

ADDING VALUE ON THE ROAD

Solving driver & capacity challenges – improving dedicated transportation fleet performance

INTRODUCTION

One of the largest home appliance manufacturers in the world utilizes an independent dedicated fleet operation (referred to as IDFO in this success story). The fleet operation of over 100 drivers is domiciled in 6 terminal locations across the US, servicing the appliance manufacturer's domestic distribution network by delivering raw materials to manufacturing plants and finished goods to distribution centers. The average volume of the fleet is approximately 200 Truckloads per week. The operation also provides spotting, equipment movement, yard management and logistic administrative support services for the home appliance company's manufacturing plants and transportation management teams.

CHALLENGES

As with many dedicated fleet operations, IDFO faced challenges recruiting and retaining a high quality pool of drivers. They had previously leveraged a third party logistics provider to add value on the driver recruitment front, however the provider lacked the required level of operational expertise and had long since peaked from a performance standpoint. The operation regularly had challenges meeting compliance requirements, and was slow to react to driver regulatory changes. Issues maintaining acceptable CSA (Compliance-Safety-Accountability) scores illuminated the need for a better third party fleet operator.

LEGACY was a long-term partner in the home appliance manufacturer's supply chain network, operating multiple dedicated distribution warehouses for nearly 20 years. To move the operation to the level IDFO required, LEGACY proposed a full-scale asset management solution that would:

- Improve driver quality through enhanced recruitment, retention and training
- Increase service levels
- Turn around lagging safety scores
- Improve productivity metrics
- Create positive financial impact through cost reduction & efficiency gains

LEGACY was selected as the exclusive dedicated fleet operator based on track record of solving complex logistics challenges within the existing appliance distribution network, and year-over-year supply chain performance.

DEDICATED FLEET SOLUTION

LEGACY took over operational management of the fleet with a focus on a seamless startup, deep dive evaluation of people, processes & systems, and implementation of key opportunities to drive value.

COMMUNICATION – COLLABORATION – CULTURE:

Although the previous provider had a specialty in sourcing drivers, it was immediately apparent that the culture within each facility and the operation as a whole was leading to a high rate of turnover. Additionally, communication silos between each facility had stunted the operation's ability to continuously improve and support the appliance business's aggressive growth strategy.

LEGACY launched a wide-reaching plan to break down the communication barriers between each facility and install a highly collaborative communication model

throughout the operation. A commitment to the development of the people within the operation through leadership development, safety and operational skills training, created a stronger environment for retaining driver and administrative staff. Additionally, the fleet operation proactively sought more collaboration with the appliance manufacturer's transportation group- further creating larger opportunities for system-wide improvement.

EXPANDING OPERATIONAL VALUE-ADD:

LEGACY's holistic approach to adding value goes beyond the scope of driver and asset management. Soon after startup, LEGACY



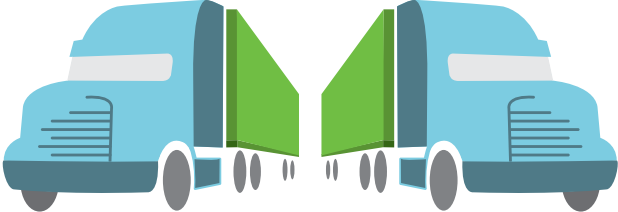
assumed management of the fleet's dedicated track & trace function, as well as an administrative & hiring team. Alignment of these 2 functions, along with dispatch, damage & returns, and finance, has created a higher level of synergy & collaboration across the operation.

Value-added support from a 3PL provider is vital to the success of any technology implementation. Dedicated LEGACY Technology and Operations resources play a pivotal role in the continued enhancement of technological capabilities supporting the fleet operation. Conversion to an upgraded TMS/ dispatch platform, and new yard management system are being implemented to drive significant productivity and efficiency gains going forward.

DRIVING OUT COST:

An equipment rationalization study was conducted to optimize the deployment of drivers and assets across the fleet. By analyzing trailer usage across all terminals, the operation was able to reduce trailer lease expenditure by 20%.

LEGACY identified an opportunity to leverage a facility within their network to consolidate the US West Coast fleet operation. By consolidating their fleet operation into an existing site, IDFO realized cost savings in the form of reduction of real estate capital and operational overhead, and was also able to leverage corporate



safety & training resources centralized at the new location.

SAFETY:

In order to drive improvement across each aspect of CSA scoring, on-going digital safety training curriculum was implemented for all drivers. As an early adopter of ELD (Electronic Logging Device), the fleet was able to realize additional gains in safety through elimination of incidents.

ABOVE & BEYOND – CUSTOM DRIVER TRAINING ACADEMY:

Operating a multi-site fleet across the United States lends itself to challenges recruiting and retaining qualified drivers. To develop a highly qualified pipeline of incoming drivers, LEGACY stepped outside the box and created a custom driver training academy – providing new opportunities for driver candidates entering the labor force to develop their skills and experience on the road. The academy has had a dramatic effect on driver recruiting, retention and morale, providing a consistent pool of high-qualified driver candidates.



VALUE & RESULTS

Implementation of a diligent metrics-driven approach created visibility and accountability across all areas of the operation, some of which were not closely managed in the past. Since assuming operational management of the fleet operation, LEGACY has driven performance improvement across many critical categories.

- **Service** - measured in Loads Returned/No Truck Available – went from nearly 3 per day down to ~0.
- **Productivity** - measured in Spots Per Hour went from 1.4 to 1.9 in year one
- **Safety** - drove more than 30% reduction in composite percentile against all other CMV fleets - a CSA score that drives DOT audits

VALUE ADDED UPSTREAM:

Due to the strong long-term trend in performance, and continual improvement of the operation – the fleet has become a use case proving ground for the appliance manufacturer to develop and implement best practices for carrier relations across their vast transportation network. This collaboration has further strengthened the partnership between the appliance manufacturer, IDFO and LEGACY.

3 POINTS OF IMPACT - LEGACY'S DEDICATED FLEET SOLUTION:



Highly collaborative, operation-wide communication model broke down silos and created opportunity for improvement in efficiency, service and safety.



Implementation and dedication to metrics-driven operations improved service, turnover, productivity, safety and drove cost out



Solutions-focused mindset created value above and beyond basic driver and asset management.

“Prior to LEGACY, I felt like my goals for IDFO were never aligned with those of our 3rd party logistics provider. I was constantly reminded of the challenges we faced without any effort put toward creative solutions. With LEGACY, it is a true partnership. The challenges still exist but they come to the party with action plans to address those challenges. LEGACY’s driver training academy is a great example. Is it tough to hire and retain good drivers?... Of course. But LEGACY is succeeding in areas where their predecessor was never able to move the needle.”

- President IDFO

