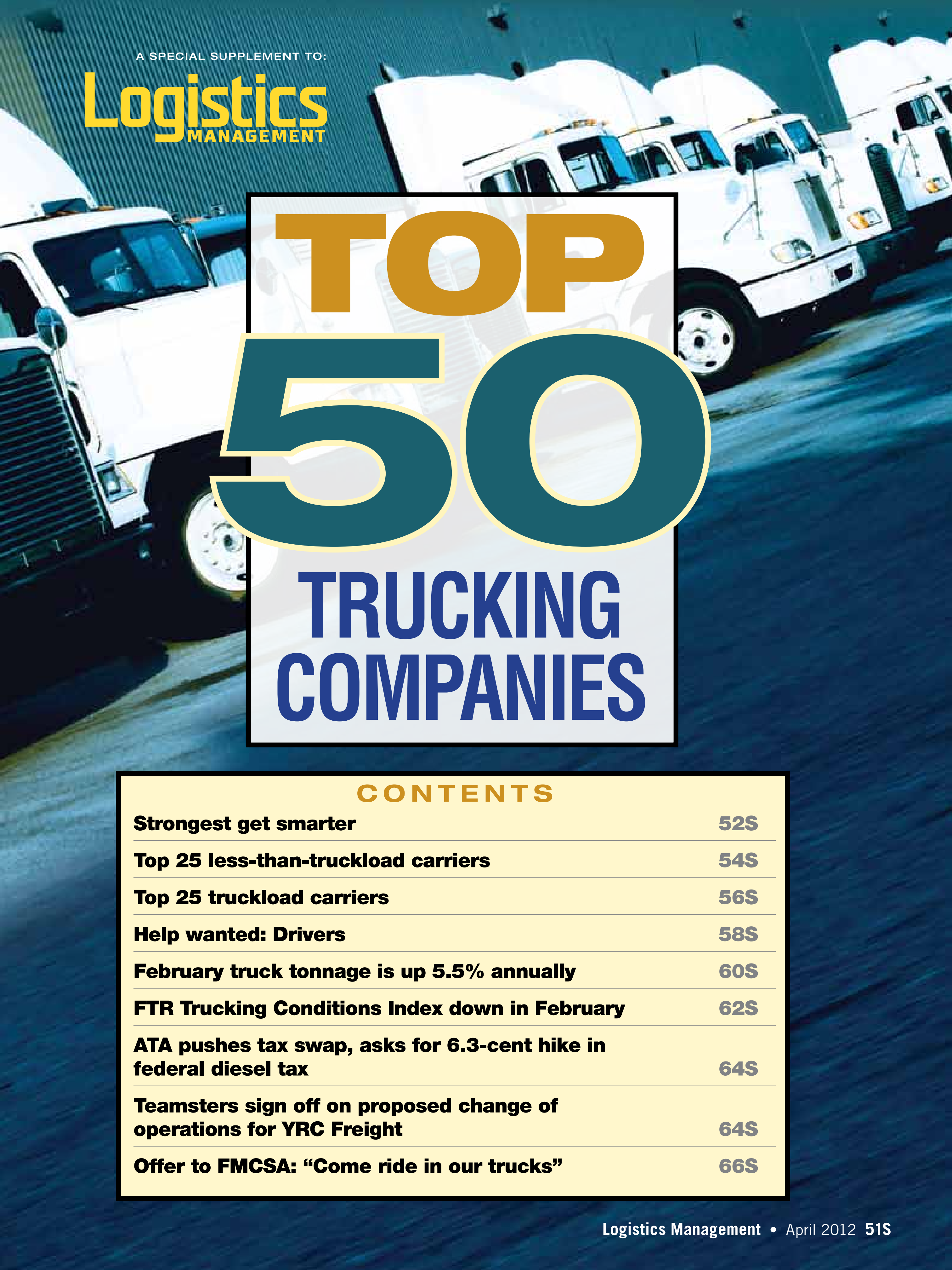

A SPECIAL SUPPLEMENT TO:

Logistics MANAGEMENT

TOP 50 TRUCKING COMPANIES

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TOP 50 TRUCKING COMPANIES

Strongest get SMARTER

The nation's top trucking companies share "high intensity" management teams, financial stability, and IT systems that afford "two-way communication" with shippers—and they're just getting wiser.

