



UNCOVERING THE ADVANTAGES
OF AN **OUTSOURCED FLEET**

FLEET LEASING & MAINTENANCE | DEDICATED TRANSPORTATION | SUPPLY CHAIN SOLUTIONS



Gross domestic product (GDP) is on the rise. So are consumer confidence, demand, and expectations. These conditions create an environment ripe with business growth. And, while many businesses are taking advantage, some are bumping up against significant challenges because of their transportation network.

That is not a surprise. There are a lot of moving parts when it comes to a fleet – equipment, route scheduling, engineering, drivers, lanes, data, and liability, just to name a few. Transportation is also not a core competency for many companies. Likewise, advances in technology and industry challenges such as labor shortages, squeezed capacity, and escalating freight rates make operating, maintaining, and managing a fleet increasingly complex.

In order to overcome these challenges, many companies turn to third-party logistics (3PL) partners for a dedicated fleet. By doing this, these companies learn they can meet capacity and cost challenges, increase fleet reliability and uptime, improve visibility and business intelligence—and most importantly—gain more time to focus on their core business.

In its recent *Global Outsourcing Survey*, consulting firm Deloitte found that **59 percent** of companies viewed outsourcing its transportation as a cost-cutting tool. Also, nearly as many respondents—**57 percent**— said they embraced outsourcing because it enables them to focus on their core business, and **47 percent** turned to outsourcing transportation to solve capacity issues.



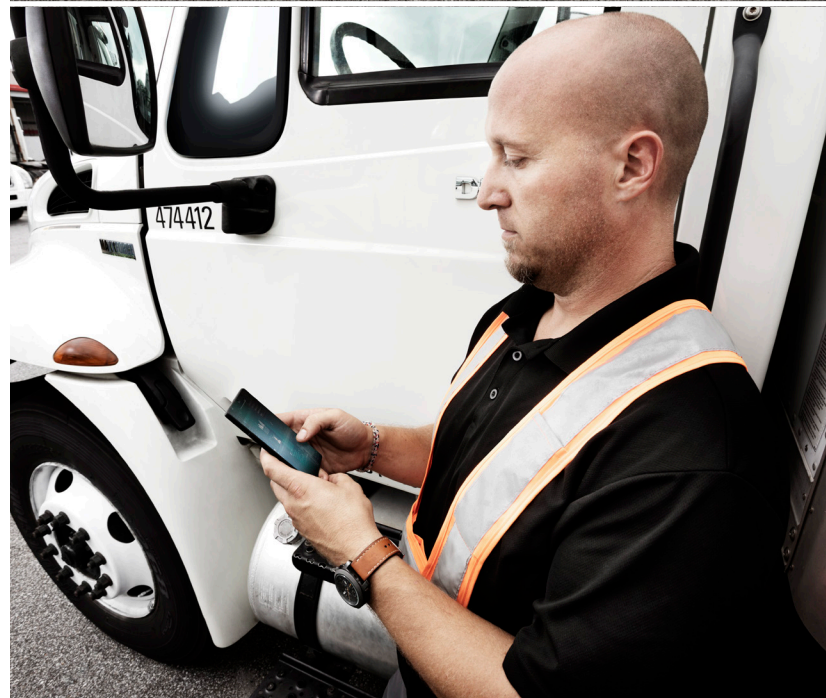
What is a Dedicated Fleet?

A “dedicated fleet,” also known as “dedicated contract carriage” or “dedicated transportation” refers to the outsourcing of fleet activities including equipment (tractors, trailers, flat beds, box and straight trucks, and other specialty power units), drivers, network engineers, logistics managers, technology, and other resources exclusively devoted to a business. Traditional alternatives to a dedicated fleet include owning or leasing a fleet, hiring common carriers, or contracting with a 3PL for transportation management and freight brokerage.

Simply put, a dedicated fleet allows companies to have all the benefits of owning a fleet without having to manage it. Through a dedicated provider, companies can customize their vehicles through spec'ing and branding. A dedicated fleet also guarantees drivers who are trained specifically for the company. These drivers are hired, trained, and managed by the dedicated fleet provider. Engineers and on-site logistics managers right-size the company's fleet and provide flexibility to add capacity during peak periods, while giving the opportunity to make extra revenue through backhauls. Maintenance and vehicle replacement is also covered. Additionally, with a dedicated fleet, companies outsource compliance worries and liability – both of which can be extremely costly for private fleet owners.

Companies with dedicated transportation have found it is an effective way to guarantee capacity and reduce transportation costs through predictable freight rates. A dedicated fleet can also improve on-time delivery by more than 10 percent, according to the Commercial Carrier Journal. Moreover, companies with dedicated contract carriage arrangements can more easily negotiate fuel surcharges, and focus personnel and financial resources on other areas of the business.

Dedicated transportation also has the ability to capture and analyze data that tracks your freight, mileage, location, on-time performance, fuel efficiency, and more ensuring an optimized network.



A Fresh Solution That Delivers Quality Service

Cayuga Marketing has experienced many of the advantages of a dedicated fleet since outsourcing its transportation in 2016. Cayuga's business comes with a unique set of logistics challenges. Every year, it moves more than 1.2 billion pounds of a product that is highly perishable and subject to stringent regulations. What's more, its drivers must be able to take readings of the company's raw materials as well as certified samples that determine how its suppliers will be paid.

Cayuga Marketing is in the milk business, which Kevin Ellis, CEO of the Syracuse, New York-based company, calls "one of the more heavily regulated industries in the U.S." Cayuga is the market-facing entity for a cooperative of 30 dairy farms. The company transports 140 million gallons of milk annually - about half that milk directly from its dairy farms to destination points throughout the state, supplying a number of major food processing brands. It uses the other half to manufacture dairy ingredients, such as skim milk powder, non-fat dry milk, and milk protein concentrates and isolates. "We are very customer-centric," Ellis says. "Our focus is always on providing very high quality and customization to our customers."

