



# Freight Transportation: National Issues & Opportunities

Dan Murray

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# Key Realities

- Rail
- Water/Maritime
- Air Cargo

# Key Realities

- Trucking
  - 6%-7% of GDP
  - Deregulated?
    - HOS/Equipment/Routing/Insurance
  - Highly Competitive
    - 640K Carriers with U.S. DOT; 100K in last 3 years
  - 68% of Tonnage; 86% of Revenue
  - 7% of vehicles; 15.5% of VMTs
- New Regulations: HOS; HM Endorsements, etc.

# Strategic Issues

- Fuel Cost Volatility
  - Jan. '02 - \$1.16/Gallon
  - Oct. '04 - \$2.20/Gallon
  - Sept. '05 \$3.02/Gallon
  - May '06 - \$2.89/Gallon
  - March '07 - \$2.79/Gallon
  - Sept '07 - \$2.87/Gallon
  - Oct. '07 - \$3.30/Gallon
  - Nov. '07 - \$3.40/Gallon
  
- Operating Margins
  - Q1 2007 Average: 3.6%; 1.8% - 5.6%
  
- Shipper Contracts Dictate Operations/Costs
  
- Is Six Sigma/TQM Backfiring?
  - Supply Chain Elasticity/Flexibility/Dynamism is Disappearing

# Freight Transportation Planning...

- Multiple Agencies Involved
  - Federal Highway Administration
  - State DOTs
  - MPOs / RDCs
  - Municipalities

Not to mention: FMCSA, CBP, USDA, TSA, IRS, PHMSA, etc.

# Freight Transportation Planning Products

- UPWP
- Policy Plans
- City Comp Plans
- TIPs
- STIPS
- Long-Range Plans

Shortest window: Approx. 2 years...



## Juxtaposed with Freight Industry...

- 6 – 24 Months Planning
- Slim Margins: 3.6%
- High Data Sensitivity
- Unreasonable Shipper Contract Expectations (e.g. 95% - 98% on-time delivery)

Longest window: Approx. 2 years...

# Top Industry Issues: 2005 vs 2006

## Top Industry Issues – 2005

1. Fuel Costs
2. Driver Shortage
3. Insurance Costs
4. Hours-of-Service
5. Tolls/Highway Funding
6. Tort Reform/Legal Issues
7. Overlapping/Burdensome Regulations
8. **Congestion**
9. Environmental Issues
10. Truck Security

## Top Industry Issues – 2006

1. Driver Shortage
2. Fuel Issues
3. Driver Retention
4. Hours-of-Service
5. **Congestion**
6. Government Regulations
7. Highway Infrastructure
8. Tort Reform
9. Tolls/Highway Funding
10. Environmental Issues

2007: Drum Roll Please...

# Top Industry Issues - 2007

1. Hours-of-Service
2. Driver Shortage
3. Fuel Issues
4. **Congestion**
5. Government Regulation
6. Tolls/Highway Funding
7. Tort Reform
8. Truck Driver Training
9. Environmental Issues
10. On-Board Truck Technology

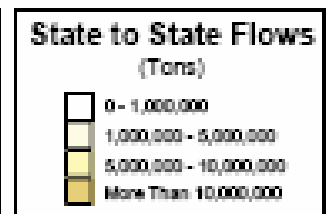
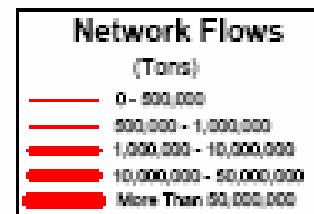
# The Cost of Congestion

- Idled trucks cost industry \$7.8 billion/243 million hours in 2004
- In 2006 industry spent \$97B on diesel fuel
  - 2<sup>nd</sup> highest operating expense
  - As much as 25% of total operating costs
- No “congestion credit” in HOS

