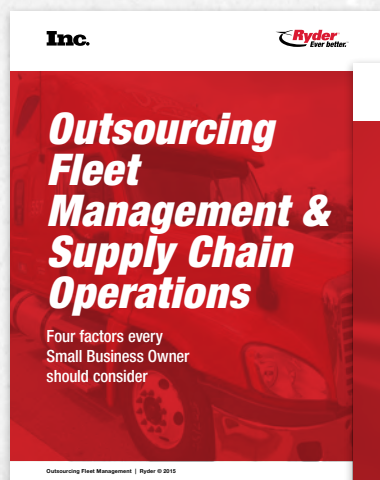


Making Commerce Flow

How fleet management outsourcing is helping small and mid-sized companies in many different industries reduce costs, boost performance and increase customer satisfaction.

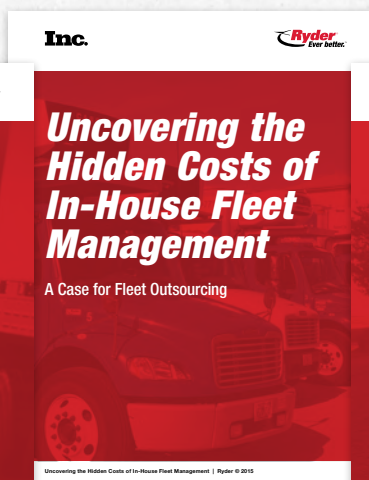
FEATURING CASE STUDIES ON:



DIAZ FOODS



W. B. MASON



THE ICE CREAM CLUB



APPLE VALLEY CREAMERY

Inc.



Making Commerce Flow

Helping W.B. Mason build
a brand and set records



CASE STUDY

Helping W.B. Mason build a brand and set records

This company's 99% on-time delivery rate is just one part of its amazing story.

For W.B. Mason, delivering office supplies is about much more than making sure that packages arrive on time. Because customer service is critical to survival and growth in the office supply industry, they hire expert drivers with excellent customer service skills. And when they need vehicles for their elite drivers, they call Ryder.

In 1981, W.B. Mason began leasing two of its five-vehicle fleet from Ryder. "To stay focused on growing our delivery services, we needed

someone else to focus on our fleet," says W.B. Mason CEO, Leo J. Meehan III. "We had experienced some breakdowns and a couple of engines seizing up. This had a big impact on our delivery consistency."

Safe and sound service

Now, with more than 770 trucks in over 60 locations and 24 states, W.B. Mason has an on-time delivery rate of over 99 percent. "This is an industry record," says Marc Thibeau, Ryder's Senior V.P. of Fleet Management Services. According to Thibeau,

Ryder performs more than 2,000 preventative maintenance inspections on W.B. Mason's vehicles each year, preventing downtime and delays.

"They are meticulous," says Meehan. "Ryder keeps us moving and keeps us safe." When inclement weather conditions arise, their technicians scrutinize tires, wipers, and other problematic areas, seamlessly switching vehicles and parts as needed. To further alleviate liability and promote caution on the road, Ryder also provides safety seminars for W.B. Mason's drivers. This is all crucial, according to Meehan. "We're covering millions of miles every year," he says. "We cannot keep our customers happy if we have accidents."

Meehan also praises Ryder's ability to respond whenever anything goes awry. "They have a system to get us back up and running within 60 minutes," he says. "This is key to helping us maintain continuity and get everything delivered on time, even in the toughest conditions."

Efficiency, customization, and marketing

W.B. Mason's record-setting efficiency is due to more than well-maintained vehicles and well-trained drivers. Ryder also provides customization solutions that allow for quick and easy loading and unloading. Angled shelving and adjustable racks and bins can be rearranged with each load, allowing W.B. Mason to tailor truck interiors to each load. And because W.B. Mason's loaders are able to arrange items in an order specific to the day's route, drivers can unload cargo sequentially at each stop. This saves time and reduces delivery errors.

"We carry everything from office chairs to some very delicate items," says Meehan. "Our trucks have to accommodate everything together." To this end, Ryder reinforces their trucks' bodies to support

greater load capacity and provides adjustable strapping and netting to keep stacked items from falling. “Our air-ride system lets drivers lower the vehicles,” adds Ryder’s Thibeau. “This—as well as nonstick floors and extra handrails—makes unloading easier and safer.”

“Whenever we are getting ready to order new trucks,” Meehan says, “We meet with Ryder to detail our needs, and we work together over several months to engineer the best solution. That results in our getting the latest and greatest trucks that do just what we need them to.”

Some of those needs have less to do with the interiors of the trucks than with the exteriors, and Ryder plays a huge role there, as well. “[W.B. Mason’s] most important advertising isn’t accomplished through our various sponsorships or on TV,” says Meehan. “It’s done on our trucks. Our signature colors and lettering stand out from everything else on the road.” W.B. Mason has created a powerful image in the marketplace with their custom trucks—and Ryder makes sure their message stays fresh. “They take meticulous care of our fleet,” says Meehan. “Our trucks always look brand new, even when they’re a few years old. It’s not enough to keep our vehicles running and safe; making us look good out there is mission-critical. It’s how customers know who we are.”

The secret to success, today and tomorrow

“Specialize in what you’re good at doing. That’s the secret to success,” says Meehan. “We made the decision to be really good at training our sales and service people and having the best drivers around. But maintaining trucks isn’t our mission.”

For Meehan, partnering with Ryder allows his company to focus on its primary mission: delivering quality office supplies. “The truck-

maintenance mission belongs to Ryder,” he says. “That’s what they are expert in. And that is key for us, because delivery is front and center for us—along with the quality of our web site, it’s what makes companies want to do business with us.”

It’s a relationship that is continually evolving. As W. B. Mason adds new products, for example, trucks need to be modified to accommodate everything from janitorial supplies to coffee service items to large water jugs. Thibeau is confident in Ryder’s ability to meet whatever challenges the duo face. “As W.B. Mason plans on expanding into all 50 states within the next decade, Ryder is positioned to provide more trucks and operational excellence along the way,” he says. “We have more than 800 locations across the country, so we have the scope and scale that ensure that W.B. Mason can meet its goals and further improve their competitiveness.”

