SPECIAL REPORT

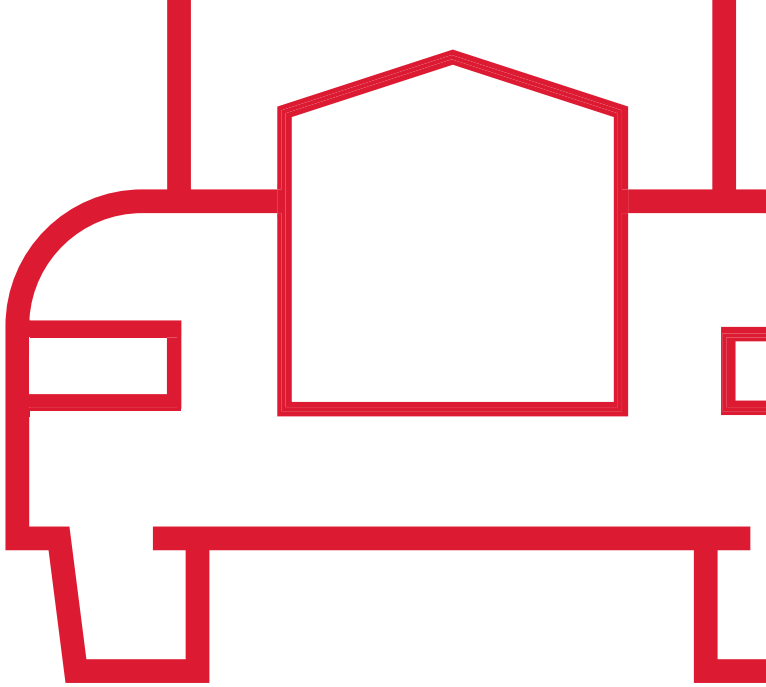


PRIVATE FLEET VS DEDICATED: WHICH ONE IS RIGHT FOR YOU?

FLEET LEASING & MAINTENANCE | DEDICATED TRANSPORTATION | SUPPLY CHAIN SOLUTIONS

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As companies look for ways to remain competitive in the challenging economic climate, re-evaluating the type of fleet they use can bring them an advantage. For shippers, there are many differences between owning a private fleet and using a dedicated fleet. Some of these differences include cost, service, reliability, and the time taken away from their core competencies.



Private Fleet

A private fleet provides a company with complete control along with the advantages of guaranteed capacity, supply chain control, and visibility of the entire operation. Private fleet owners can brand their trucks and add revenue by shipping goods for other companies when capacity allows.

A private fleet can also generate additional costs for companies that are harder to plan for such as:

- Maintenance
- Substitute vehicles
- Fuel
- Licensing
- Driver hiring, training, and management
- Regulatory compliance

Other challenges private fleet owners face include supply volatility and fluctuations in customer requirements. Private fleet owners may also own more trucks than they use on a daily basis to have the flexibility if demand rises. But these mostly idle vehicles can hurt a company's bottom line. This is because private fleet owners plan their fleet to a peak period, so their capital is locked up in vehicles they don't always need.

Dedicated Fleet

A dedicated fleet allows companies to have all the benefits of owning a fleet without having to manage it, while lowering their transportation spend. A dedicated fleet guarantees capacity, gives the company visibility it needs, and has the opportunity to make extra revenue through backhauls. Companies can also customize their trucks with a dedicated fleet. And the provider takes on all the risk.

A dedicated fleet also guarantees drivers who are specially trained for their company. Companies will also have a right-sized fleet with the flexibility to add capacity during peak periods. Maintenance and vehicle replacement is also covered.

For many private fleet owners who have transitioned to a dedicated fleet, they now can achieve:

- Greater flexibility
- Fewer driver issues
- Improved service levels
- Increased on-time delivery performance
- Access to capital

They also have outsourced compliance worries and liability – both of which can be extremely costly for private fleet owners. Along with freeing up personnel and money, a dedicated fleet allows companies to focus more on their business.

"We had become a trucking company, but we really wanted to be a nursery. We were ready to be out of the trucking business. Immediately, Ryder committed 100 percent, providing the equipment and drivers we needed. That alleviated many of the headaches – no more 3 a.m. phone calls for deliveries or having to find drivers in today's tight market."

– Eric Cord,
President, Windmill Farms Nurseries

Planting the seeds for growth

For Windmill Farms Nurseries, switching to a dedicated fleet helped the small Florida nursery become one of the largest commercial suppliers of plants in the state. Shipping more than 70 loads weekly across the Southeast U.S. during peak season, Windmill Farms needed a solution that kept their delicate plants on store shelves and in optimum condition.

With plant delivery playing a key part in keeping existing customers satisfied and adding new ones, Windmill Farms had entered a business it didn't want to be in: trucking. "As we expanded, we went from just owning trailers to adding more tractors," Cord says. "Because the need for drivers was seasonally driven, we had to staff up and down each year, which was very challenging – in addition to the cost of the trucks and the liability we had to accept with their operation."

In essence, Windmill Farms had created their own trucking company to try to offset their costs, but found it was tough to manage "both" businesses. With this in mind, Windmill Farms made the decision to explore outsourcing their transportation function.

After exploring options with several transportation and logistics companies, Windmill Farms contracted Ryder in 2011 to provide all of its trucks, drivers, and maintenance. This allows the nursery to function with the flexibility to use precisely the number of drivers and trucks it needs when it needs them. In season, about 24 trucks operate for the company, while this decreases to around six trucks during the off-season.

The Dedicated Transportation Solution for Windmill Farms gives them confidence by always providing trucks and drivers to keep their business moving. From reliable trucks to customer service-oriented drivers, Windmill Farms has all the benefits of owning a fleet without having to manage it.

As a result, Windmill Farms has the flexibility to ramp up its capacity during peak season. They don't have the hardship of managing their fleet and drivers. They have dramatically lowered their transportation costs, and their product loss has gone from 12 percent to 0.8 percent.



Evaluating your options

Choosing to switch to a dedicated fleet gives businesses the advantages of owning their own fleet without dealing with the challenges that could stifle their bottom line.

When considering switching from a private fleet to dedicated, ask yourself these questions:

- Does my fleet have unique or complex distribution requirements?
- Does my freight require custom vehicle specifications or special handling?
- Do I have to coordinate multiple stops and complex routes?
- Would consolidating my operations and reducing empty miles improve revenue?
- Am I having issues finding or keeping drivers?
- Do I need additional services such as warehousing, yard management, or alternative fuels?
- Am I having issues finding backhauls?
- Are my trucks running a lot of empty miles?
- Is it difficult to adjust my drivers and vehicles as volumes change during seasonality?

If you answered yes to any of these questions, you may benefit from a dedicated fleet.

As the transportation business continues to face challenges, it may be time for your company to re-evaluate your fleet. While there are many benefits to having a private fleet, a dedicated transportation solution offers the same benefits, and much more.



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