

In Simple Terms

Simplified Logistics Quarterly Newsletter



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Transportation Advocacy Issues Place Supply Chain Productivity At Risk

There are critical advocacy issues currently being considered in Washington that have the potential to increase your transportation costs by 8 to 10 percent each year.

In a struggling economy, complicated by tight truck capacity and volatile fuel prices, many supply chain and transportation executives are concerned about decisions being made in Washington that have the potential to adversely impact supply chains nationwide.

Can you afford to stand by idly and wait for this to happen? Simplified Logistics is an active member of NASSTRAC, a shipper's association that has been providing advocacy, education, and provider relations to shippers since 1952. This article gives you some "must know" insights into some of these issues.

Hours of Service. NASSTRAC responded swiftly to the U.S. Department of Transportation's Federal Motor Carrier Safety Administration (FMCSA) decision in late December to revise the current hours of service rules for commercial truck drivers. The new rules retain the current 11-hour daily driving limit, but require truck drivers to take at least one half-hour break during eight hours. In addition, the weekly maximum a driver can drive is reduced from 82 hours down to 70 hours in a seven-day period. Full compliance is not required until July 1, 2013, in apparent recognition that time will be needed to adjust to these changes.



“ **Education.**
Advocacy.
Connections.
All Modes of Transportation. ”

Transportation Advocacy Issues Cont'd...

For years, NASSTRAC had called on FMCSA to maintain existing truck driver hours of service rules which effectively promoted safety without undermining trucking industry productivity and the shipper supply chains that support a strong U.S. economy, according to John Cutler, NASSTRAC's Legal Counsel. Though the rules in effect between 2004 and 2011 have garnered strong support from both carriers and shippers, and have produced record reductions in highway crashes and fatalities involving large trucks, FMCSA's new rules will adversely impact productivity for trucking companies and their shipper customers for little or no safety benefit, says Cutler.

"Though FMCSA preserved the 34-hour restart provision, these changes dramatically increase the disruptiveness of such rest periods by mandating that they take place between one o'clock and five o'clock in the morning," says Cutler. "The effect is that down time due to restarts will increase significantly, and many drivers will start driving on Monday mornings, forcing thousands of trucks onto our roadways in rush hour and dramatically increasing traffic congestion."

In adopting its changes, FMCSA ignored the overwhelming number of comments received from shipper organizations such as NASSTRAC, carrier organizations like the American Trucking Associations, and individual shippers and drivers. In addition, FMCSA ignored its own CSA program and motor carrier and shipper safety programs, all of which are certain to improve highway safety without reducing drivers' hours and pay. Oddly, DOT just announced rules to reduce fatigue among airline

pilots which exclude pilots of all-cargo aircraft.

In another recent development regarding the hours of service rules, on March 23 NASSTRAC intervened in the court appeal brought by Public Citizen and other interests. In its court appeal, Public Citizen is certain to repeat past arguments that driving time for truck drivers should be reduced by at least one hour per day. "Safety continues to be a key concern for the trucking industry and for groups like NASSTRAC," says Brian Everett, NASSTRAC's Executive Director. "While we need to fully embrace the need for safety on our roads, it's also imperative that

the DOT, FMCSA, and our elected officials understand that this new rule will have a negative impact on truck productivity and corporate supply chains. In fact, logic dictates that these rules will negatively impact productivity for trucking companies and their shipper customers, and will likely increase congestion on our roadways."

Surface Transportation Reauthorization (Highway Bill). Addressing U.S. transportation challenges is key to economic growth and output, and the economy cannot get back on its feet if surface transportation networks cannot move goods efficiently. During the NASSTRAC-led "Stand Up For Trucking" fly-in in February, which was the first industry-wide fly-ins to Washington that has been supportive of over-the-road trucking, NASSTRAC members encouraged members of Congress to support the American Energy and Infrastructure Jobs Act, proposed by on Jan. 31 by Rep. John Mica (R-Fla. and Chairman of the House Transportation and Infrastructure Committee). NASSTRAC continues to

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Transportation Advocacy Issues Cont'd...

support the need to enact a multi-year highway bill that reforms the program and focuses funding on critical freight corridors. NASSTRAC also encourages funding for highway infrastructure in the most efficient ways — through taxes on fuel, including diesel fuel, not tolls. Unfortunately, this critical issue seems to be one that is getting caught up in the politics of a presidential election year and decision-makers in Washington can't get on the same page on the issue.

What Can You Do?