Meehan is equally confident. “Our slogan is, ‘Face it, we’re the best.’ Ryder’s been a very big part in making that true, and we will continue to work together for a long, long time.” ■

W.B. Mason A Fleet Management Journey

What happens when you combine W.B. Mason’s century-spanning customer service skills with Ryder’s fleet management expertise?

National reach

THE FIRST 83 YEARS



- 1898-1981:**
- 1 warehouse in Brockton, Mass.
 - Fleet of 5 trucks, owned by W.B. Mason
 - Frequent breakdowns and maintenance issues

1981: W.B. MASON PARTNERS WITH RYDER

- Today:**
- Fleet of 770+ trucks, owned and serviced by Ryder
 - 60+ locations
 - 24 states
 - 230,000+ customers
 - Largest privately owned office supplier in the U.S.



THE RYDER ADVANTAGE



The result is W.B. Mason’s 99% on-time delivery rate—an industry record!



Cutting Costs in a Growing Industry: Technology and Trends in Fleet Management

The global fleet management market is growing. By 2019, it's predicted to jump in value from its current \$12 billion to **more than \$35 billion**. This increase is due in large part to investments in new technologies, as well as growing pressure on companies to control delivery costs. And, as managing a vehicle fleet has grown in complexity, more businesses are realizing that staying competitive means focusing on their primary mission of products and customer service—while hiring fleet management companies to take charge of their fleets.

Outsourcing Fleet Management

Increasingly, businesses that don't want to deal with the problems and costs associated with retaining and finding good drivers, purchasing vehicles, and paying for maintenance are looking to fleet management companies to handle all of their transportation needs. As an added bonus, Ryder and other fleet management companies offer fuel packages that guarantee fueling at a certain price—no matter how the fuel market fluctuates. By eliminating the guesswork of maintenance and

fueling costs, companies can finally budget for the future with certainty, while doubling down on their primary mission of customer service.

Finding Alternative Fuels

While technology can help streamline operations, fuel remains a major fleet management cost. The cost of a barrel of crude fluctuates in the short term, but most forecasts show increases over the next decade. As a result, many fleet managers are turning to advanced fuel sources, including:

- **NATURAL GAS** This abundant, homegrown resource costs less than its energy equivalent in diesel. It currently comes in two forms: Compressed (CNG) and Liquefied (LNG). The former is best employed in high-density areas, but its liquid counterpart is more energy dense for longer hauls. And companies concerned with their carbon footprint convert their fleets to natural gas, reducing their well-to-wheel CO2 emissions by as much as 25 percent.
- **ELECTRIC AND ELECTRIC HYBRID VEHICLES** Electric vehicles depend on powerful batteries rather than diesel combustion, avoiding the cost and pollutants of diesel fuel; hybrid vehicles employ these batteries at idle and low speeds, and then switch to a standard diesel engine at greater speeds. Hybrids have the potential to cut fuel usage by 30 to 40 percent in short-range pickup and delivery roles.

Renewed Interest in Traditional Cost-Saving Measures

"No matter what, there will always be pressure to reduce fleet operating costs," says **Paul Myerson**, of Lehigh University's **Department of Management**, "so companies are looking again at traditional ways to save." There is still a lot to be gained

from lower-tech solutions, especially when combined with technology and alternative fueling. These traditional methods include:

- **RIGHTSIZING** While new technology has an important place in fleet management, making the best vehicle choices is perhaps even more crucial to managing costs. For this reason, fleet administrators are putting an increased emphasis on making sure vehicle specs match their workload. Employing the appropriate vehicle size can make a huge impact on both initial expenditures and long-term fuel costs.
- **DEDICATED FLEET VS. FOR-HIRE CARRIERS** Businesses are also re-examining their fleets and routes, considering factors such as travel distance and number of stops to make decisions about outsourcing to for-hire carriers. According to [Supply Chain Quarterly](#), partnering with a for-hire carrier group has many benefits, including improving on-time delivery performance by a whopping 5 to 10 percent. For companies that already have a dedicated fleet, a custom hybrid solution that combines both a dedicated fleet and a for-hire carrier can be a great alternative.
- **VEHICLE RETENTION AND REMARKETING** The overall trend in vehicle pricing is on the rise—in large part due to new technology and engineering expenses. This has caused many fleets to keep vehicles longer than traditionally recommended. There's a fine balance to maintain between managing vehicle costs and resell value, and preventing aging vehicles from become breakdown liabilities. According to a recent [study by the Keystone Group](#), it costs 85% more to maintain a five-

year-old truck versus a similar truck that is less than a year old. For a fleet of 2,500 trucks running an average of 100,000 miles per truck, per year, that equates to a cost increase of \$2.5 million per year.

Data-Driven Driving

"To improve route efficiency, operating performance, and delivery times, we're seeing greater use of telematics and GPS systems," says Myerson, "as well as the use of more advanced fleet management software."

These powerful tools, some accessible via mobile devices, others built into "black boxes," can save drivers time, keep them safer, and help fleet managers track their vehicles from a distance. Some notable emerging features include:

- **VEHICLE DIAGNOSTICS** Many tools are integrated directly into vehicles' electronics. This allows them to report on engine performance by measuring a variety of statistics and fault codes. Some applications allow managers to drill deeply into data to discover potential risks or find ways to improve engine efficiency.
- **DIGITAL COMPLIANCE** This technology allows drivers to fill out forms digitally, cutting down on unnecessary paperwork during inspections. Further, drivers can log hours-of-service (HOS) to maintain federal compliance standards quickly while in-cab without paper logbooks.
- **BUSINESS INTELLIGENCE** Managers can download and create reports based on vehicle and driver measures such as idle time, driver hours, and fuel expenditures. Reports are highly customizable, allowing businesses to build reports specific to the size and other specifics of their fleet. ■

Additional Reading

Want to learn more about fuel efficiency, driver management, vehicle maintenance, or anything else we've touched on? The following resources offer additional insights into the world of fleet management.

FLEETED

This is an online resource of the [National Associate of Fleet Administrators](#). In addition to a library of articles and papers on topics ranging from regulation and legislation to fleet sustainability and solutions, this site provides sample tools for fleet managers and benchmarking data they can use as a standard for comparing their own fleet efficiency.