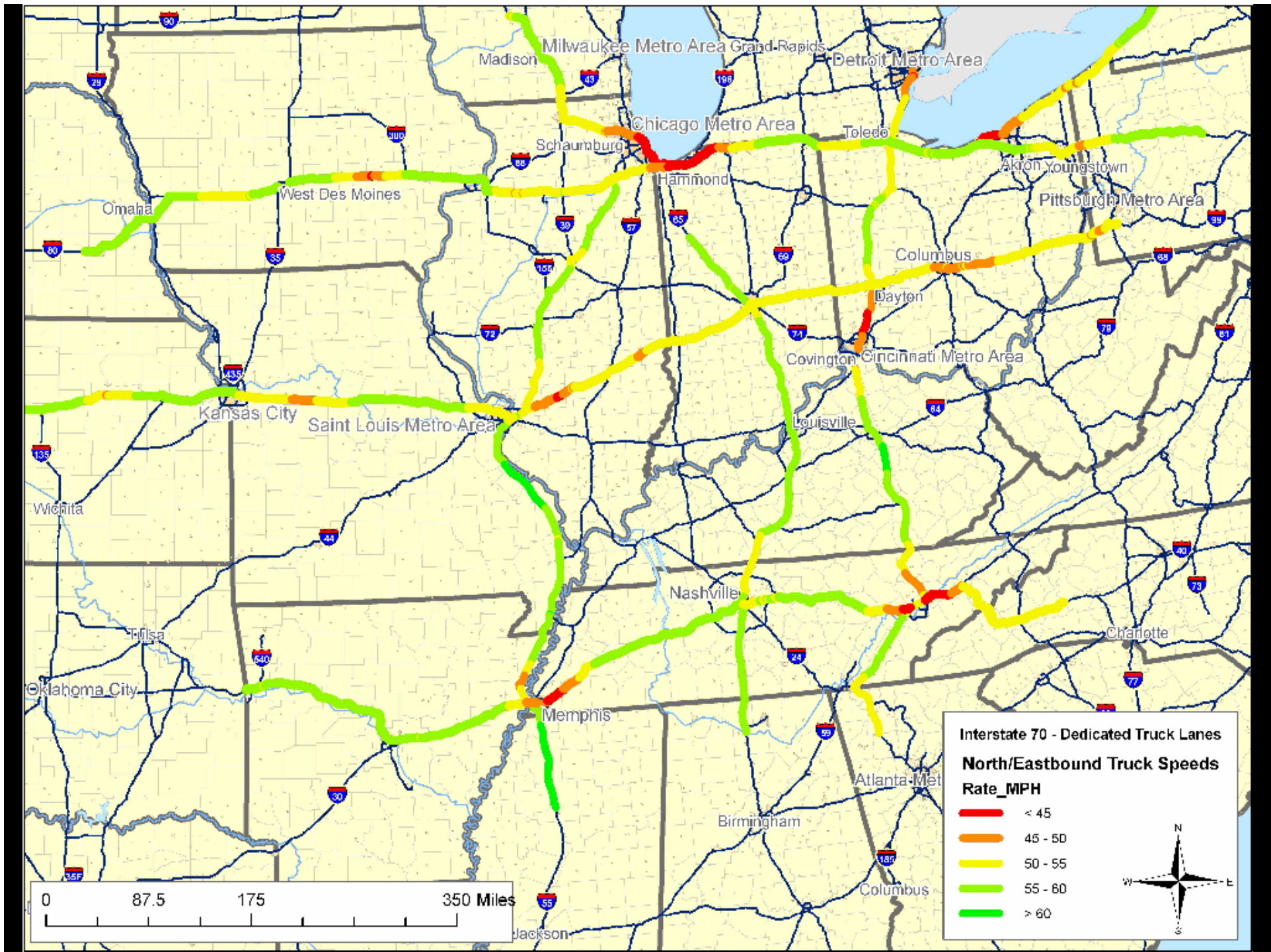


Total Combined Truck Flows  
(1988)

