working, tell your customer that the rate has to change or you can't handle those loads anymore. There's no benefit to investing time with Lane Analysis if you don't take actions based on what you've learned. We take this data, look at it from every direction, and then push it back out to our staff. Whenever possible, we arrange to provide data to our staff on a real-time basis, so that they can make decisions and take actions within time frames that have an immediate impact on business outcomes.

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T H E A B I L I T Y



MCLEOD'S LANE ANALYSIS ENABLES SMART BUSINESS DECISIONS

There are too many trucks on our highways that are empty because the carrier couldn't find a load on the backhaul. No one makes a profit when a truck is empty. The goal is to keep them full and moving, and McLeod helps MinStar do that. The business decisions are our responsibility, but we want to make informed decisions, and Lane Analysis gives us the information we need to make smart choices. The result is denser, more profitable lanes and a more successful trucking company.

T O D O M O R E



**We can help you
and your business do more,
more profitably, today!**

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