NASSTRAC Encourages You To Take Action

What are you going to do to prevent these attacks on your transportation and supply chain?

Here Are Five Steps You Can Take:

- 1. Quantify the impact of potential changes to your business.** Demonstrating the impact—positive or negative—of a proposed change makes a powerful case to policy makers. Showing the impact to jobs, costs, competitiveness, or ability to innovate is one of the most compelling ways to influence the policy making process.
- 2. Comment on pending regulations.** Regulations like hours of service go through a public federal rule making process where citizens, including industry, are invited to comment on proposed rules. Agencies like FMCSA then analyze the comments, make adjustments to the rules, and issue a final rule. In the past, the Federal Register was the best way to track items available for comment. While publicly available, this was a bit cumbersome. Thankfully, a new website, www.regulations.gov makes the whole process significantly easier with simple ways to find proposed and final rules, submit comments, and read other comments. The best way to prevent onerous rules is to explain in writing how pending rules will affect you during that comment period—before the rules become final.
- 3. Contact your elected officials.** For policies that require legislation—like the weight of trucks on our country's roads, or funding for transportation infrastructure—there is no substitute for talking directly to the people who vote. Congressional leaders respond positively when their constituents call or write about the impact of proposed or pending legislation.
- 4. Talk to your government affairs department about transportation legislation.** We find that many of our shipper members' government affairs departments are focused primarily on non-transportation issues, such as EPA regulations, health care, and tax issues. Oftentimes transportation issues are not a central focus. Who knows better than you do about how these issues will affect your company? Educate them about what's happening and why it's critical to speak out.
- 5. Visit Washington.** There's no substitute for a meeting with a representative, senator, or agency and educating them about your business needs. You can tell them what will happen to your organization if the driver shortage worsens, or how growing congestion hurts your productivity. And you'll be impressing upon them that you care about how well they're representing you. NASSTRAC has orchestrated two fly-ins to Washington in the last nine months, and is planning more in the future. *Join us as part of our initiatives.*

**For more information on NASSTRAC
and these critical advocacy issues
visit www.NASSTRAC.org.**

Claims Management Series

Best Practices in Freight Claim Management Part 2 in a Series

Implementing best practices in freight claim management involves more than simply beefing up packaging or hammering carriers during quarterly visits. Part I of this series outlined 8 basic guidelines to get started; we will focus on the first two: Standardization of internal processes & Funneling of all requests and decisions through a single entity.

Standardization of internal processes, including documentation and enforcement of company policies pertaining to freight claims (applicable to carrier and shipper) is critical to successful claim management. Very often, we hear that claims are managed by only one or two people, but as we begin our discussions with all of the departments involved with inbound and outbound orders, including sales, invoicing, shipping and receiving, we typically find more than a dozen people touch the process at various stages, multiple people make decisions affecting the outcome, and that steps in the process are often repeated by two, three or even four individuals. You may also be amazed at how many claims are not reported, investigated or filed under the current process and how many credits are given that are not warranted.

To begin standardization, it is important to first map out the current process by speaking to anyone and everyone involved. Carefully document how reports of loss or damage are received for every type of shipment, including outbound, inbound and third party. Identify each and every step in the process, the systems used, and how the information is reviewed, documented and monitored. Who is the information handed off to and how is the entire process closed out or finalized? How and when are

credits issued and who has the authority to decide if credit should be issued or not? Are “reason codes” assigned to credits resulting from loss or damage claims? Most Accounting/Finance Departments utilize these codes when applying credits and the information can prove quite useful for benchmarking purposes. It is also beneficial to review the list of codes used, “tweaking” if necessary, to gain a clearer picture of which types of claims most often generate credits.

It is important to ask multiple people and departments if they are involved in the claim process, asking the same questions of every person. This may appear redundant, but will generate much more information than would be derived from discussions with a single person or department. The same review and mapping process should take place with every name you are given until you have a complete picture.

Once the entire end-to-end process is mapped out, it will be much easier to identify and eliminate unnecessary or repetitive functions, determine what decisions need to be made and how to allocate responsibility and authority for those decisions. Using this opportunity to implement a web based claims





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Freight Management Series Cont'd...

processing and management system—either licensed directly or through a third party service—will greatly improve your chance of success due the efficiencies realized, improved visibility throughout the claim process, and the reporting tools that accompany these services and systems. It will also aid in determining any bottlenecks surrounding claims in your Supply Chain, whether it be carriers, packaging, loading processes, receiving personnel, or a combination of issues. This data will allow you to focus on your greatest areas of risk and exposure, thereby more quickly reducing the number of loss and damage claims.

