

ATN Business Sense
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Cost recovery is a term used by some in the road transport industry. A more commercial concept is profitable rates and the objective should be to have consistently profitable rates. Environment Day at Freight Week in Melbourne recently provided many ideas and opportunities to reduce costs. If you can do that and just increase rates in accordance with the CPI, profitability will grow.

To ensure you have profitable rates, operators need to conduct a customer profitability analysis and up-date it at least twice a year. When loss incurring customers are identified, take action to at least make them low profit. With low profit customers, actions need to be implemented to bring them up to average profit. This process should be embedded in your business and be a key part of the business culture. Not knowing profitability by customer is high risk and a recipe for business failure. If you cannot determine customer profitability internally get some external assistance. It should be self-funding. Let go loss incurring customers if they cannot be made profitable.

The ideas and sources mentioned by Freight Week speakers included pocket guides on how to drive economically, Smart Way USA Savings Calculator, Freight Operator Recognition Scheme, a membership scheme for operators in London with tiered membership including on-line benchmarking to move up, Eco Station, an EPA VTA joint venture inspired by Smart Way measuring baseline fuel consumption and emissions. McColl's were reported as reducing fuel consumption by 9% which was excellent on a \$20m annual fuel bill! A Grey Adams trailer from the UK has been found to use 5% less fuel.

Fronterra conduct annual in cab driver training checking 97 criteria. They have an annual one day classroom event and also have externally provided driver training for eight of their two hundred drivers. K&S measure tonne/km/per litre. IES specify trucks for the task buying those with the lowest possible tare. They also measure their carbon output monthly. They also slowed RPM on a Cat engine by changing the differential. Idle stop is viable and Hino had on display the first of many rigid trucks they plan to import. Truck and trailer aerodynamics along with automated transmissions also reduce fuel consumption.

David Burton, an aerodynamics expert from Monash University, manages their wind tunnel and explained how the right aerodynamics can save 5-10% of fuel. Aerodynamics is responsible for half the fuel consumed when travelling at 100kph on a flat road. He pointed out the need to set up aero devices properly, not simply bolt them on. There are passive and active devices. New generation devices are active and Monash provide computational and road testing services.

The VACC briefed participants on their Green Stamp program. The ARRB spoke about regenerative braking and noted that bonneted trucks are generally better. Ideally they should be more like the nose of high speed rail engines. It was embarrassing to

learn that the national average fleet age in Australia was just over 13 years when the average for the developed world was 8. Toll IPEC in WA have an idle free program requiring truck engines to be turned off at every opportunity.

So, how are you going to reduce costs and emissions? Why not pick 3 ways and create teams of your people to implement them? Create One Page Plans for each project and have each team leader report fortnightly, briefly to the CEO on implementation progress.

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