# ILLINOIS

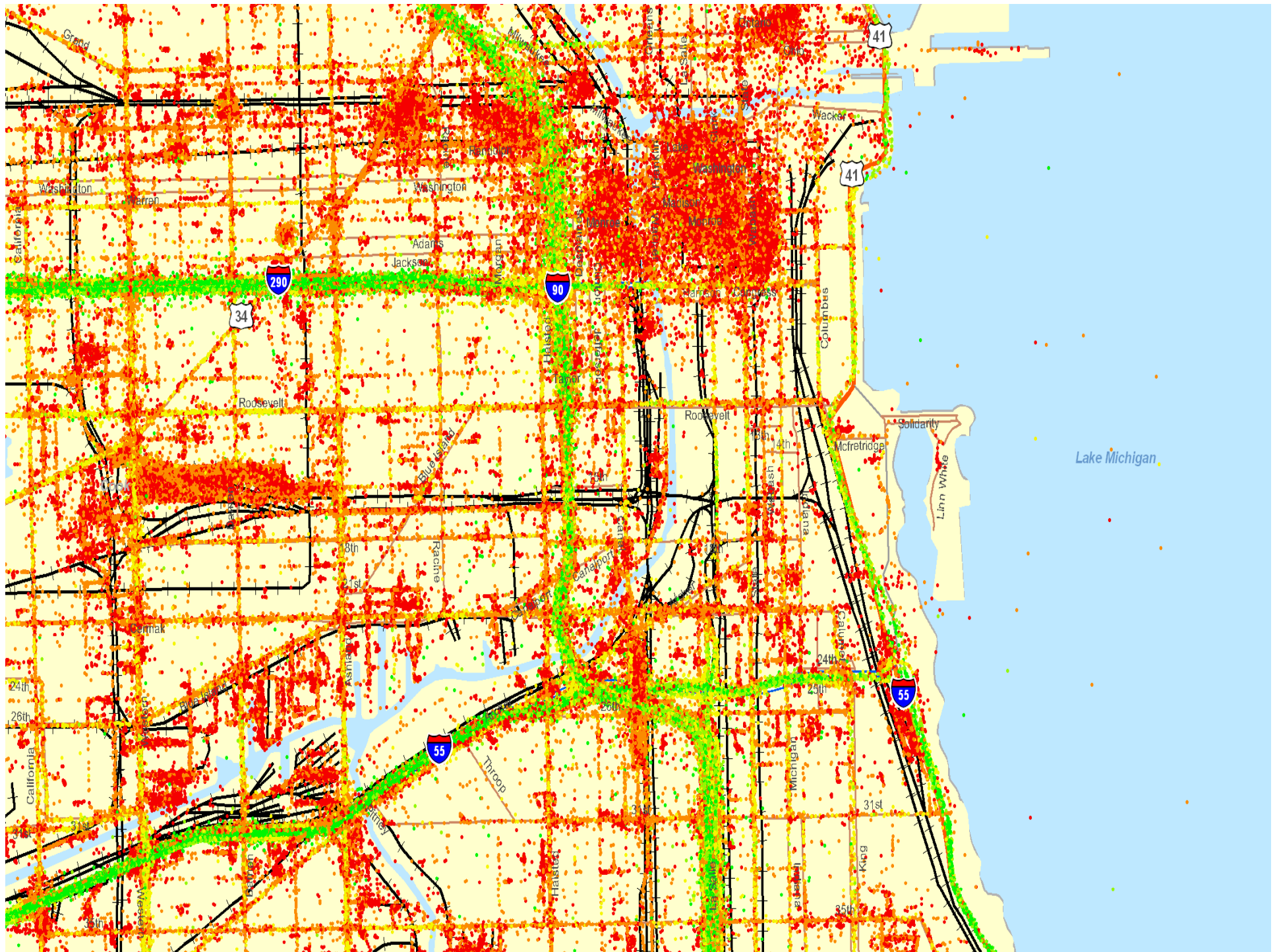


U.S. Department of Transportation  
Federal Highway Administration  
Office of Freight Management and Operations  
Freight Analysis Framework

