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WHEN THEY OUTSOURCED VEHICLE MAINTENANCE AT THEIR BILLERICA, MA FACILITY TO RYDER, THE LAST THING CLARK AND REID EXPECTED WAS A 40% REDUCTION IN BREAKDOWNS. BUT, OVER TIME, THAT'S EXACTLY WHAT THEY GOT.

AT A GLANCE

COMPANY

CLARK & REID COMPANY, INCORPORATED

INDUSTRY

CORPORATE RELOCATION

CHALLENGE

INVESTMENT REQUIRED IN TECHNOLOGY, DIAGNOSTICS, AND TRAINING TO KEEP IN-HOUSE TECHNICIANS UP TO SPEED WAS INCREASINGLY PROHIBITIVE; 48-STATE OPERATING AUTHORITY WITH ONLY A SINGLE MAINTENANCE FACILITY PUT SERVICE LEVELS AT RISK.

SOLUTION

AN ON-SITE MAINTENANCE CONTRACT WITH RYDER TOOK FLEET CONCERNS OFF CLARK & REID'S AGENDA, GAVE DRIVERS ACCESS TO FUEL AND SERVICE AT MORE THAN 800 LOCATIONS, AND PUT THEIR SERVICE TECHNICIANS ON THE RYDER PAYROLL.

BENEFITS

IMPROVED FLEET PERFORMANCE; IMPROVED CUSTOMER SERVICE; INCREASED RELIABILITY AND EFFICIENCY; ACCU-



Clark & Reid Scripted for Success

"We had a pretty sharp maintenance operation before we outsourced," says Gary P. Martin, vice president of fleet services for household goods carrier Clark & Reid Company, Inc. "But the truth is that through our partnership with Ryder we have experienced even greater efficiencies and higher performance levels than we thought were possible." And it's not just his imagination, Martin adds. "Those higher levels are backed by our own metrics."

What began in the 1990s as a reevaluation of their driver recruitment practices, led to a new focus all around on what Clark & Reid does better than most: move the families of senior executives. Today, the company is considered best-in-class, an accomplishment acknowledged in recent years by their

RATE ENVIRONMENTAL COMPLIANCE; REDUCED OPERATING COSTS; INDUSTRY-LEADING SAFETY PROGRAM.

receipt of the Massachusetts State Quality Award, fashioned after the Malcolm Baldrige National Quality Award.

A third-generation family operation that specializes in moving the families of corporate America, Clark & Reid came into the Martin family in 1927 when George E. Martin purchased the household goods carrier from the original owners and established the company in Cambridge, MA. Donald G. Martin Sr. took over the business in 1959 and later moved it to Burlington, MA. After his death in 1984, brothers Gary and Donald G. Martin Jr. assumed management duties. Donald currently serves as president, while Gary oversees fleet operations. Stephanie A. Martin, sister to both Gary and Donald, is Midwest regional sales manager for all the Clark & Reid companies.



DELIVERING SENSITIVE HOUSEHOLD SHIPMENTS FOR EXECUTIVE FAMILIES REQUIRES A HIGHLY SOPHISTICATED TRACKING SYSTEM AND DRIVER SUPPORT INFRASTRUCTURE. OVER 800 COMPANY-OWNED RYDER FACILITIES AND 24-HOUR ROADSIDE ASSISTANCE PROVIDE A SAFETY NET FOR CLARK & REID DRIVERS.

As the nationwide job market tightened in the first half of the 1990s and a growing number of employers began chasing a shrinking labor pool, Clark & Reid was facing increasing difficulty finding qualified drivers. "We were looking for safe drivers who had strong customer skills and also enjoyed traveling," says Martin. "They were getting harder to find." Family dynamics also were changing, and many over-the-road drivers sought employment that allowed them to spend more time at home.

The manpower shortage was exacerbated further by the emergence of the federal Commercial Driver's License requirement, which sparked Clark & Reid to start an in-house driver training program which later evolved into a fully-licensed driver training school. Unsatisfactory retention rates of these newly trained drivers eventually caused the Martins to shut down the program and refocus the company's recruiting efforts on identifying a profile for driver candidates that incorporated key success factors. The solution proved to be the addition of owner-operators to the mix of company drivers.

Owner-operators now comprise 50% of the company's road force. The success of this significant shift in a long-standing company policy prompted the Martins to take a new look at other aspects of the company's operation - namely, fleet management.

"Even talking about outsourcing a core component of our business was very difficult," says Gary Martin. "After all, we were successfully operating more than 50 tractors and 50 trailers at the time. Everything up to this point in the maintenance area had been company owned, and that

had been one of our core selling strengths in the household industry," Martin adds.


"At the same time, equipment was changing rapidly," he explains. "The investment in technology to maintain equipment was very costly, and it was becoming more of a challenge to keep our technicians up to speed with the changes."