RYDER WHITE PAPER: WHAT TO CONSIDER WHEN CONSIDERING FUEL EFFICIENCY

A discussion of fuel-efficient means to power fleets, and which options are practical for different kinds of fleets and operations. This white paper offers insights on natural gas, electric, and hybrid options, providing background on each, practical usage, and trends in the infrastructure surrounding each.

TOP 2015 TRENDS IN FLEET MANAGEMENT

Provided by [Automotive Fleet](#): The Car and Truck Fleet and Leasing Management Magazine, this downloadable report offers insights on the growing use of intelligence and technology to reduce costs while increasing fleet productivity and profit.

Outsourcing Fleet Management & Supply Chain Operations

Four factors every
Small Business Owner
should consider



Ryder: an Indispensable Link in the Supply Chain

Before partnering with Ryder, Diaz Foods had their own delivery fleet—and a host of problems. “We had a VW van that we blew the engine out of,” says Rene Diaz, CEO of Diaz Food, “and a 1969 Mack truck with wooden floors complete with holes in them. We started breaking down, and we finally realized that we didn’t want to own trucks anymore. We couldn’t take time to constantly deal with repairs, because our customers needed our products.”

After several years of using Ryder rentals to cover their own fleet breakdowns, Diaz Foods became a Ryder Full Service Lease Customer in 1993. Describing the relationship between Diaz Foods and Ryder, Adriano Melluzzo, Ryder VP of Fleet Management, says, “Diaz Foods needed a reliable partner to help them deliver their products, so they could focus on growing their business.” And during the more than 20-year partnership, Diaz has done just that. “Today,” Melluzzo notes, “Diaz Foods’ fleet has grown to more than 50 Ryder vehicles.” Ryder has now become an indispensable link in the Diaz Foods supply chain, helping the company solve challenges, expand their business, and grow their profits.”

Although Diaz cited many reasons why he loves working with Ryder, there are three primary benefits that he says keep them coming back:

FLEET FLEXIBILITY

Working with Ryder offers Diaz Foods vehicle flexibility they’d never have otherwise. “What if you were an airline that only flew 737s?” asks Diaz. “If there was a problem with that model, and the FAA grounded them all, it would destroy your business. But I’m not stuck with one type of truck or equipment. I can see what works best for our routes, and if we’re just trying out a new route, we can rent or lease a truck or two

CASE STUDY

Ryder and Diaz Foods: Fueling a Family’s Business Journey

Breakdowns? Empty gas tanks? Not for this food products company.

The Diaz family has made a habit of covering long distances, starting in 1967 with their move from Cuba to Atlanta. That journey—along with a lot of hard work—paid off in 1970, when Rene Diaz’s grandfather opened his first grocery store. Forty-five years later, the family business has grown and evolved into a highly specialized supplier of imported specialty foods. Diaz Foods is doubly unique: first, it delivers to

both grocery outlets and restaurants, and second, many of the company’s exotic foods require precisely controlled temperatures in order to arrive in peak condition. Combine those needs with the company’s expanding scope of operations—its truck travel 140,000 miles a week, delivering to locations in 28 states—and the result is a thriving business that would be impossible to manage effectively without Ryder.

before we commit. Without Ryder we'd be forced to buy trucks for routes that might not work out. Ryder gives us the flexibility to experiment."

SERVICE SAVINGS

"If we have a breakdown, it doesn't matter if we're in the middle of nowhere," says Diaz. "Ryder brings a new vehicle to us, hitches our trailer to it, and we're moving again within two hours. And on the way back, our tractor is fixed and ready. We can pick it up and leave the sub. Ryder takes care of it all. We don't have to worry about a mechanic overcharging us, and we don't have any downtime. I save money using Ryder every single day. That, I can guarantee."

FUEL SERVICES

Ryder also helps Diaz manage their fuel costs and needs. "We offer Diaz Foods a fuel-service package that provides them with predictable pricing, so they can better manage their transportation spend," says Ryder's Melluzzo.

For Diaz, Ryder's fuel-service package means that they can adequately plan and budget—with no surprises. "We go through about 30,000 gallons of fuel a week. A ten-cent increase per gallon for us would be devastating. Our contract with Ryder protects us from that."

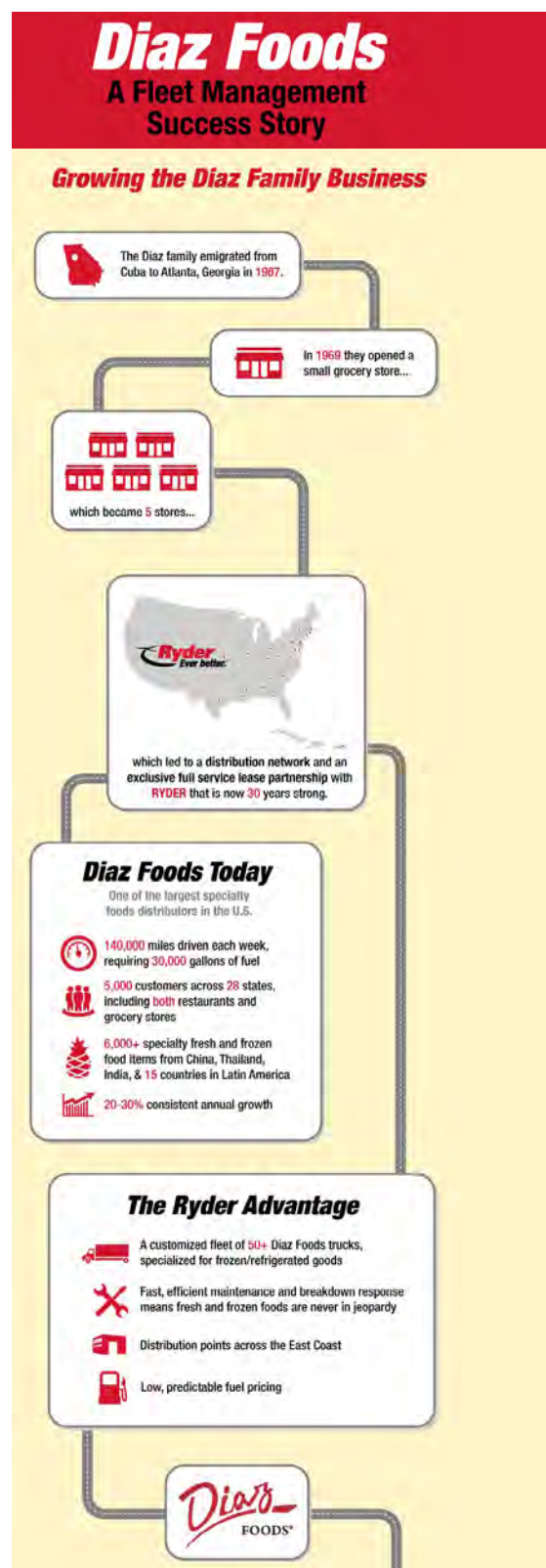
Diaz recalls the fuel shortage following Hurricane Katrina: "That following Saturday, not one gas station in Georgia had any kind of fuel. Ryder did, though. On Monday morning, our competitors weren't running. But thanks to Ryder, we were. The shortage was so bad that schools had to close, but we were still making deliveries."