By John D. Schulz, Contributing Editor

Emerging from the three-year freight recession that slashed freight capacity and rates, the nation's top trucking companies view themselves as innovators, collaborators, technology leaders, and operational experts—not just as survivors of the Great Recession.

They also say that they've had to be part psychologist to retain drivers, part soothsayer to try and predict the future cost of fuel, and part accountant to keep a keen eye on ever-rising costs wherever possible.

Trucking insiders add that although all trucking companies basically use the same equipment over the same highways with the same pool of drivers, the Top 50 manage to differentiate themselves on many levels. According to John Larkin, longtime trucking analyst for Stifel Nicolaus, it starts at the top.

"When management intensity is high the organization pays attention to the details," says Larkin. "Management at the Top 50 is thinking 3 years to 5 years down the road to make sure that changes in the market and the industry don't leave the company up a creek without a paddle."

Logistics Management's (*LM*) annual listing of the nation's top trucking companies, compiled by leading trucking analyst firm SJ Consulting, runs the gamut of size and scope. There are units the likes of UPS

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TOP 25 LESS-THAN-TRUCKLOAD CARRIERS—2011 REVENUES

(Includes fuel surcharges)

RANK	CARRIER NAME	2011 REVENUE ($MILLION)	COMMENTS
1	FedEx Freight	$4,710	Combined networks of FedEx Freight and FedEx National LTL
2	Con-way Freight	$3,197	Parent company revenues hit record mark of $5.3 billion in 2011
3	YRC Freight	$3,183	Formerly YRC National, includes YRC Reimer
4	UPS Freight	$2,299	Fastest growing division of UPS in 2011
5	Old Dominion Freight Line	$1,732	Most profitable public LTL carrier
6	ABF Freight System	$1,681	Profitable in 2011 after losses in 2009 and 2010
7	Estes Express Lines	$1,636	Largest private LTL carrier
9	YRC Regional	$1,554	Includes Holland, Reddaway, New Penn
8	R+L Carriers*	$1,207	Only LTL carrier with title sponsorship of a college bowl game
10	Saia Motor Freight Line	$1,030	Launched inside sales division to focus on small shippers
11	Southeastern Freight Lines*	$820	Largest private regional LTL carrier
12	Vitran Express	$686	Acquired Milan Express in Feb. 2011
13	Averitt Express	$557	2012 total company revenue could top $1 billion
14	Roadrunner Transportation	$467	Made four acquisitions of non-LTL companies in 2011
15	AAA Cooper Transportation	$435	Total company revenues grew 11% to $521 million in 2011
16	Central Transport International	$384	Consolidated 30 terminals in network in Nov. 2011
17	New England Motor Freight	$336	Division of the Shevell Group of Companies
18	Dayton Freight Lines*	$321	Largest year-over-year growth of private LTL carriers
19	Pitt Ohio Express	$305	Member of Reliance Network for national coverage
20	A. Duie Pyle*	$267	Opened 15th terminal in Sept. 2011
21	Central Freight Lines*	$207	Last formerly public LTL carrier to be taken private
22	Daylight Transport	$158	Light-asset with concentration on West Coast
23	Oak Harbor Freight Lines	$147	Oldest LTL carrier in the Top 25
24	New Century Transportation	$145	Light-asset load to ride hybrid LTL operation
25	Wilson Trucking	$137	Extended direct coverage to parts of Kentucky in Nov. 2011
Total Top 25 LTL carrier revenues		**$27,601**	Note: Revenue for LTL operations only, unless otherwise indicated *Revenues primarily LTL and include less than ten percent for truckload and other services

Source: Company reports and SJ Consulting Group estimates. Prepared by SJ Consulting Group, Inc.

Freight and FedEx Freight that are subsidiaries of multibillion corporations; and then there are family- owned companies such as New England Motor Freight, a unit of the Shevell Group overseen by founder, Myron Shevell, a man with six decades of trucking experience.