"Market dynamics were under continuous pressure," says Martin. "The survivors would be those companies that focused on their core competencies while outsourcing other activities to specialized service providers like Ryder. It just made too much sense for us to dismiss outright."

For years Clark & Reid depended nearly exclusively on company employees and company-owned equipment to meet the needs of its customers, relying on Ryder to meet spot shortages in capacity on the equipment front. "We knew Ryder's reputation, and the relationships we had with their people were strong," says Martin, "so we decided to learn more."

Clark & Reid initiated discussion with Ryder in the fall of 1995. Dick Carson, Ryder's senior vice president, led the Ryder team effort. Clark & Reid then performed the requisite due diligence, a process that went on for several months.

Clark & Reid's priorities were clear. First and foremost, there could be absolutely no compromise on safety. "Safety was clearly integral to Ryder's mission as well," says Martin.



DONALD G. MARTIN JR.
President

GARY P. MARTIN
Vice President, Fleet Services

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MISSION AS WELL."**

They also needed the ability to maintain a fleet that operated on a national basis. As a carrier with 48-state operating authority but only one maintenance facility - in Burlington, MA - Clark & Reid drivers were vulnerable when trouble occurred away from home. "We had a very intense, full-fledged preventive maintenance program, a staff of nine technicians, and a manager to ensure that our equipment was always in top shape," says Martin. "But equipment occasionally does fail, and when it did, we were at the mercy of the local repair shop. Not only did road repair bills tend to be very costly, but we couldn't really prove how accurate the repair was or if it was truly needed." These factors carried a substantial amount of weight as Clark & Reid considered a new transportation partnership.

"In the end, we saw this as an opportunity to concentrate on our core competency - taking care of our corporate account customers - while letting Ryder concentrate on their core competency of taking care of our equipment," says Martin.

In April 1996, Ryder assigned one of its most experienced service managers, Kevin Beck, to work side-by-side with the Clark & Reid team to learn the Clark & Reid system.

"Dick Carson knew exactly what kind of culture we had at Clark & Reid and what we expected from Ryder," says Martin. "He hand-picked Beck with our expectations in mind. It turned out to be a great fit."

Beck was able to assess the Clark & Reid maintenance operation from the inside and, with Martin's approval, combine aspects of the Clark & Reid culture with Ryder processes. Seven months later, on January 1, 1997, the deal was inked and all Clark & Reid technicians became Ryder employees. They got a Ryder patch on their Clark & Reid uniforms, but they stayed in the same facilities, worked on the same vehicles, and reported to the same manager.

"Ryder brought in their systems, their processes, their technology, and their training, and was able to put better diagnostic tools in the hands of our technicians," says Martin. "With this greater efficiency, they were able to absorb, without any sacrifice in safety or quality, the attrition that almost always accompanies a change of this magnitude."



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GARY P. MARTIN *Vice President, Fleet Services*

Today, in addition to the preventive and routine maintenance activities administered in Massachusetts, Clark & Reid drivers can receive priority roadside assistance from any of the more than 800 Ryder-owned locations across North America. In the event of a breakdown, drivers use a GPS computer unit in the cab of each Clark & Reid vehicle to communicate with the Ryder staff back home; who then coordinate the roadside assistance through the 24-hour Ryder Customer Response Center.

Clark & Reid also has the opportunity to purchase discount-priced fuel at Ryder locations across the country where their vehicles receive a seven-point service island inspection with each fueling. "We're trying to identify any possible condition that might lead to a roadside service call, create a safety hazard for the driver or for any other motorists on the highway," explains Joe Olivere, general manager of Ryder's Boston office. Olivere coordinates the Clark & Reid account on behalf of Ryder.

"Gary's drivers are on time-sensitive missions," says Olivere. "Our program gives Clark & Reid the security of knowing that if one of their vehicles is down, they'll be running again as soon as possible."

The efficiency of the Ryder operation can be seen in the numbers. "We measure every breakdown we have at Clark & Reid and we diagnose it down to the root cause to see whether it was a mechanical failure or something we might have caught during routine maintenance. A key player in the process is Bill Holt, our on-site Ryder Service Team Leader, who works closely with Clark & Reid to make sure that we stay ahead of the game." says Olivere.

When Ryder began measuring Clark & Reid breakdowns in 1999, the average breakdown per vehicle was just over once per year. In 2002, that number has been reduced more than 40%. For Clark & Reid, that translates into big savings both in dollars and in customer service.

Says Olivere, "If I'd written a script for the way this relationship would go, I could not have asked for better results."



AN ON-SITE MAINTENANCE CONTRACT HAS REDUCED THE INCIDENCE OF BREAK-DOWNS, INCREASED THE LEVEL OF DRIVER SATISFA-TION AND ADDED DOLLARS TO THE BOTTOM LINE, ALLOWING CLARK & REID TO FOCUS ON PROVIDING TOP-NOTCH PERSONAL SERVICE.



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