An Invaluable Partnership

Diaz Foods' journey from a mom n' pop grocery store to a specialty foods provider with 7,000 distribution points in 28 states has been a long journey—one that it has made with Ryder. In fact, Ryder is so integral to their business model that Diaz Foods' choice of distribution points has been based in part on their proximity to Ryder locations.

"When we were looking for a place to open a new facility in Virginia, one of our biggest criteria was that it had to be within five miles of a Ryder facility," says Diaz. "We had found a very promising place, one that was actually much cheaper than what we finally settled on—but it was forty miles from Ryder. Instead, we went with a property within a mile of a Ryder hub. The rent is higher, but having Ryder right there with us makes it completely worth it."

"I don't have to pay a premium to work with Ryder," Diaz says. "Don't get me wrong...they are a premium company. But I'm not paying extra. Between the flexibility, the vehicle maintenance, and the fuel, working with Ryder is saving me money and time—and that's invaluable." ■





Assessing Your Needs and Opportunities: Four Factors To Consider

Faced with rising costs, increased regulation, and driver shortages, many business leaders have begun to think about outsourcing some—or all—of their fleet management and supply chain needs. If you feel overwhelmed by making such a mammoth decision, you're not alone. While every business owner must base transportation and distribution decisions around their own company's specific needs and resources, there are a number of high-level concerns and factors that are the same for every company, which must be considered to arrive at the optimum fleet-management and distribution outsourcing

decision. In this article, we'll examine four of the most important.

• Factor 1: Cost

Business leaders often believe that fleet management and supply chain solutions outsourcing will cost them more than they would spend if they handled all aspects of this critical facet of their company's operations themselves. But in today's uncertain environment of fuel pricing, driver shortages, and supplier turnover, outsourcing to a fleet management and supply chain solutions provider is more likely to save money. One reason

is because company leaders often don't have a firm grasp of all the expenses involved with fleet management and supply chain solutions—for example, the expense of vehicle procurement and maintenance over time often surpasses what companies budget for. Trucks depreciate quickly and cost more to maintain over time, while also tying up assets that could be invested elsewhere to greater benefit.

Consider: Outsourcing provides stability by taking away the guesswork and offering low, stable pricing on fuel, labor, and equipment. In fact, third-party supply chain solutions (3PL) providers like Ryder can save businesses 10 to 20 percent on annual transportation costs by optimizing loads, tendering compliance, and negotiating reduced rates. On vehicle procurement alone, Ryder can save companies as much as 10%. Even in smaller fleets, the cumulative savings are impressive.

• Factor 2: Loss of Control

Many business leaders worry that by turning over their fleet management and supply chain solutions to another company they will lose control of key aspects of distribution and delivery. This is understandable—especially given that drivers are often the most direct and regular points of contact with customers. Not only are you potentially putting your customer service at risk, but it also feels like you're surrendering your ability to manage over-the-road safety and maintain the integrity of your products—some of which may require special handling due to fragility, perishability, or specific customer requirements and expectations.

Consider: The truth of the matter is that with in-house fleet management and supply chain solutions, you're already putting

your reputation and products at risk. You can hire the best drivers and purchase state-of-the-art vehicles (paying a premium for both) and there are still no guarantees that your do-it-yourself approach will result in great service.

The best fleet management and supply chain solutions providers have built-in systems allowing you maximum control—the ability to track inventory, diagnose problems, and even choose carriers. Ryder's Centralized Control Tower, for example, provides visibility to in-transit inventory at the part/SKU level. And real-time adjustments to delivery schedules and locations provide you with the flexibility needed to deliver the right service levels at the lowest possible price.

• Factor 3: Commitment

Committing to a contract can be a source of anxiety. No business owner wants to feel “stuck forever” to a fleet management and supply chain solutions service—or to stifling contractual terms. And what happens if you have an off year or your transportation needs fluctuate? A fleet should be able to respond to market demands, rather than operate based on a signed agreement under different circumstances.

Consider: Reputable fleet management and supply chain solutions providers like Ryder offer flexibility within a commitment. Access to a network of preferred, for-hire carriers and Ryder's vast procurement power lets you tap into needed resources when demand is high, and scale back when necessary, without your company footing the administrative costs of hiring or haggling over the financing of new vehicles. In addition to offering you flexibility to meet demand, Ryder's transportation solutions help you comply with safety, hours of

service, and emissions regulations. This is an arrangement most businesses are eager to commit to.

• Factor 4: Execution Risk

How do you know a fleet management and supply chain solutions company will follow through on the promises you've made to your customers, or be able to handle problems as well as you do? No one wants to lose control over their operations—or throw away the institutional knowledge their transportation department has accumulated. It might save some money, but is outsourcing worth such potential risks? These fears are legitimate—and especially plausible when a business shifts its transportation strategy and begins working with a new, external team.