But what all of these top operators have in common is operational excellence. Here's a look at what's making the Top 50 run like clockwork, and what shippers can expect from the best in class.

Common denominators

All trucking companies basically utilize the same trucks with the same population of drivers and run the same routes. Yet, there are key differentiators that set the best players apart from the rest. The nation's leading trucking executives recently opened up to *LM* to explain what they do best.

Hank Schmidt, president of Con-way Truckload, says one common denominator among the Top 50 carriers is certainly their commitment to safety, among other basics. "It's the ABCs of doing things right," says Schmidt. "That encompasses compliance, having top-notch equipment, hiring the best people, all of that."

Trucking analysts comb all aspects of a carrier's operation and they say that they see certain values, an operational culture of excellence, and other expertise that sets the best apart from the rest. "They all have great information technology systems because you can't manage intensively without the information to make high quality decisions," says Larkin.

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TOP 25 TRUCKLOAD CARRIERS—2011 REVENUES

(Including fuel surcharges)

RANK	CARRIER NAME	2011 REVENUE ($MILLION)	SUBSIDIARIES / COMMENTS
1	Swift Transportation	$3,021	Revenue growth driven by +20% increase in dedicated
2	Schneider National	$2,600	Includes Schneider National, Schneider National Bulk Carriers
3	Werner Enterprises	$1,684	Includes One-way Truckload, Dedicated, and Cross-Border
4	Landstar System*	$1,660	Business Capacity Owner revenue only
5	U.S. Xpress Enterprises	$1,570	Includes U.S. Xpress, Xpress Global Systems, Total Transportation, Arnold Transportation, Abilene Motor Express, Smith Transport
6	J.B. Hunt Transport Services	$1,536	First carrier to top $1 billion in dedicated trucking revenue
7	Prime**	$1,206	First carrier to top $1 billion in temperature-controlled TL revenue
9	C.R. England	$1,007	Includes England North America, England Mexico, England Dedicated
8	Crete Carrier Corp.	$942	Includes Crete Carrier, Shaffer Trucking, Hunt Transportation
10	Greatwide Logistics*	$907	Acquired Overton Transportation in Jan. 2011
11	CRST International	$846	Acquired Specialized Transportation (STI) in July 2011
12	Knight Transportation	$796	Includes Knight Transportation, Knight Refrigerated, Knight Port & Rail Services
13	Ruan Transportation Management Services “	$672	Includes Ruan Dedicated Contract Carriage, Bulk Transportation
14	Covenant Transport Group	$618	Revenue decline of Covenant Transport division offset by 18% revenue increase for Southern Refrigerated Transport
15	Ryder Systems	$601	Dedicated Contract Carriage
16	Anderson Trucking Service	$576	Includes ATS, ATS Specialized, SunBelt Furniture Xpress, Midwest Specialized Transportation, Warren Transportation
17	Stevens Transport	$575	Equipped 100% of fleet with auxiliary power units
18	Celadon Group**	$566	Acquired assets of FFE’s dry-van division, Martini Transportation, and Glen Moore in late 2011
19	Con-way Truckload	$532	Truckload division on Con-way, Inc.
20	Heartland Express	$529	Most profitable public truckload carrier
21	Mercer Transportation*	$468	Asset-light flatbed carrier. Largest year-over-year growth in Top 25
22	Marten Transport	$456	Largest public temperature-controlled carrier
23	NFI Industries	$452	NFI Dedicated. Total company revenue was $1 billion in 2011
24	Penske Logistics	$450	Total logistics revenues estimated at $2.6 billion in 2011
25	Interstate Distributor Co.	$444	Acquired by Saltchuk Resources in May 2011
	Total Top 25 truckload carrier revenues	**$24,713**	* Light-Asset Carrier ** Results adjusted to closer resemble calendar quarter

Source: Company Reports and SJ Consulting Group estimates. Prepared by SJ Consulting Group, Inc.

And if you dig a little deeper you also find that all of the Top 50 have a culture that accepts and positively reacts to management intensity. To this point, Larkin adds that the best trucking companies offer “customer communication that is a two-way street in the spirit of collaboration, not the old take-or-leave-it approach under the regulated mindset of the industry prior to deregulation in 1980.”