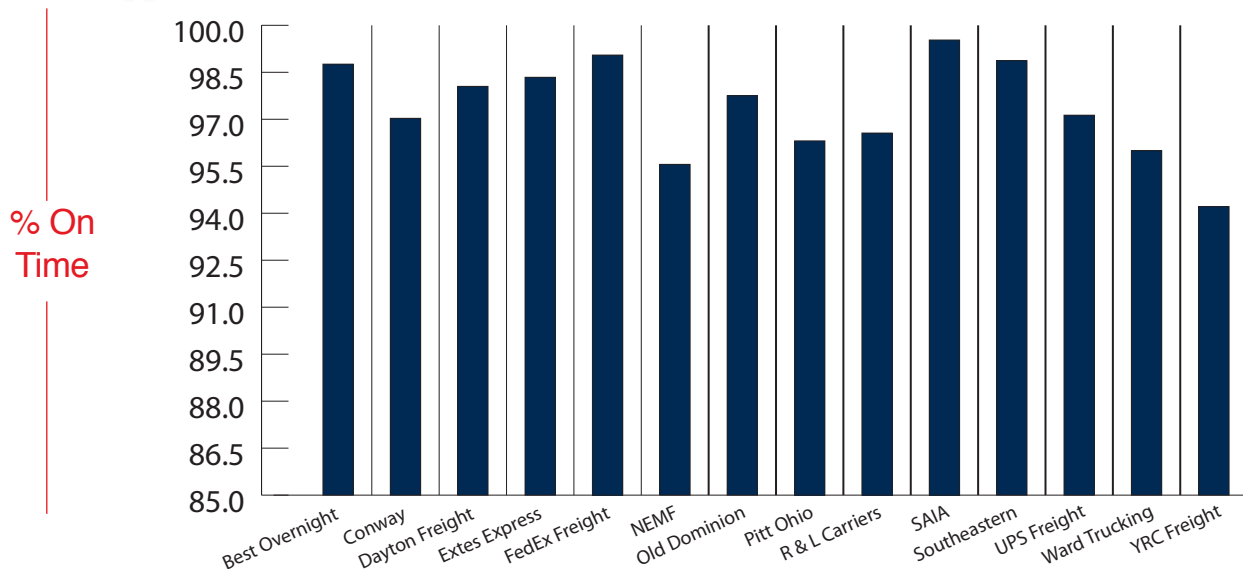
Funneling all requests and decisions relating to freight claims through a well trained department or service will allow you to tightly manage the entire process and strictly adhere to contractual terms. Allowing other department to make claim decisions can result in future claims being denied or, you may find yourself being asked to unnecessarily mitigate claim amounts when the carrier is truly liable for full payment. If those without transportation and contractual expertise are routinely agreeing to share in a loss or unwittingly accept a carrier’s incorrect denial when, according to contractual terms, or even tariffs, you are entitled to full compensation, a “past practice” or precedent has been set that could prove very difficult to argue against in the future.

- Lori Youngberg, President, FreightClaimAudit.com
 - Deirdre James, Director of Claims & Loss Prevention



Carrier Service Metrics

1st Quarter Averages 2012



Carrier

Carrier Profile



Call **800.610.6500**

Live Chat!

Canada/U.S. Freight?

Trust the Best at the Border!

Whether northbound or southbound, at YRC Freight we make crossborder shipping fast, seamless and simple. In fact, with YRC Freight, over 98% of shipments are pre-cleared into Canada, and 100% of southbound shipments are verified.

How do we do it?

- Dedicated border ambassadors proactively identify and resolve issues which can cause delays. Electronic submissions ensure complete documentation is at the border, typically already processed, when your shipment arrives.
- Broker-inclusive services are available to solidify your supply chain and give you one convenient invoice for freight, brokerage fees, duties, & taxes.
- Ten strategically located gateway crossings and direct coverage to all major North American cities can shave days off your transit schedule.
- Integrated IT systems deliver online shipment visibility, 24/7.
- A range of specialized services (including expedited, exhibit, & shipment protection/security), enhance supply chain flexibility and responsiveness.
- Certifications and compliance with all security initiatives keep delays to a minimum and ensure a secure supply chain.



About YRC Freight

YRC Freight, one of the largest less-than-truckload firms in North America, is dedicated to adding consistency and reliability to our customers' supply chains. We specialize in 2-5 day service throughout North America and offer more expedited, specialized and cross-border shipments than any other carrier.