Consider: Outsourcing isn't about taking on more risk, but about acquiring the experience and infrastructure you need to help your business manage risks as it grows. According to the [National Private Truck Council's](#) 2012 benchmarking survey, a significant number of businesses report that—along with affordable access to drivers and fuel—regulatory compliance and safety concerns are among their key challenges. It's difficult for most businesses to keep track of constantly changing regulations pertaining to driver hours, environmental compliance, and safety standards—and failure to do so puts them at risk of costly fines or legal proceedings. Top-quality fleet management outsourcing providers, like Ryder, employ experts who are dedicated to this responsibility, reducing your risk of non-compliance. Even more importantly, Ryder's industry-leading safety record of 3.7 million miles traveled collision-free is proof of their dedication to training, maintenance, and accident prevention.

Conclusion

Private fleets now account for less than half of all trucking in the U.S., and that number continues to shrink. The reasons speak for themselves: cost savings, mitigation of risk, increased efficiency, and improved flexibility. Given that the best fleet management providers offer you the ability to blend resources from the carrier group and your private fleet, outsourcing has become easier than ever. If you haven't explored this option lately, it's time to forget what you thought you knew and take another look. ■

Additional Reading

Want to learn more about outsourcing fleet management? Here are a few places to find out what factors are contributing to the rise of outsourcing, and whether or not it's right for you.

AMERICAN TRUCKING ASSOCIATIONS

The ATA features news, reports, research, and trends related to land fleet management—as well as links to conferences and other educational events.

NAFA

the National Association of Fleet Administrators' [publications page](#) offers access to a number of resources—including legislative updates that impact transportation and vehicle regulations.

UNDERSTANDING TOTAL COST OF FLEET OWNERSHIP

This white paper outlines all of the details that many businesses overlook when deciding to operate their own fleets. Find out your Total Cost of Ownership (TCO) and learn how you can save by leasing your fleet from Ryder.

Inc.



Uncovering the Hidden Costs of In-House Fleet Management

A Case for Fleet Outsourcing



CASE STUDY

Ryder and The Ice Cream Club

Rewarding Membership for More than Three Decades

When it comes to growing your business, it not only helps to *think* big but to partner with companies that know how to help you *get* big. “Ryder manages 300 to 500 trucks for some of its clients,” says Heather Draper, director of [The Ice Cream Club](#). “We have eight. But when we have any kind of need they make us feel like we’re their number-one customer at that moment.”

Purveyors of more than 175 unique flavors of ice cream, frozen yogurt, and other cold treats, The Ice Cream Club began as a single storefront in 1982. The Florida-based company now produces one million gallons of their award-winning product for more than 500 ice cream shops, restaurants, and other clients across the southeast U.S. and Caribbean

Islands. Their meticulous attention to making ice cream accounts for this growing demand—but reaching their expanding customer base would be impossible without their close relationship with Ryder.

Avoiding a Meltdown

The logistics of moving ice cream products across the country are complicated. “Many of our routes are overnight or longer,” says Rich Draper, CEO of The Ice Cream Club. “So we require mechanical refrigeration, not just cold packs. Ice cream has its own setup; you can’t just show up with a refrigerator truck or a box truck. It has to be a dedicated, low-temp ice cream truck.”

Thanks to Ryder, The Ice Cream Club has quick and easy access to the vehicles they need. “We can very easily

reach out to Ryder, tell them we need a truck, and say that it needs to be minus twenty degrees,” says Draper. “We know that the truck will be at our office the following morning.”

Ryder’s access to specialized vehicles was a huge selling point for The Ice Cream Club—as was Ryder’s highly responsive maintenance infrastructure. “We have a lot of inventory on our trucks—\$20,000 to \$30,000 worth of invoiced ice cream going on these two- or three-day routes up throughout the Southeast U.S.,” says Draper. “We needed assurance that we’d have breakdown assistance. Having the Ryder network out there makes a big difference—not only for saving the immediate product, but saving the route.”



Excellence in Customer Service

Ryder's vast and flexible network of resources makes it easier for The Ice Cream Club to go the extra mile for their customers. "One of our trucks was in Alabama making a delivery to one of our best customers—someone who has been with us for twenty years," says Draper. "And the power went down in the entire town. Our driver took everything from that customer's freezer and put it in his truck. He gave up a day of his route waiting for the city to get the power back up—all to accommodate that customer." This extra effort meant a lot of communication and flexibility in order to compensate for having a truck delayed in Alabama for an entire day, but it was a demand that Ryder was able to skillfully manage thanks to its geographic footprint and its responsiveness.

A Network That Works

Mike Steetle of Ryder has worked with dairies and creameries before but says The Ice Cream Club is unique, requiring his team to make special accommodations. "We've enhanced our service capabilities for them because there's such a sense of urgency and sensitivity to the product—to the integrity of it," says Steetle. "They send their guys on missions—out for two, three, and four

days with the same truck, distributing product as far up out of Florida as the Carolinas. We don't want a situation where it turns into milkshakes."

Ryder's robust network of vehicles, partners, and maintenance facilities has been another huge benefit to The Ice Cream Club. "Other companies claim to have a network, but it's clear that Ryder has the best one," says Rich Draper. "They have relationships with other vendors that come into play—Carrier, for example, or Thermo King. If they need to, they can reach out to these partners to get things done that no one else can."