Today’s trucking leaders say they have to be part crystal ball reader, part operational genius, and part sales person extraordinaire to survive in an industry where, even in the best of the times, the industry operates on razor-thin profit margins.

“We’re always thinking ahead, trying to predict the future,” says Steve O’Kane, president of A. Duie Pyle, a leading regional LTL company. “We have been correct often enough to remain not only viable, but healthy, debt-free, and profitable.”

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Then, there are the operational nuts and bolts—the blocking and tackling—that all the top carriers share. This allows their asset utilization to be high through elimination of empty miles. They also run fleets that are relatively new and highly fuel efficient, allowing their asset life cycle costs to remain relatively low, according to Larkin. "And to fill the cabs of that equipment, they all offer top-notch driver recruiting, training, and retention programs," he adds.

And to top it off, the Top 50 have been able to keep their financial houses in order as well. This fact is especially important now, as the industry appears to be entering a period of tightening capacity and rising freight demand. At the same time, shippers with tight just-in-time inventory replenishment cycles simply can't afford to be without carriers with sufficient financial staying power, analysts say.

"Pricing is reflective of the service provided," adds Larkin. "Their balance sheets are not overly leveraged."

Staying alive to thrive

The fourth quarter of 2008 was generally considered

Biggest CSA problem areas according to carriers

The American Trucking Associations (ATA) says the issues cited by carriers as CSA problem areas include:

- Some states issue more tickets of a certain variety than do others. If a carrier disproportionately operates in such a state, his scores could be very misleading.
- Many small carriers have so few data points in the system that their scores are not revealed at all.
- One size does not fit all for hazardous materials. Right now, a carrier that spills a five-gallon can of paint is lumped together with a hauler of Class 1 hazmat with no differentiation noted.
- Failure to differentiate between non-avoidable accidents (such as being rear-ended) and those accidents where the truck driver is cited as being at fault.

—Source: American Trucking Associations (ATA)

the depth of the freight recession. Even top LTL companies such as Con-way Freight and FedEx Freight suffered their first quarterly losses in company history.

According to Larkin, most of *LM*'s top 50 companies took four steps to remain in business and stay viable: they rooted out all excess cost; avoided "only-price-matters" customers; downsized the operation to fit the "new normal" demand; and slowed capital expenditure programs.

Some LTL carriers' profits were hurt during the downturn as they ratcheted up their discounting in an attempt to take advantage of YRC Worldwide's financial woes. During the depth of the recession, there was a concerted effort by some LTL carriers to "go for the kill" regarding YRC Freight. YRC lost in excess of $2.6 billion in the past five years, more than any trucking company in history, but it's still rolling along.

Like YRC, A. Duie Pyle was born in the 1930s but has remained steadily profitable even in tough times, according to O'Kane, its president. "In Pyle's 87-year history, the moves taken to remain viable have been countless," he says. "Our business and the environment in which we operate both change rapidly, so knowing how to navigate through those changes and making good predictions of what our company needs to do in the future is more of a process than a few landmark decisions."

Others agree that the tortoise wins this race, not the hare. "While a number of companies played pricing games with shippers to gain volume, UPS Freight's success was based upon building market share each year for the past six years," says Paul Hoelting, UPS Freight's senior vice president for sales. "It's success based on a consistent approach focused on value."

Chuck Hammel, president of Pitt Ohio, a top Northeast regional carrier, says that his company has made "plenty" of innovations since its inception in 1979. "Early on we pioneered next-day service when all of the competition was 2 days to 3 days," says Hammel.

"We were an early adopter of using the internet to conduct business, an early adopter of using on-board computing, the first LTL company to introduce mobile apps for smart phones, and the first company to knit together eight private companies to serve all of North America seamlessly (through its Reliance Network)," says Hammel. "In other words, we kept on the cutting edge of changes in the marketplace."

The current challenges

Today, according to analyst Larkin and carrier executives, there are three major issues that affect all the top trucking companies and their levels of profitability:

1. Fuel: The industry is poised to spend a record $170 billion this year on diesel fuel, which has stubbornly remained at the $4-a-gallon level and is threatening to hit $5.

