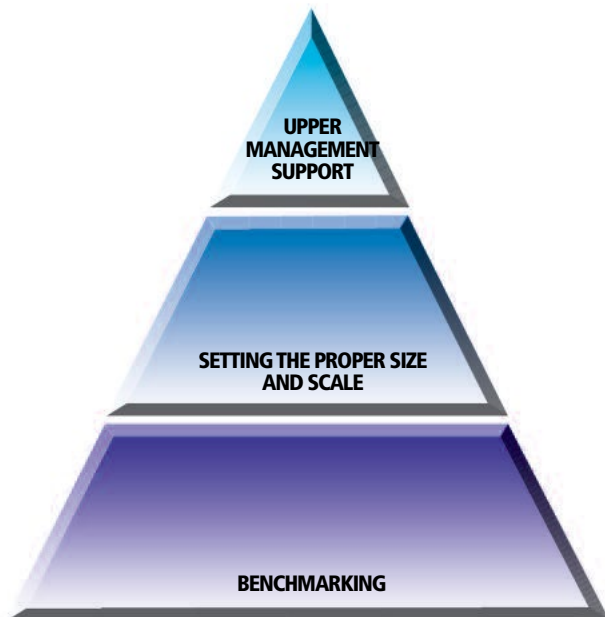


# THE SUCCESS PYRAMID OF PRIVATE FLEETS

**P**PRIVATE FLEETS generally provide a unique, differentiated value for their companies and represent a significant competitive edge over competitors without a private fleet. Companies with private fleets also exercise considerable leverage as more sophisticated users of outsider carrier services to augment their private fleet. These advantages are not inherent just by virtue of operating a private fleet, however.

Competitive advantage must be continuously demonstrated. Corporations view the private fleet as a preferred choice of transportation as long as the fleet earns its justification every day, on every run, by consistently meeting-- and often exceeding--high performance standards of customer service, safety, and cost control management. The fleet must prove over and over again to be superior to and more reliable than services available through outside carriers. Making the case for the private fleet is a never-ending process and can never be taken for granted even when successful—as expectations and performance standards continue to rise.

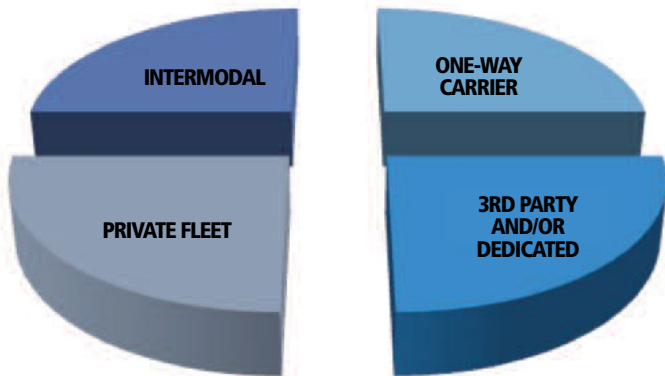
How does a private fleet sustain success in the long-run? The answer is illustrated in the chart below describing three tiers within the success pyramid of private fleets:



The top and most important tier is **support from upper management**. From the strategic perspective of the owners and the executive leadership team, the company's long-term investment in a private fleet must make sound business sense. It must be seen as a "plus factor" in distinguishing the corporate brand among key customers, and as a defensible cost or profit center from the finance department's vantage point. From the very top of corporate leadership, the company's own drivers with long histories of company employment, the impressive fleet of up-to-date tractors and trailers with the company's graphics and logo, and the fleet's exceptional safety record—all must be thought of as *the cost of doing business in a better way, and as desirable and distinctive symbols of corporate pride and achievement*.



