

WHY NPTC BENCHMARK-BASED TRAINING

is the *‘Secret Sauce’* OF PRIVATE FLEET SUCCESS

Gary Petty, President and CEO of the National Private Truck Council, describes the corporate expectations and standards of private fleets, and how NPTC-trained fleet managers measure successful performance through benchmarking and continuous improvement.



Q: Gary, how are private truck fleets different from others in the trucking industry?

Petty: A private fleet is not primarily in the business of selling trucking services. It serves as a corporate in-house trucking operation under the control of a shipper (manufacturer, distributor, retailer, supplier, etc.) whose primary business is something other than trucking (groceries, construction materials, industrial products, etc.). The private fleet provides on-demand trucking capacity to meet the shipper's business objectives, such as premium or specialized customer service. Private fleets constitute approximately 50% of the total number of motor carriers in the United States. The rest are for-hire carriers from truckload, less-than-truckload (LTL), household goods or office movers, car haulers, etc. A dedicated fleet provided by a for-hire carrier is not a private fleet, but often mischaracterized as one in the same.

Q: What training does the National Private Truck Council offer?

Petty: NPTC operates like a "School of Private Fleets." We train and certify fleet managers who use industry best practices, benchmarking, and peer-to-peer networking:

- To justify the fleet by optimizing performance success;
- To hire and retain the best drivers;
- To maintain the high safety standards; and
- To provide parent shipper companies with a competitive advantage, not just "a necessary evil."

Q: From a training and benchmarking perspective, what's different about private fleets compared to the rest of the trucking industry?

Petty: For shippers with private fleets, corporate transportation is a high priority and often a key component of company success and shareholder value. It is embraced as an essential in-house competency under professional management. Some 75% of private fleets operate as cost centers and 25% as profit centers. In either model, the fleet is expected to deliver high performance. This typically means significant investments are made in equipment, active safety technology, continuous training of drivers and managers, a fleet team hired and retained for long-term service, and a system in place measuring the fleet's success. From an overall industry perspective, the payoffs of these investments include the following:

- Private fleets are three times safer than the overall trucking industry (according to DOT reportable crash data).
- Premium customer service standards are sustainable, cost controls are managed, and productivity enhanced.
- Private fleet driver annual turnover averages 14.24% (15-year average) compared with 90% average for for-hire truckload carriers.
- Private fleet driver pay and benefits are the highest in the industry (\$69,754 in compensation plus 20% added in benefits).
- Private fleet driver longevity at the same company averages nearly ten years.
- Private fleets use industry/peer benchmarking to leverage outside carriers to significant advantage.
- Millions of dollars in annual savings are realized year-after-year compared to the actual costs of a fully outsourced business model.

Q: What are the subjects covered in your training for managers and drivers?

Petty: The Council's focus is management. Private fleets have their own customized driver training systems. Private fleet core subject areas are Safety, Equipment & Maintenance, Finance, Operations, and HR & Legal. We teach industry practices and policies which constitute shared "state of art" skills, knowledge, and experience as they continuously evolve. Much of this information comes from our annual Benchmarking Survey Report and shared experiences of leading fleet practitioners. We focus on proven practices and solutions. This past year we have given close attention to how operational practices have changed due to the COVID-19 crisis.

Q: How do private fleets use training for successful benchmarking?

Petty: By engaging our culture and learning how to measure their fleet's performance against peer-like fleets and our national standards. A sample of our national standards shows the following:

- Average DOT Reportable crashes per million miles is 0.54 accidents
- 66% use of PSP (Pre-Employment Screening Program) in hiring drivers
- 65% use automated transmissions

Q: Can you describe an example of a company's success using NPTC training and certification?

Petty: Yes, one fleet member company experienced a 9% growth in sales in 2020, but their fleet's costs rose only 6% while still operating at a 20% lower cost than outside carriers. The company's upper management described this as "fantastic!". The fleet manager, who is a graduate of our Certified Transportation Professional (CTP®) program, has been continuously engaged in our culture for over ten years and credits his fleet's management success to the Council's training and benchmarking. They have a customized system of spreadsheets from their CFO's office to aggregate data and document the fleet's performance, aided by our national benchmarking studies and the shared experience of hundreds of other private fleet members.

Q: What metrics and KPIs are used?

Petty: Here is a sample of *strategic metrics* to measure the fleet:

- Customer service (delivery windows, on-time, early, late, detention, etc.)
- Fleet business model: ratio/percentages of outbound and inbound versus use of outside carriers
- Empty miles and for-hire authority
- Environmental Sustainability "How Green is the Fleet"
- Fully loaded cost of driver and truck per day
- Benchmarking private fleet with outside carriers (beat or meet?)

Here is a sample of *tactical metrics* for measuring drivers:

- Speed – daily (over 8 MPH posted)
- MPG – weekly
- Idle Time – weekly
- Number of times driver applied brakes – monthly
- CSA scores – monthly
- Safe distance monitoring with in-cab cameras capturing driver events

Q: How important are in-cab cameras in measuring drivers?

Petty: Some 58% of private fleets use both forward and driver-facing cameras—the highest rate of utilization in the trucking industry. Critical driver "events" captured on video typically involve following too close (breaking the 6-second rule) and distracted driving (unplanned lane departure). These videos are powerful coaching tools to make drivers alert to what is often unconscious behavior. This information reminds even the best drivers they are only as good as their last safe run; that their driving habits, however good, can drift into overestimation of skills and underestimation of recovery margins in a risky situation. A driver's proud history of safety performance can lead to overconfidence and an unconscious sense of invulnerability. The camera can also potentially exonerate a driver from fault in an accident. The use of cameras and related data analytics has revolutionized and significantly improved private fleet driver coaching, training, score carding, and overall safety in the past five years.

Q: To wrap up, how does this training translate into higher fleet performance and sustained success.

Petty: Training is integral to the job of private fleet management, an essential core competency. But every fleet is different, with varying ways and degrees of measuring success. Fleet justification or qualification of value is a constant at most companies. A private fleet has to earn its keep every day. To do this, fleets must be on a path of continuous improvement that takes continuous training. The best path is through NPTC's benchmark-based training and our network of leading fleet managers who essentially train one another under the auspices of the Council's programs and services. The goal is mastery of measurement for changes which result in future better performance. A key insight from training is that very slight improvements make a huge impact. One 1200-truck fleet improved its annual MPG from 6.0 to 6.1, or 1/10th of 1 MPG, resulting in a \$580,00 savings for the year.

Training is the 'secret sauce' which makes private fleet success possible.