2. Regulations: The new CSA regulations (Compliance, Safety, Accountability) as well as

Helped Wanted: Drivers

The push to recruit, train, and retain qualified truck drivers has never been greater among *Logistics Mangagement*'s Top 50 trucking companies.

Demographics, the Obama administration's regulatory crackdown on unsafe drivers, and tougher standards are all working against the industry. Still, Top 50 trucking leaders say that there are innovative and successful ways to stay ahead in the driver game.

"Retaining drivers has not been an issue as we pay well and have a very rich benefit package," says Pitt Ohio President Chuck Hammel. "But hiring new drivers is another story. There simply aren't enough quality drivers to fill the current needs in the industry."

It appears to be a simple equation. Those companies that are the most financially stable are able to pay their drivers the most, alleviating any shortages. "Sitting on top of the food chain we are really not that worried," says UPS Freight's Paul Hoelting. "As an industry, of course, there is worry. But as a specific carrier we are better prepared than our competitors."

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A. Duie Pyle's Steve O'Kane has a simple formula: "Treat them right, pay them right, give them good and safe equipment, and continue to grow the business so they get the hours they want and need. Simple formula, but it all starts with treating them correctly."

Analyst John Larkin's solution to drivers is similarly simple: "Recruit and train drivers at a school or poach someone else's drivers." He advises that carriers make the job attractive with the newest equipment, best pay, and bonuses—and make sure drivers get enough miles yet get home on a regular basis.

—John D. Schulz,
Contributing Editor

tweaks to the hours-of-service regulations threatens to drive up costs—even on the best-run companies.

3. Drivers: They are already in scant supply due to demographics (one in six truck drivers are 55 or older) and tighter scrutiny. Those companies with sufficient drivers are already being forced to pay more to retain them.

When it comes to fuel, Larkin advises carriers to deal with a national vendor, such as Pilot, to buy fuel at the cheapest possible price. Carriers should also implement all aerodynamic devices, including tractor aerodynamic package, mud flaps, side shirts, tail-cones. He adds that carriers should optimize to the most fuel efficient/low fuel cost route and implement a dynamic fuel optimization program.

"An efficient network and investing in technology improves productivity, which in turn lowers fuel consumption," says UPS Freight's Hoelting.

"We continuously study the fuel price environment," says Pyle's O'Kane. "We hold up to 500,000 gallons in inventory, buying and stockpiling on price weakness, drawing down inventories when prices spike. Additionally, we purchase future contracts, trying to predict price highs and lows."

The industry agrees that drivers ought to be trained to be fuel efficient. The American Trucking Associations (ATA) is on record as favoring speed limiters on new trucks, preventing them from exceeding 65 mph to 68 mph in order to save fuel.

All carriers utilize a sliding fuel surcharge, but not all shippers are paying the fuel surcharge, preferring to cap it at a certain level when diesel spikes. Increasingly, carriers are requesting those shippers pay more to compensate. As Pitt Ohio's Hammel says: "We're addressing customers that have less than standard fuel surcharges and are bringing those customers onto the full scale."

As for the Obama administration's push for greater truck safety, Larkin is advising carriers to wait until rules are published to comply—and be sure what the rules will be.

"There is no reason to be on the bleeding edge trying to be a hero anticipating rules coming down the pipeline, especially if the rules stymie productivity," Larkin says, referring to the still-unpublished final rule on hours of service.

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Capacity and rates?

Capacity is slowly declining, carrier executives and analysts say. Lifecycle equipment ownership costs keep rising due to material price inflation, environmental rules, rising health care costs (at both manufacturers and carriers), safety, and fuel efficiency regulations. Fuel has steadily been increasing in cost, while driver pay and benefits will most certainly continue to rise.

Analyst Larkin says shippers could be facing what he calls "the mother of all capacity shortages." As demand continues to recover, Larkin says that there could be a capacity shortfall that would allow yields to rebound to rates not seen since the middle of the last decade.

All this adds up to bad news for shippers. Rates could rise 3 percent to 4 percent in less-than-truckload (LTL), perhaps even higher in truckload (TL), and perhaps *even* higher on certain lanes where capacity is tightest, analysts and shippers say.

