

Spring Transportation Seminar Series

Midwest Transportation Consortium

University of Missouri - Columbia

Iowa State University

University of Northern Iowa

University of Missouri - Kansas City

University of Missouri - St. Louis

Lincoln University

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Transportation Business Associates

Denver, Colorado

Businesses help solve others problems...



There are all kinds of problems!!!



...and Bigger is not always better!



General Overview

Our purpose is to be informative and thought provoking

- Presenter Information
- Transportation Industry Overview
- Operational Profitability
- Information Age Opportunities
- Where YOU come in!!!

***PRESENTER
INFORMATION***

Presenter - Jay Thompson

- **High School** - Operated farming equipment
- **College** - Drove trucks in logging, coal & construction
- **Major Industry Supplier** - to transportation (*13 years*)
 - Product performance - worldwide troubleshooter
 - In Denver - sales, service & field engineering
- **Aviation & Trucking Holding Company** (*5 years*)
 - Bankruptcy, M&A, IRS & financing company work
 - ICC companies & brokerage / agent – 500k miler
 - Equipment holding & leasing (*aircraft & I.C. trucks*)
 - State College operated truck driving school
 - College accredited / FAA Part 141 pilot training
 - FAA Part 135 charter airline

Presenter - Jay Thompson

- **Transportation Business Associates** (*last 14 years*)
 - Supply chain / logistics / Intermodal – productivity consulting
 - Marketing consulting to major industry suppliers
 - Investment firm analyst (*public companies*)
 - Banking / financing – analyst / marketing
 - Business management consulting (*benchmarking, program creation, training seminars, etc.*)
- **Other Current Businesses & Activities**
 - Partner in lease-financing company (*1,500+ units*)
 - Partner in e-Business (*GPS, RFID, satellite, terrestrial, hardware, software, integration...*)
 - On or consultant to trucking companies boards
 - Active in public forums, shows & publications
 - Copyright and patent holder, CDL, pilot & insurance producer

INDUSTRY OVERVIEW

Transportation Overview

- Overall market is about 20% of US economy
- Breakdown \$\$: Highway - 75%; Rail - 10%; Water - 5%; Air - 5%; Pipeline - 3%
- Breakdown Tonnage: Rail - 35%; Highway - 30%; Pipeline - 20%; Water - 15%
- Growth projections very positive
--100% in next 20 yrs.

What Will Drive Growth...

- Driven in part by commodities (*food, manufacturing, housing...*)
- Weakening dollar helps (*exports...*)
- Capacity is an on-going issue (*revenue & customer focus*)
- Logistics / JIT focus will continue
- Intermodal is major growth area
- Functional integration is key (*just like with IT*)

Segment Opportunities

- Shippers / Consignees
- Freight / Logistics / Intermodal companies
- DOT compliance (*safety, legal, licensing, logs...*)
- Infrastructure (*rail, ports, highways...*)
- Industry Suppliers (*banking, financing, equipment, oil, IT, other services...*)

***OPERATIONAL
PROFITABILITY***
(a look at trucking)

Top Transportation Issues

- Revenue (*lanes, pricing, surcharge...*)
- Productivity (*biggest impact on profits*) – 1 to 3+
- People (*largest overall cost*) – 30%
- Equipment (*largest fixed cost*) – 15%
- Fuel (*largest operating cost*) – 20% normalized
- Risk Mitigation (*insurance, compliance...*) – 10%
- Government (*taxes, emissions, etc.*) – implied ½

Successful Companies Will...

- Focus on targeted shippers
- Manage growth (*unlike late '90's*)
- Address personnel (*\$\$ vs. home vs. work*)
- Increase utilization (*from 50% of available tonnage space & the miles per week*)
- Utilize Information Technology (*integration*)
- Make the most of strategic relationships

INFORMATION AGE OPPORTUNITIES

The Information Age

- Internet is largest innovation since printing press (the first information age)
- Affects every part of our life and work
- Allows information to be freely shared
- Replacing TV, radio, newspapers...
- Offers E-mail, information, low cost purchases...
- “Bigger” issue is what information to share
- WE must decide how to best tie it all together

The Internet

“The CB Radio of the Information Age”

- Like a CB, much of the information must be qualified (*fleets, trucks, dealers, traffic...*)
- Use it as a tool in conjunction with what and who you already know
- However, personal relationships for business will be more important than ever

IT - In Trucking

Internet (*Information, features / benefits, low cost purchases...*)

Satellite / terrestrial communication (*Trip notification, E-mail, load tracking, problems...*)

Onboard electronics (*Diagnostics, parameters...*)

Revenue (*Load costing, closest equipment, traffic lanes...*)

Fleet software (*Routing, mileage & cost summaries...*)

Day-to-day operations (*Productivity programs, notification...*)

Equipment (*Spec it to mission / operation*)

Fuel (*Where and how to purchase – different options*)

Insurance (*Health/life/collision/bobtail/workers compensation*)

IT - In Trucking

Financing (*How to get best from industry & fleet programs*)

Maintenance (*Servicing and tires – fleet / OEM programs*)

License and permits (*Programs available*)

Repairs (*Information & planning – programs, dealers...*)

Banking (*Billing, direct deposit, automatic payment, debits...*)

Retirement planning (*Ask questions and help do something*)

Accountants / computer programs (*Pricing & services options*)

Planning (*Key business practice – benchmarking*)

Industry Support Programs (*Strategic alliances*)

Examples From A Typical Company

- **TRIP GENERATION** - Trip costing, loaded & deadhead miles, routing
- **ACCOUNTING** - Billing, accounts receivable / accounts payable, checkbook, operational information, advances, payroll, accountant tax information
- **ON ROAD** – Truck feedback, fuel prices, advances, directions, traffic, port bypass
- **ROAD & FUEL TAX** - Separate calculation program
- **LOG VERIFICATION** - Audits, reports
- **AGENT / BROKER FREIGHT** - Agents process, DAT
- **DRIVER SCREENING** - DAC type program
- **SPREADSHEET TYPE PROGRAMS** - Cost analysis, maintenance
- **INFORMATION PRODUCTS** - Internet, satellite, relays

Key Trends

- INTEGRATION – functional & information
(adapting reality to information)
- Customer needs assessments and software flexibility versus selling generic products
- Seamless information flow with shippers, consignees & all interested parties
- Paperless BOL, signature capture, automatic billing...

Key Trends

- GPS tied into truck for mapping, directions...
– transmission tied into other services
- Trailer / load tracking focus – security, planning, demurrage, used as storage, etc.
- Mobile devices for voice / e-mail for operators (retention issue)
- Mobile Internet – in dash – weather, news, sports, routing, mapping, etc.

***SUMMARY
& WHERE YOU FIT IN!***

Personal Keys To Success

- Focus on what you like doing best
- Work hard at it (work yourself out of job)
- You will be noticed & things will open up
- Take advantage of opportunities
- Networking is more important than ever

Some Final Thoughts

- You are OUR future!
- Listen before acting (*take a walk first*)
- Look at things historically - with a fresh eye
- Clearly define the situation
- Articulate vision – “Mission Statement”
- Don’t coast – if so – you are going down hill

Thank You!!!

How about questions???