The Road Ahead

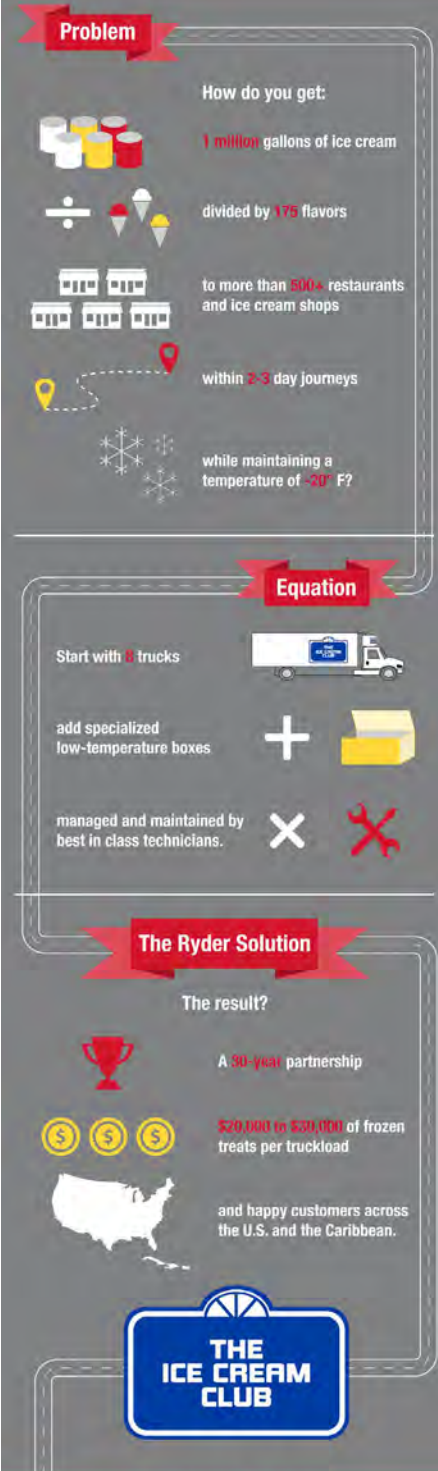
From operating its own single storefront to becoming a supplier to hundreds of storefronts, businesses, and consumers, The Ice Cream Club is a success story built around on-time and on-temperature delivery. "We've been at this for 33 years now, and we're still growing," says Rich Draper. "And it's nice to know that as we continue to grow, we'll be able to grow with Ryder and utilize even more of their services."

"After all," he says, "we can have the best product in the world, but if we can't get it to people in a timely manner, what's the point?" ■

Ice Cream Club

Solving the Fleet Management Equation

How do you move up to \$30,000 worth of invoiced ice cream to multiple destinations throughout the U.S. and Caribbean? Ryder has the answer.



Problem Solved!

By leveraging Ryder's ability to procure and expertly maintain specialized vehicles, The Ice Cream Club has grown from a single storefront to a successful supplier of ice cream for hundreds of businesses and their ice-cream-craving customers.



Fleet Outsourcing: What to Know before you Crunch the Numbers

Operating a fleet of trucks requires a huge investment of time and resources. Trucks and trailers must be procured and maintained, and an expert staff of qualified drivers, mechanics, and administrators must be managed. Regulatory changes must be monitored to ensure compliance with vehicle standards and driver behaviors. And companies must be prepared to handle breakdowns, staffing emergencies, and fluctuations in fuel prices.

Then there's the technology. "If you're a large enough company, you can have systems that track everything from

driver compliance and certifications to booking, routing, and tracking," says George Carl Pezold, executive director of the [Transportation & Logistics Council](#). "But smaller carriers, with very few exceptions, can't afford to have that expertise in-house." While there is technology available to help with many aspects of fleet management, and some of it relatively inexpensive, the expertise needed to properly implement these tools—as well as keep an eye on ever-changing regulatory standards—comes at a premium.

The Outsourcing Trend

For business owners, the alternative to owning your own trucks is fleet

outsourcing, an option that more and more businesses are choosing. "Outsourcing is a way to improve your management perspective," says Pezold. "If you're in the business of making electronics or housewares, that's where your focus should be. You're thinking about sales and marketing. Transportation costs are figured into your margins, but you're rarely seeing or thinking about those numbers. It's easier to let someone else worry about it—especially if they can do it cheaper and better."

Perhaps surprisingly, large companies are actually leading the outsourcing charge; [a study by Fleet Financials](#) found that companies with 1,000 or more vehicles are more likely to outsource their fleet management tasks than their smaller counterparts—perhaps because smaller companies mistakenly think that they need to reach a certain critical mass before outsourcing becomes a viable option.

The total cost of operating a fleet is more than even large businesses want to manage. And those costs often exceed what companies know about, because many of the costs of maintaining a fleet are not apparent. These hidden costs can be broken out into three significant categories:

• COSTS OF FLEET

PROCUREMENT. Most businesses factor in the costs of fleet procurement—including the fees associated with financing, interest, taxes, and licensing. These can be significant, particularly if the necessary vehicles are specialized, (for example, include refrigerated trailers or customized storage).

But many fleet operators neglect to consider the eventual fees necessary for disposal and salvage of their vehicles, as well as the immediate depreciation in the value of their fleet. Compounding these losses is the inability to invest fleet costs

elsewhere. With purchasing power tied to fleet assets, many businesses find themselves unable to invest in tools and talent more directly tied to their mission.

• COSTS OF FLEET

MAINTENANCE. Fleet operators account for fuel expenses and basic maintenance—basic parts and labor and rental or replacement vehicles to cover routes during routine maintenance. Many businesses also invest in asset-management systems to track vehicle maintenance. But few are able to accurately account for the costs involved in breakdowns—including roadside service and the losses involved in customer service failures resulting from route downtime. As fleets age, too, it becomes more and more expensive and difficult to keep them roadworthy and compliant with current vehicle standards. In fact, according to [a recent study](#), it costs 85 percent more to maintain a five-year-old truck than its brand new counterpart, and these costs become considerable when multiplied across an entire fleet.

• COSTS OF ADMINISTRATION

Recruitment of drivers is also becoming more and more problematic. [The American Trucking Associations](#) (ATA) reports [a growing shortage](#) of qualified drivers. In fact, the current shortfall of 35,000 drivers is expected to grow to more than 200,000 in the next five years. This means a perpetual effort on the part of a company's HR staff to secure, train, and retain reliable transportation staff. And hiring independent contractors is becoming problematic as many states are pressuring companies to shift contractors into employee roles, shifting the expense of benefits and liabilities to fleet operators. "The result," says Pezold, "is increasing costs, paperwork, and

administrative burdens. It's a trend that is continuing to grow. I don't see it getting any better."

Paying drivers, fuel and highway tax reporting, adhering to safety requirements, ensuring driver compliance, licensure, permits, certification, maintenance—it's a lot to handle—especially while attempting to manage costs. There are consultants and transportation attorneys available to help set up compliance files and lease contracts—but these services come at a cost. "Mom-and-Pop transportation companies are a dying breed," says Pezold. "Increased regulations, safety requirements, and so on are making it too difficult."