Industry leaders say flatly that price increases are inevitable in 2012, and beyond.

"Undoubtedly, increased regulations in the industry, including CSA, will drive up costs with those carriers ill-equipped to find efficiencies," says UPS's Hoelting. "Those increased costs will be passed on to customers."

"As the driver shortage becomes more severe, and it will, driver pay must increase," predicts A Duie Pyle's O'Kane. "As an industry, we're going to need to increase pay to attract the number of drivers we need for the future."

Pitt Ohio's Hammel says that he's "certain" that rates will go up in the near term. "However, rates can only go so high before a shipper starts to look at adding their own company trucks or look at dedicated trucking," he warns. Once some large shippers switch away from common carrier to private or dedicated carriage, Hammel says, that will free up capacity for the rest of the market.

TL shippers could be in for even higher rates due to their longer lengths of haul and higher percentage cost of diesel. Cass Logistics, which pays around $17 billion in freight bills annually, says its TL pricing index rose 8.6 percent last year and could be in for a similar rise this year. TransCore, another bill payment services company, says that its TL contract rates rose 6.5 percent last year while spot rates rose 7.4 percent.

All this bodes well for carriers who have survived the worst economic downturn in 70 years. As Con-way Truckload's Schmidt says: "Market forces have dictated the survival of the fittest. The ship rises for those who have weathered the storm."

—John D. Schulz is a Contributing Editor to Logistics Management

February truck tonnage up 5.5 percent annually, says ATA

Seasonally-adjusted (SA) truck tonnage in February was up 0.5 percent after a revised 4.6 percent (from 4 percent) January decline and a 6.4 percent December increase. December represented the biggest annual monthly gain since July 1998 at 10.5 percent. February's SA was 119.3 (2000=100) and was ahead of January's 118.7 and 5.5 percent better than February 2011.

February's month-to-month increase was its sixth in the last seven months, according to ATA data. And the SA index is up 4.3 percent year-to-date compared to the first two months of 2011.

The ATA's not seasonally-adjusted (NSA) index, which represents the change in tonnage actually hauled by fleets before any seasonal adjustment, was up 1.3 percent in February from January at 112.9. It was below December's 116.4. Compared to February 2011, the NSA was up 9.7 percent.

Some analysts maintain that the NSA is more useful because it is comprised of what truckers haul. As defined by the ATA, the NSA index is assembled by adding up all the monthly tonnage data reported by the survey respondents (ATA member carriers) for the latest two months. Then a monthly percent change is calculated and applied to the

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index number for the first month.

"Fleets told us that February was decent and that played out in the numbers," ATA Chief Economist Bob Costello said in a statement. "I'm still expecting continued truck tonnage growth going forward. Rising manufacturing activity and temperate consumer spending should be helped a little from an improving housing market," he said.

Carriers continue to tell *LM* that demand and tonnage remain fairly decent, especially when taking the slowly recovering economy and seasonality components into account.

Strength in manufacturing, somewhat steady retail sales, and signs of a slowly improving housing market are all serving as drivers of truck tonnage volumes. But unlike the past two years there does not seem to be a significant inventory rebuild in place.

But retail inventories have been lean since well before the holiday shipping season, due to the fact that retailers don't want to be caught with extra stock following the holidays (which happened in early 2009). This, in turn, forces them to sell leftover stock at a sharp discount in the first quarter.

What's more, carriers have said that although capacity is tight, they are well-positioned to take on more capacity during the first half of 2012 as they rebuild inventories and the economy slowly improves.

"Since bottoming out in the summer of 2009, tonnage is up a very robust 18.2 percent," Costello said in an ATA video. "Manufacturing has really been driving a lot of this tonnage increase, but there are also signs of life out of the housing sector that really helps flatbed carriers."

Costello said he is concerned over fuel prices, explaining that as consumers spend more on fuel, it leaves less to spend elsewhere. But, he said, that has been balanced out in recent months with employment gains.

Stifel Nicolaus analyst John Larkin observed in a recent research note that freight volumes should grow slightly faster than freight hauling capacity, as carriers will likely hold capacity in check until adequate margins are earned to justify reinvestment in their fleets. He noted this is sorely needed after the industry extended its average fleet age to near record highs through the great freight recession.