Before outsourcing to a dedicated fleet, Cayuga was using six local milk haulers. The small size of their operation limited them to working 12 to 16 hours a day. Cayuga's manufacturing plant, however, was designed to run 24/7, 365 days a year. "Before outsourcing our receiving bay became a bottleneck because we sized it to evenly spread out our load receipts over a 24-hour period, not every 12 to 16 hours," says Ellis. To alleviate these issues, Cayuga turned to Ryder for its Dedicated Transportation Solution. As part of the solution, Ryder maintains three managers on site at the plant, and those managers supervise 31 drivers, 14 trucks, and 30 trailers. They also engineer and schedule routes to ensure no bottlenecks occur, and continuously improve the transportation network by analyzing data.

"When you have one hauler, you have less variability and gain efficiencies," Ellis says. "When you have six different haulers, you can struggle with capability constraints, such as haulers that don't have enough equipment to move product or enough drivers."

Ryder not only manages the day-to-day logistics, but also searches for long-term savings. This can include picking more efficient routes and finding backhaul opportunities, where the drivers will deliver the milk, then find product to carry on their way back rather than operate empty vehicles. Such efficiencies were never top of mind for Cayuga in the past since it paid haulers based on the amount of goods they carried.

"It costs me the same whether the driver pulled over and took a two-hour nap on the side of the road or if he was trying to get as many loads in a day as he possibly could," Ellis says. "We never want to fill half a truck and drive halfway across the state because now we benefit directly from the new margin opportunities."

Having Ryder manage the fleet and implement more efficient, round-the-clock operations has reduced hauling costs by **20 percent**, saving Ellis roughly \$1 million over 12 months.

While the trucks are owned and operated by Ryder, they carry the Cayuga logo, so they also serve as an advertisement for the company. "Every time I pass one on the throughway or on the interstate, I'm proud of that," Ellis says. "And our farmers have that same sense of pride."



Building Stronger Solutions and Communities

The results of outsourcing to a dedicated transportation solution has also benefited Goodwill. Each day, trucks from Goodwill agencies travel throughout the country, collecting donated items, transporting them to distribution centers and then delivering the items to the agencies. The ability to do this day in and day out, requires an optimized transportation network that includes vehicles, reliable drivers, enhanced visibility, routing, scheduling, and continuous improvement. Because transportation is not a core capability for Goodwill agencies, some – such as Goodwill Manasota – have turned to Ryder for its Dedicated Transportation Solution.

“We are a big fan of sticking to our mission, which we are an expert at. Just as we know Ryder is the expert in the logistics field,” says Donn Githens, Vice President of Operations, Goodwill Manasota. “Ryder takes the time to understand our needs. It is a true partnership that allows us to focus on our mission.”

Githens states there are numerous benefits his agency has achieved from a Ryder Dedicated Transportation Solution. One of the top benefits comes from a proprietary business intelligence tool that Ryder created specifically for Goodwill.

One challenge many locations have is a lack of transportation network visibility because historical data is either not available or not in the right place. Because of the business intelligence tool, as well as vehicle utilization studies, Ryder is able to capture the necessary data to optimize the transportation networks of its Goodwill partner locations. This is accomplished through Ryder logistics managers analyzing and using data, including inventory supply, to engineer routes, schedule deliveries, and plan for peak demand.

“We have the consistent knowledge of where our Ryder routes are running, and that they are moving in the manner we agreed to run them,” Githens says. “It gives us peace of mind that our routes run seven days a week without fail. We have really great communication, and everyone on both teams understand the partnership and Ryder’s role.”

Githens admits there was a fear of losing control before outsourcing his agency’s transportation and logistics to Ryder. However, after working with Ryder he says the two companies have a true partnership that brings value to Goodwill.

“We never have to worry about a truck, driver, or route,” he states. “And, it’s more than that. Ryder is willing to help wherever we need it. Because of the flexibility and benefits Ryder provides, we have achieved unique business opportunities.”



Dedicated Gains for Companies

The advantages of a dedicated transportation solution are clear. Along with trucks and drivers, it provides businesses with all the advantages of owning a fleet, but without the headaches of having to manage one. Among the many benefits of a dedicated fleet, one in particular stands out: Customers gain the ability to increase their focus on their core, revenue-generating business activities. At the same time, companies benefit from a customized fleet strategy that includes improved on-time delivery, lowered operating costs, risk and liability mitigation, guaranteed capacity, and a fleet and drivers that function as an integral part of their business.

Discover how your company can benefit from a Ryder Dedicated Transportation Solution at ryder.com, or call **866-235-6266**





About Ryder

Ryder is a FORTUNE 500® commercial fleet management, dedicated transportation, and supply chain solutions company. The Company offers nationwide access to over 800 state-of-the-art service facilities, 6,300 certified technicians, and a dedication to superior repair quality, safety, speed, and full visibility. Ryder offers a wide range of maintenance products for all vehicle types, delivering flexibility around the level of maintenance that companies require in order to keep their fleet running properly throughout its life span. Ryder is continually monitoring emerging fleet technologies and works closely with the technology providers and equipment manufacturers building innovative features to provide feedback around functionality, usability, and adaptability. Ryder's stock (NYSE:R) is a component of the Dow Jones Transportation Average and the S&P MidCap 400® index. The Company has been named among FORTUNE's World's Most Admired Companies, and has been recognized for its industry-leading practices in third-party logistics, environmentally-friendly fleet and supply chain solutions, and world-class safety and security programs.