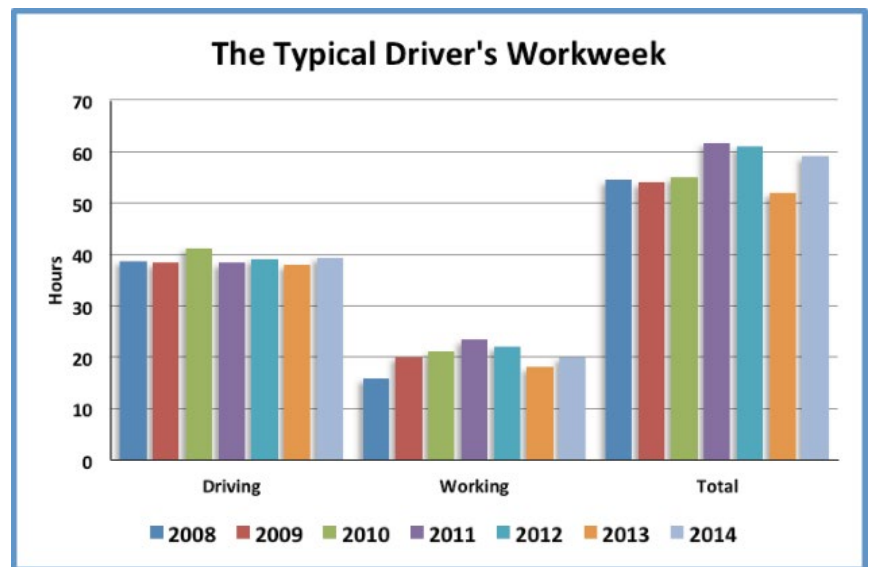
*William Buddy Brawley,  
Unifi Manufacturing  
2015 Driver Hall of Fame Inductee*



*Right-sized Fleets operate at all capacity levels.*

**The correct business model – setting the proper size and scale** – is the next most important tier. The fleet’s number of drivers, trucks, and frequency of runs—outbound and inbound—needs to be strategically targeted through constant analysis for possible expansion or contraction, as appropriate. This process ensures the fleet is right-sized as an overall percentage of transportation capacity required by the company versus that provided by outside carriers. Greater percentage does not necessarily equate with greater value; in fact, the reverse might be true. Private fleets ranging from 20% to 90% all may be correctly sized for their respective companies.

**Benchmarking** is the foundational tier of the pyramid. Selecting the most critical metrics to be measured, translating collected data into improved management direction and driver behavior, and “stacking up” private fleet performance against national benchmarking standards are practices typically found in successful private fleets. This process provides the working formula for tactical execution of fleet enhancements, upgrades, and continuous improvement.



*Example of key benchmarking metric.*

**All three tiers of the pyramid must be simultaneously strong.**

Private fleets can fail when any one tier is weakened. Three common causes of private fleet demise are, metaphorically speaking, *homicide*, *suicide*, and *death by natural cause*. “Homicide” may come about through slow starvation by funding cuts or abandonment of upper management’s support via outright divestiture of the fleet and outsourcing of transportation. Changes in executive leaders and ownership are a particularly high-risk event for private fleets.

“Suicide” results when fleet management fails to communicate and define the differentiated, competitive value of the fleet, neglects to practice rigorous justification protocols, or resigns or retires leaving no succession in plan in place with trained and qualified professional staff on board to carry on. “Death by natural cause” may simply mean the clock has run down on the private fleet’s business model. Acquisition by a larger competitor with no private fleet history, the company’s loss of market share, departure of key people, loss of a built-in culture of ongoing justification, etc.-- and suddenly the pyramid no longer stands.

Notwithstanding these potential threats, the vast majority of long-standing operating private fleets of today have “ success pyramids” in place. Most will continue into the foreseeable future—by staying on the leading edge of change. As an institutionalized, best-practice standard, they are making strategic investments in professional staff management training and Certified Transportation Professional® certification at all levels and positions within transportation departments (their leading supplier/vendors are doing likewise).



They are using latest-generation onboard technology and the most sophisticated IT management tools available to score-card driver productivity and maximize equipment utilization. They are recognizing and rewarding drivers while helping improve their quality of life experience to a degree unprecedented in the industry. They significantly reduce empty miles using state-of-art strategic planning tools and third-party support services. They are setting higher standards of driver safety performance and equipping their trucks with the most sophisticated array of active safety technologies while implementing complimentary operational policies.

Transportation as a corporate competency and visibility of supply chain as a strategic value are enhanced by the successful private fleet. Many now help bring a new dimension to shareholder value.



Gary Petty, President and CEO  
National Private Truck Council  
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