—By Jeff Berman, Group News Editor

FTR Trucking Conditions Index down in February

Freight transportation consultancy FTR Associates reported that conditions affecting the trucking market in its Trucking Conditions Index (TCI) were down slightly in February from January.

The TCI, which reflects tightening conditions for hauling capacity and is comprised of various metrics, including capacity, fuel, bankruptcies, cost of capital, and freight, was 5.9 in February, down from January's 6.1 and December's 7.0.

January marked the end of a three-month growth streak for the TCI.

According to FTR, a TCI reading above zero represents an adequate trucking environment, with readings above 10 indicating that volumes, prices, and margins are in a good range for carriers.

"February is normally the softest month of the year in terms of trucking demand. Reasonably favorable conditions for truckers during the winter slack season bode well for later in the year, as demand increases seasonally to more normal levels," said Larry Gross, FTR senior consultant, in a statement. "We expect pricing power to remain squarely on the side of the carrier in 2012."

FTR officials said that the coming months are expected to show sequential strength through the remainder of 2012, with trucking freight volumes expected to grow at rates of 4 percent or better, which in turn will put pressure on available capacity while maintaining pricing power.

As *LM* has reported, there are multiple factors at play which are positive for carriers, including high fuel prices, fairly tight capacity, a limited driver pool, and regulations like CSA and HOS (set to kick in next year) working in tandem to create an environment in which many shippers are chasing the same carriers for freight.

In a previous interview, Gross said that even with mild economic growth, overall conditions are likely to be tempered for shippers, adding that if the recent spate of good economic news translates into more robust economic growth, capacity would tighten significantly and greater upward pressure on freight rates will come as a result.

The firm also said that the rebounding U.S. economy is expected to produce at least a 3.9 percent gain in truck freight that would top overall GDP performance.

—By Jeff Berman, Group News Editor

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ATA pushes tax swap, asks for 6.3-cent hike in federal diesel tax

In an unusual move that is likely to be dead on arrival in an election year, the trucking industry is asking Congress to raise the federal fuel tax on diesel in exchange for dropping a 12 percent federal excise tax on large trucks.

The plan could cost shippers higher freight rates and fuel surcharges, yet the American Trucking Associations (ATA) is pushing for the unusual swap in an attempt to provide a more stable source of revenue for improved infrastructure spending.

The ATA is backing a bipartisan bill in Congress that would provide what the trucking lobby calls a "modest" increase in diesel fuel taxes. The bill—H.R. 4321—has been introduced by Reps. Jim Gerlach (R-Pa.) and Earl Blumenauer (D-Ore.) and endorsed by the ATA. If adopted, new trucks will be more affordable in this country, but diesel fuel taxes would increase.

The federal tax on fuel—23.4 cents for diesel, 18.4 cents for gasoline—has been unchanged since 1993. Because of inflation, the federal fuel tax does not provide enough funding into the Highway Trust Fund, which repeatedly has had to have an injection of funds from the general treasury the past few years in order to remain solvent.

The bill is considered a long shot to pass in an election year, meanwhile Congress has been unwilling or unable to find a stable source of funding for a long-term highway bill. Instead, it recently passed the ninth short-term extension, continuing funding at the old level for the next six months.

ATA President and CEO Bill Graves calls the fuel tax for excise tax swap a good deal and a tradeoff the trucking industry seems willing to make. Graves said that the proposal "would not only reinforce the ailing Highway Trust Fund, but would provide a boost to U.S. manufacturing and speed adoption of environmentally friendly technologies."

Defying conventional wisdom which says no tax increase ever passes in an election year, Graves said the Gerlach-Blumenauer proposal is exactly what the country and the trucking industry needs at this time. "It is exactly the kind of pro-growth, deficit-trimming legislation that lawmakers should be looking at as they seek to address our nation's economic woes," Graves said in a statement.

—John D Schulz, Contributing Editor

Teamsters sign off on proposed change of operations for YRC Freight

YRC Freight, a subsidiary of less-than-truckload transportation services provider YRC Worldwide, had its proposed change of operations plan approved by the Teamsters Union, according to a trucking industry message board and Teamsters for a Democratic Union (TDU).

