

With Digital Tracking, *Predictability* is the New Key Word for Distributors

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In today's digital world it's only a matter of time until manual data recording tasks are eliminated completely – and the trucking industry is the next target on the digital radar. Make no mistake this mandate will have a widespread impact on businesses outside of the transportation industry. Warehouses, distributors, manufacturers and other links in the extended supply chain must plan for it now; or pay the price later.

You may have heard that there's a radical change that will soon be impacting the shipping industry; well you heard right. A new government mandate will initiate a nation-wide digital tracking procedure that will more accurately monitor trucking activity. In the cab electronic logging devices will replace manual log books with electronic data collection devices. This move removes any gray area by replacing subjective and often inaccurate driving logs with real-time data. With digital tracking's eye in the sky, the status of any truck will be known instantly.

The idea is to more closely and accurately monitor hours-of-service and shut down driving operations after a given number of hours or miles. Drivers and companies exceeding operating limits will risk stiff penalties. The hope is that more closely monitoring driver activity will significantly reduce accidents, promote safety and keep related insurance costs in check. Accidents have always been a major concern for the industry. It's projected that the regulation, affecting nearly 3.5 million drivers nationwide, will reduce fatigued driving and prevent about 600 injuries while saving nearly 30 lives each year. And if early results are any indication, digital tracking might do just that.

Electronic logs are currently in use with some trucking companies and the results are promising. One report from the Virginia Tech Transportation Center for Truck and Bus Safety found that commercial drivers using electronic logs had an 11.7% lower total crash rate and a 5.1% lower preventable crash rate than trucks not equipped.

So what's the Problem?

While digital tracking might seem like a good idea to those outside of the trucking industry, many of those who earn a living behind the wheel see this as a threat to their business. While there certainly are a few well known giants in the industry, by and large the vast majority of trucking companies are independent owner-operator drivers or other small carriers. With razor-thin margins these companies feel the financial impact the hardest and must maximize every second behind the wheel. Make no mistake that

these and other costs will be passed along to customers who will in turn pass it along to their customers. In the end it's the consumer who will be hit with escalating prices.

Additionally some drivers fear that the devices could be easily used to detect speeding and other infractions. They see this mandate as government overstepping its bounds and interfering with their lives/businesses. Some claim that the digital tracking mandate is a direct infringement on privacy, is costly and completely unnecessary.

A Ticking Clock

While the mandate will clearly have its biggest impact on the transportation industry, any business relying on over-the-road carriers for inbound or outbound freight will feel a residual effect. "Digital Tracking means that the clock is always ticking," explained Bob Klare, President of Megacorp Logistics. "More sitting means less drive time and drivers cannot afford to sit idle waiting for distributors to get their shipping act together. Turn-around time is vital and loads have to be ready when the truck is scheduled to arrive." Klare says industry estimates show that the new mandate will impact available truck capacity by 5% to 10% thus setting off measurable transportation cost increases and severe delivery delays due to insufficient truck availability.

The truth is that the trucking industry will ultimately pass the burden on to the distributor who will incur added costs and pressure to have goods ready for quick loading/unloading. It's therefore imperative that distributors have an efficient shipping process in place. "Predictability will soon be the keyword throughout the industry," said Klare. "Warehouses risk late deliveries, excessive charges, or being labeled as liabilities among the transportation industry. Carriers will begin rating warehouses, sharing that information, and avoiding high-risk customers."

What's the Solution?

So what's the best way to ensure a transportation-friendly distribution center? First and foremost take a closer look at your warehouse and transportation management processes, tools, and supporting technologies. If you're still relying on manual or paper-based processes, or antiquated software, it's time to update/upgrade. A Warehouse Management System (WMS) allows you to fill and process orders more efficiently and to more precisely schedule shipping efficiency. A WMS delivers the visibility and efficiency needed to streamline processes and serves as the foundation for a predictable process.

Supply chain execution has never been more crucial. The wrong order, inaccurate inventory, time-consuming, paper-based processes, inefficient labor processes all add up to budget overruns and unnecessarily high operational costs. A WMS helps you gain control of warehousing and distribution processes and systems to eliminate errors,

automate inventory and order processing, save valuable resources and deliver the right product on time, the first time.

Conclusion

Whether digital tracking is a good or bad idea doesn't really matter at this point. Changes are coming to the trucking industry and distributors, warehouses and manufacturers had better be prepared. Visibility and predictability will be absolutely critical to anyone operating within the extended supply chain; and a warehouse management system holds the key. A WMS empowers you to manage the supply chain from your supplier to your customer with the highest level of efficiency.

The digital dragon has been unleashed and will continue to push the supply chain to its limits. Warehouses, distributors, and manufacturers must remain responsive and a WMS provides organizations with the agility to quickly anticipate and adapt to the changing requirements of our digital world.

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