Mix and Match

The ability of fleet management companies to secure fuel, vehicles, parts, and equipment at volume discounts, as well as their expertise in managing logistics surrounding drivers and regulations, helps them keep their operating costs low—and pass those savings on to their customers.

While outsourcing transportation might not be a viable solution for every company with goods to deliver, businesses of every size are recognizing and reaping the benefits of letting experts manage their fleets. Even outsourcing portions of fleet management—whether titling and registration services or routine maintenance—can result in significant savings in money, time, and trouble. This lets business owners spend less time on transportation issues, allowing them to focus more time and energy on their products, sales, and customers. In other words, by letting the experts—in transportation and outside of it—focus on what they do best, everybody wins. ■

Additional Reading

Want to find out more about trends in outsourcing? Here are some places to learn more about the costs and complexities of fleet management.

THE TRANSPORTATION AND LOGISTICS COUNCIL

This not-for-profit corporation serves the interests of the shipping community through education, as well as expert representation in legal matters. Their site offers links to seminars and publications on topics related to virtually all things transportation related.

THE IMPACT OF A NEWER FLEET: THE EFFECT OF NEW VS. OLD TRUCKS ON MAINTENANCE COSTS AND FUEL ECONOMY

This white paper by The Keystone Group offers a detailed look at the costs associated with aging fleets and how best to balance procurement costs with maintenance expenses.

GETTING TO THE BOTTOM OF THE BOTTOM LINE: DEMYSTIFYING THE TOTAL COSTS OF FLEET OWNERSHIP

This white paper from Ryder presents a realistic and comprehensive view of fleet ownership, including issues surrounding procurement, maintenance, and disposal.

Fleet Management Outsourcing: Driving Growth in a Data-Driven World

To meet customers' ever-increasing expectations, your company needs a simple way to analyze and optimize fleet performance in every aspect.





CASE STUDY

Apple Valley Creamery: Delivery Makes The Difference

The family farm, so iconically American, may be a good deal less common than it once was, but often the farms that remain have found innovative ways to survive. There's a level of quality and care that can only be found in family farms and specialized producers of agricultural products, and that's a fact that more consumers are coming to appreciate.

Apple Valley Creamery is not just surviving, but thriving due to both of those factors. The dairy, located in south-central Pennsylvania, just up the road from Gettysburg, prides itself on being the opposite of a factory farm. And, thanks to Ryder's fleet management services, more customers in the state are gaining access to its large array of products.

Rather than expanding its acreage, as is the trend in dairy farming, Apple Valley Creamery is succeeding by expanding

its footprint, both in terms of its geographic reach and its product mix.

Eight years ago, its home-delivery business consisted of five customers and a minivan. Now, Apple Valley Creamery serves approximately 600 delivery customers per week—as well as thirty restaurants and small grocers.

From Minivan to Mini Fleet

As they outgrew their minivan, Apple Valley Creamery purchased additional vehicles. "We only had two or three trucks," says co-owner Don Everett, "but even so, things were getting neglected. Equipment issues add up—particularly with refrigerated trucks." Even dealing with a small fleet quickly became a big distraction for Everett—until a colleague recommended Ryder.

Ryder's ability to save money for its clients was a powerful incentive, but

it was Ryder's customer service that really sealed the deal for Everett. "Ryder's service has been exceptional," he says. "They've built a great relationship with us."

Minding the Details of a Flexible Fleet

Apple Valley Creamery's primary product is milk, but they also deliver other grocery staples to their customers, some of which require very different handling than their signature glass bottles. Working with a third-party vendor, Apple Valley had designed a special multi-compartment box that accommodates frozen, refrigerated, and room-temperature goods, all kept in separate areas of the truck.

Everett was pleasantly surprised with Ryder's willingness to simply move this box onto a Ryder chassis, and work with the same custom box manufacturer going forward to ensure the perfect match between box and truck. Meanwhile, Ryder created custom graphic design treatments for all the Apple Valley trucks, which now serve as a primary source of advertising for the company. "When we began the company," Everett says, "the only way people knew about us was by coming to our farm stand. Now they see our trucks, which look really professional and very impressive. That's been a nice addition to our business."

Ready to Grow

Ryder has been a perfect fit for Apple Valley Creamery's operation and will continue to work with the dairy company as their delivery service grows. The farm itself is deliberately staying family-sized, but they're offering an ever-growing variety of goods by partnering with fellow farmers in their region. "Ryder's 'one-stop shop' aspect of its services has been a tremendous help to us," Everett says. "We may be a small fish, but they've spent a lot of time with us, helping us figure out our exact needs."



Fleet Management Outsourcing: Driving Growth in a Data-Driven World

Fleet management has evolved rapidly in recent decades, as supply chains become increasingly automated and more dependent on real-time information. These transformations have resulted in new expectations from consumers—many of whom are becoming accustomed to expedited, or even same-day, delivery of goods within growing urban congestion.

The challenge for smaller business owners and distributors is to make their fleets as efficient and responsive as possible—but these smaller operations often lack the in-house expertise to manage the multiple variables. Another option for smaller

and younger companies is to partner with a trusted fleet management provider with access to the data and infrastructure to meet rising demand.

Emerging Businesses and Outsourcing Transportation

Private fleets are shrinking, and Chip White, Georgia Tech Professor, and Schneider National Chair in Transportation and Logistics at the H. Milton Stewart School of Industrial & Systems Engineering, has a theory about why. “If you’re in an emerging industry, you want focus on what you’re doing,” says White. To be competitive and hone their expertise, White believes more firms are outsourcing.

“If it were me,” he says, “managing a fleet isn’t the reason I got into business. And starting out, I wouldn’t have the components and information to make it happen. Transportation logistics is one of the first things I’d outsource.” He adds the caveat that businesses outsourcing these services would do well to maintain some degree of expertise internally. “Not to manage the fleet,” he says, “but to be able to evaluate the service being provided. You need someone who can understand the logistics data—that way you know if your service provider is performing up to their promises. It’s important to be an informed consumer.”

Data: The New Mom & Pop

Because the Internet Age has made it possible for almost all small businesses to operate globally, the traditional small town/small business “mom and pop” model is giving way to new ways of knowing and serving customers. The massive amount of information available about customer behavior and purchasing trends is taking the place of the traditional “mom and pop” relationship.