YRC first rolled out its proposed change of operations plan in early February. The proposed operations changes were initially reported on a trucking industry message board, which had YRCW documentation regarding this initiative.

Among the various action items YRC proposed are:

- reducing corridor hubs and freight handling;
- eliminating and reducing end of line road domiciles;
- eliminating a distribution center;
- reversing specified road primaries;
- closing a sleep road domicile; and
- adding additional sleeper runs to current sleeper domiciles.

YRC said in a statement that the design of the present day freight handling structure within the YRC network is to handle in excess of 70,000 shipments on a daily basis, with a marketing strategy to provide same day, next day, two day, three day, and four day service.

"The reality of the economic climate is that the company is handling, on average, 48,000 shipments per day with a linehaul network domiciled at approximately 150 locations," said YRC. "The vast number of these domicile locations and the excessive number of freight re-handle locations must be restructured to continue the strengthening of the company's financial position to better provide job security to its employees while at the same time growing the business and increasing employment opportunities. This change of operations request is also intended to return YRC to what it does best—provide world class service to its customers in the 500 mile to 3,500 mile market."

TDU reported that the scheduled implementation

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date for the change in operations is April 8.

As per the conditions of the agreement, which were outlined in Teamsters documentation on a trucking industry message board, Gordon Sweeton, Teamsters Vice President, Central Region, stated various conditions of the approved operating agreement to Teamsters' members.

Those conditions include: that employees applying for openings at sister companies will not be turned down as long as they have the ability to pass the pre-employment drug screen and satisfactory driving record and do not have extensive absenteeism; is not in violation of any of the terms of the National Master Freight Agreement or any of its respective Regional Supplemental Agreements; and that YRC will not divert any freight to sister or subsidiary companies.

YRCW executives were not available for comment, but a company spokesperson told *LM* that: "The change was heard and the company is waiting on the official decision from the Committee."

In a recent interview with *LM*, YRC Freight President Jeff Rogers said that by focusing on what YRC Freight does really well—long haul in the 500 mile to 3,500 mile market—and focusing on two- and three-day transit times and taking handles out and doing more direct loading, it will speed up its service and thus reduce freight claims and freight handling.

"It is, in a way, about de-emphasizing or not doing next-day as much, which is not a core focus, and we want to focus on what we do better," said Rogers.

He explained that YRC has short-haul covered well with its New Penn, Holland, and Reddaway regional LTL units, which he said are the best next-day carriers in their footprints and the best use of company assets.

YRCW CEO James Welch recently told *LM* that he was confident that the changes would be approved.

When Yellow and Roadway were initially integrated in 2009, Welch said that the network was not designed as effectively or as efficiently as it needed to be.

"We are reducing our handling and speeding up transit times and speeding up the two-to-five day service lane business," said Welch.

—By Jeff Berman, Group News Editor

Offer to FMCSA: "Come ride in our trucks"

Con-way Truckload President Herb Schmidt has a standing offer for bureaucrats at the Federal Motor Carrier Safety Administration (FMCSA) who want to tweak the current truck driver hours-of-service (HOS) regulations: Come ride in our trucks.

"My hope is that common sense prevails on HOS," says Schmidt.

"These are well-meaning people writing these regulations, but they need to get out from behind their walnut desks and experience life on the road for one week under current regulations and under their proposed regulations. It will become very clear to them that they have made a significant mistake."

Washington bureaucrats are threatening to tweak the so-called "34-hour restart" provision in a way that carriers say would increase their costs, cause them to hire more drivers, and run more trucks and would not meaningfully increase truck safety.

"Unless there's a hidden agenda, the current HOS rules are working just fine," says Schmidt, citing statistics that show that trucking has never been safer since the current HOS rules were adopted in 2004.

In order to increase the awareness of the industry, Schmidt has a standing offer for FMCSA officials to take a ride in any Con-way Truckload vehicle for a week.

"We can increase safety and productivity if we work together," he says. "We have to work at creating efficiency, not inefficiency."

—John D. Schulz, Contributing Editor