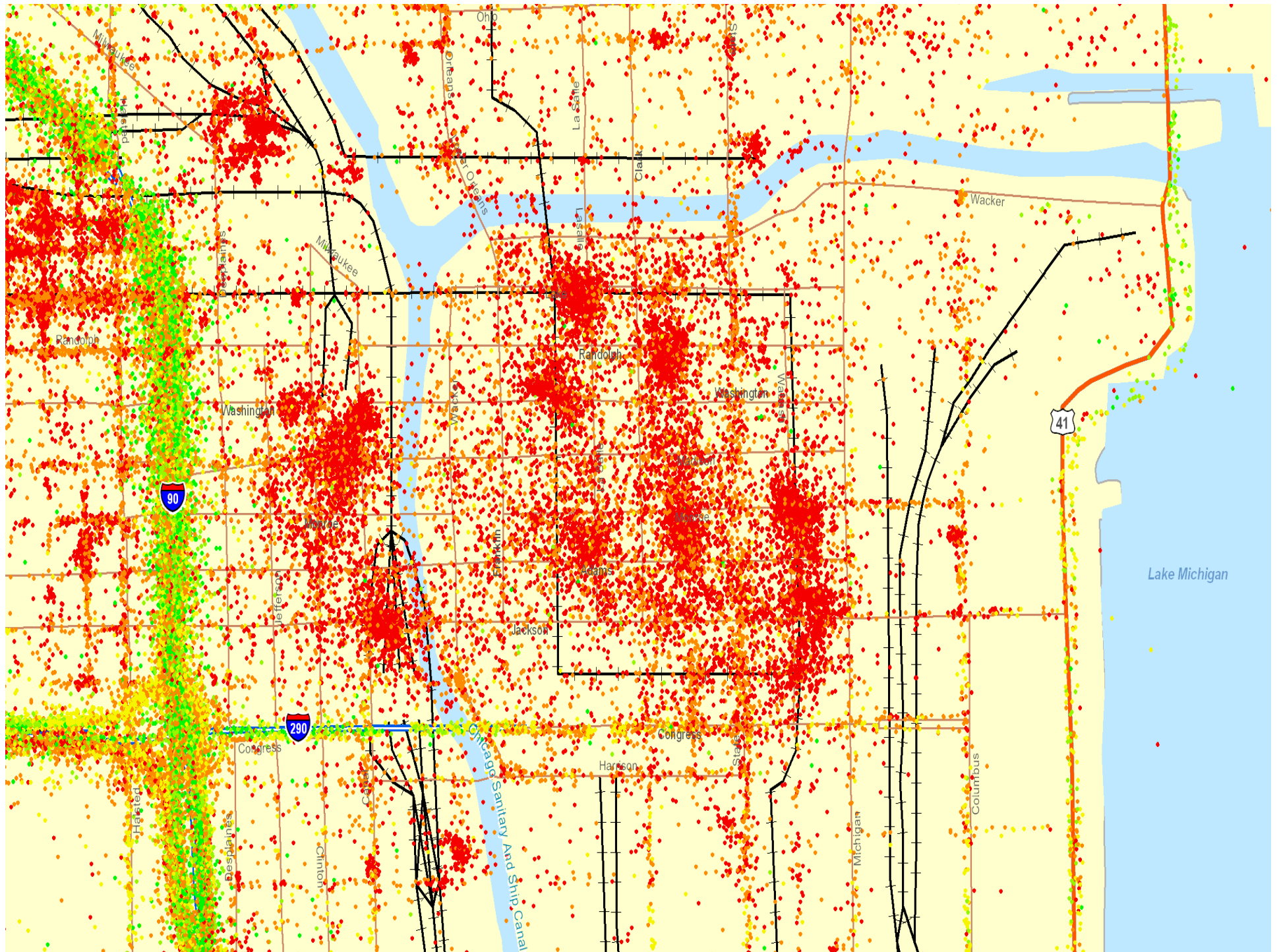


Map labels include: Milwaukee Metro Area, Grand Rapids, Detroit Metro Area, Chicago Metro Area, Toledo, Schaumburg, Hammond, Akron Youngstown, Pittsburgh Metro Area, Columbus, Dayton, Covington, Cincinnati Metro Area, Louisville, Nashville, Memphis, Atlanta-Met, Birmingham, Columbus, Jackson, West Des Moines, Omaha, Kansas City, Saint Louis Metro Area, Wichita, Tulsa, Oklahoma City, Madison, Milwaukee Metro Area, Grand Rapids, Detroit Metro Area, Chicago Metro Area, Toledo, Schaumburg, Hammond, Akron Youngstown, Pittsburgh Metro Area, Columbus, Dayton, Covington, Cincinnati Metro Area, Louisville, Nashville, Memphis, Atlanta-Met, Birmingham, Columbus, Jackson, West Des Moines, Omaha, Kansas City, Saint Louis Metro Area, Wichita, Tulsa, Oklahoma City.









# Top Research Priorities

## Measuring the Impact of Shipper Requirements/Productivity Initiatives on Safety Outcomes

- Shipper demands can drive carrier safety decision making – often causing carriers to short-change safety to remain competitive
- Research will examine and explore “cost of productivity”

## Measuring the Safety Impacts of Congestion

- Increase understanding of types/severity of crashes involving large trucks occurring in congested conditions
- Develop countermeasures to mitigate congestion-related safety consequences

# American Transportation Research Institute

[www.atri-online.org](http://www.atri-online.org)

Dan Murray  
[dmurray@trucking.org](mailto:dmurray@trucking.org)