“If you have a call at 9:00AM for a 2:00PM delivery,” says White, “and your fleet is already out, how do you take that info and respond to the request?” In the same way that “mom” or “pop” would expect a familiar local customer to make a specific purchase on a certain day, predictive analytics can use historic customer data to determine when orders and deliveries are likely to be made. By anticipating behavior, companies can be ready with inventory, and fleet management providers can be ready with transportation.

Eliminating the Problem of Being Small

“In reality, the traditional mom and pop setups don’t necessarily control their fleet that well,” says White. “Not compared to bigger distributors. It’s becoming harder and harder to

be competitive with internal fleet management, particularly with larger competitors knowing how to use data to manage routing and sequencing.” According to White, partnering with a fleet provider allows smaller firms to gain the advantages of a large fleet, allowing them to compete with much larger companies in their market space.

By partnering with a fleet provider, small companies’ deliveries become more cost effective. “If you’re a small business with a small fleet,” says White, “you’re moving your goods from a factory to a distribution center; you’ve got that head haul—but usually no back haul.” Larger transportation logistics providers, though, have the data and networks available to arrange a back haul on the return trip. “A transportation company carries both ways,” says White. “It’s more cost effective, and they can share the advantage with their clients in their pricing structure.”

The Road to Growth

“We talk about the differences between small and large businesses but, often, businesses are only small because they’re new,” says White. While growth is not inevitable, White suggests, adopting the tactics and tools of larger operators can actually spur growth. This means that smaller operators can anticipate and efficiently respond to customer demand and manage the logistics of travel in data-driven ways. For emerging businesses, without the experience and infrastructure to do this for themselves, outsourcing to a fleet logistics provider can help them reach customers as efficiently as their larger competitors. The result is a lean, data-driven operation that combines the advantages of a small business with the capabilities of a global operation. ■

Additional Reading

If you want to learn more about current trends in outsourcing, data and logistics, or other aspects of transportation and supply chain management, try these links below.

BUREAU OF TRANSPORTATION STATISTICS The Office of the Assistant Secretary for Research and Technology’s Bureau of Transportation Statistics. This arm of the US DOT offers data and statistics on all aspects of freight and transportation, including technical reports and links to publications and related links.

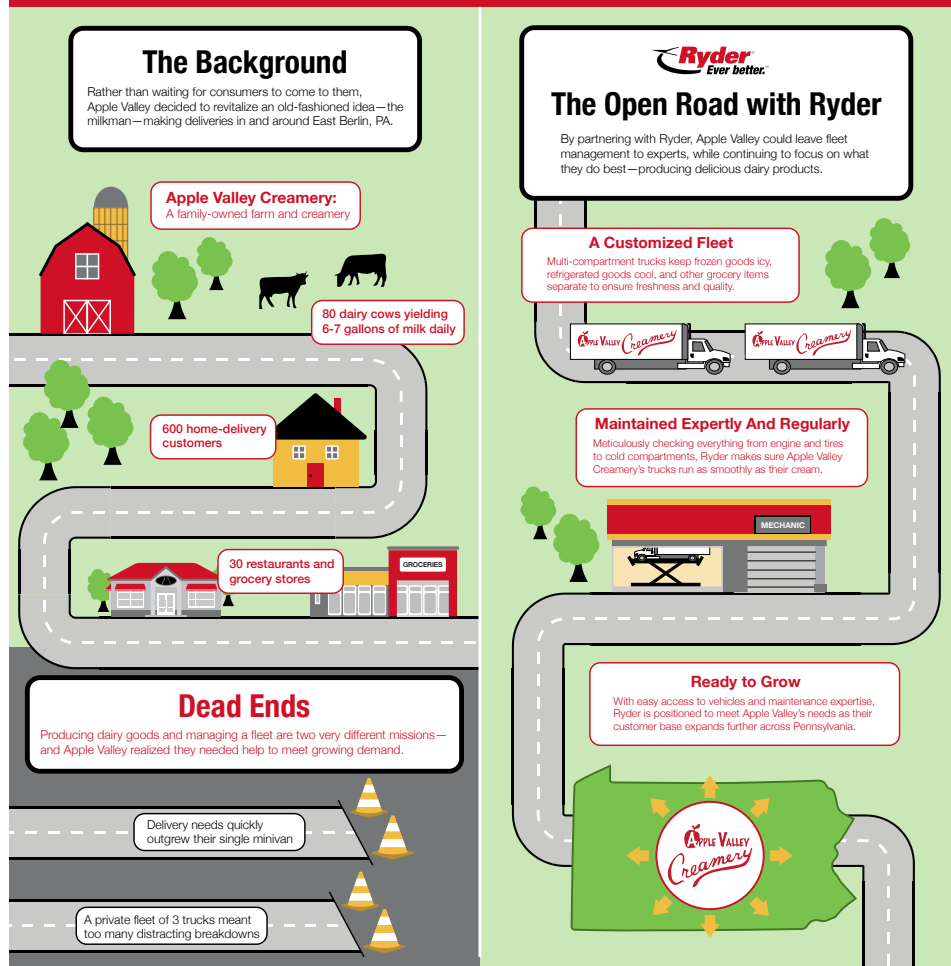
PLUNKETT RESEARCH, LTD This market research company offers data and interpretation of a wide array of business and transportation analytics. In addition to written analysis, they offer video tips and introductions to topics, and downloadable statistics, as well as memberships to gain access to more.

IS FLEET MANAGEMENT A CORE COMPETENCY? EXECUTIVE SUMMARY This white paper provides an overview of attitudes towards fleet management, including a pair of case studies outlining the potential of outsourcing when related skills are not part of a business’s core competencies.

Apple Valley Creamery

A Roadmap to Fleet Management Success

When it comes to producing quality, cruelty-free dairy goods, nobody can beat the experts at Apple Valley Creamery. But the dairy was having trouble getting their fresh products to customers. Luckily, Ryder was there to show them the way.



Apple Valley Creamery knows dairy. Ryder knows delivery. By combining their quality products with Ryder’s ability to supply and maintain a fleet customized to frozen and refrigerated goods, Apple Valley has found a perfect path to customer satisfaction.