GROWERTALKS

Features

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New Rules for the Road

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So you may be asking yourself why a salesperson from a transportation company is writing an article in a horticulture trade magazine. Chances are most of you have never even thought about the truck driver or trucking company that calls your greenhouse or garden center or landscaping company to ask about your receiving hours more than five seconds after those calls. Trust me, I never would have even thought about writing this article without a wrong phone number on one of those appointment sheets ringing to one surprised editor that “gets these calls all the time.” (Thanks for the opportunity to inform your readership, Chris Beytes!)

After a conversation with Chris, I learned that most stakeholders that buy a truckload of anything or have one or two trucks themselves may not be aware of one of the most disrupting, and possibly one of the costliest, regulations ever to hit trucking. In case you’re unaware of what I’m talking about, I want you to Google “freight rates” and tell me how many times you see the ELD (Electronic Logging Device) mandate that will be enforced on commercial transportation in the United States on December 18, 2017.

Most shippers don’t know about the court battles that raged between large carriers and smaller carriers over this rule. Large carriers have been following the driver rules for fear of the fines and damage to their reputations, while smaller (less risk-averse) carriers have skirted the DOT laws for additional profit or just to survive in some cases. After December 18, it will be more difficult for smaller carriers to “cheat the system” with paper logbooks.

I decided to reach out and survey some of my transportation managers and buyers I work with closely during the spring and throughout the year to get their perspectives on this topic, its impacts and what they were doing about it.

Impacts of the ELD

Why is this regulation way more impactful on greenhouse and nursery transportation than other shippers and why is this an issue to begin with? There are details I won’t go over here (like Hours of Service Rules and Exceptions), but from a 50,000-ft. view, simply stated, ELDs mean there will be no more “cheating” with driver logs. This includes drivers that didn’t record their “dwell times” at shippers and receivers, which sometimes can be as long as four to eight hours.

That’s a particularly difficult challenge for large and medium greenhouse shippers who have largely relied on small, independent trucking companies and drivers who would drive extra miles weekly or not charge for detention for six to eight-hour loading/unloading (i.e., break HOS rules). During the spring, that savings passes on to the shippers who may then, in turn, pass on those savings to their customers (see where I’m going here?). Without those extra miles, drivers will have to charge more for their services and shippers will be the first ones to feel the effects on their balance sheets.

Drivers may not be able to get to the last couple of garden centers on their routes—where before they would just fudge the numbers on the paper logs to make their deliveries on time. Drivers may not be able to pick up on time or at all for any given day. These are all things that are generally disruptive to an already hectic spring shipping season. Not good.

When asked about what concerned him most about the ELD mandate in December, Ron Chuvalas of Kurt Weiss Greenhouses on Long Island, said, “Weather, prices locked in for the upcoming season’s product, last-minute orders to meet customer demand will add to higher shipping costs. Honest communication with your drivers, independent carriers or third-party providers will be crucial. Industry customers will need to operate on true receiving appointments. Gone will be the first-come, first-serve approach.”

Along with major hurricanes and an increase in U.S. freight output, the ELD mandate will cause impacts to the supply chains with many shippers, large and small alike.

Scott Cartwright of Bela Flor Nurseries in Missouri thought that the biggest impact of the ELD mandate would include “uncontrolled, lost productivity. Lost productivity means loss of revenue and thus profit. The nursery market is an agricultural market. Those segments typically run on very small profit margins.”

Scott said that many nurseries must rely on a person at the customer to hand count and then sign paperwork after the delivery, which isn’t that easy.

“Simply finding someone who will prioritize getting this task accomplished so the driver can continue with remaining deliveries is beyond frustrating,” he said. “Many customers have very few people who are ‘trained’ to check in the product. This is a very simple task; yet the end customer will often add 30 minutes to an hour to a driver’s delivery time. When drivers are making seven to 15 deliveries per day, it’s easy to see how this has a massive impact on everyone.”

Delayed time at a customer will be detrimental to any planning processes, explained Scott, especially once a driver starts his/her day, the 14-hour clock continues, despite having to sit waiting for a signature on a BOL or someone to finish their lunch break.

“The communication to your customers could potentially alleviate some of that lost productivity for that driver and the truck,” said Scott.

Preparing for the mandate

Each nursery participant in my survey came to similar forecasts as to what would happen after the ELD mandate occurs in December, but each one was doing slightly different things to help prepare their businesses for this upcoming change. Debbie Casale of Monrovia Nurseries explained her strategy: “We strive to be the best in our

industry and that includes technology. Our reputation and integrity depend on our customers knowing they can rely on us to get material delivered to them in a timely manner. We need proper tools and information to achieve that and Monrovia has, by partnering with Trucker Tools and ClearPathGPS, in making it happen."

"We deliver our products in several fashions: company trucks, dedicated carriers and third-party providers," explained Ron at Kurt Weiss. "First and foremost is to ensure all these factions are equipped with the new technology and can provide the service needed under the law. We meet with our sales team to give them the facts for their information in placing orders, but also to inform the customers they service what is needed to make sure the flow of product they need arrives on time."

The last thing they do is review what's needed and how to accomplish the loading and unloading schedules of trucks with all of the operations (general managers, inventory control, fulfillment supervisors, etc.). "This will provide the truck with the proper lead time to meet their scheduled delivery appointments to the customer," said Ron.

"Communication is critical," stated Scott. "So is educating people up and down the supply chain, thus enabling them to make necessary changes in their respective departments, ensuring trucks depart on time and maximizing their delivery times. Processes, procedures and implementing training programs will be vital to achieve success."

Scott said the term "partnership" is overused in business, but it's what will be needed from all of the greenhouses, suppliers and customers to make the transition with the new mandate less stressful.

From a transportation provider perspective, we believe that communication and good relationships are the keys to the foundation for moving forward with shippers through this turbulent time. This time may present opportunities to greenhouse transportation managers/
buyers that have their own trucks to participate in what will be a lush for-hire transportation industry for other shippers during backhauls and off-season periods. Some growing operations are considering working with freight agencies to benefit from the freight price spikes during under-utilized times for existing year-round staff.

I personally think Ron might have stated it best when he said this about the ELD mandate: "This is the hand the federal government has dealt everyone that relies on the trucking business to maintain and operate their business. Zero hour is here. The operations that have been planning for ELDs will be far ahead of those who have not. Planning, planning and more planning will be the key."

Ready or not, whether you knew about it or not, it is here. The shippers I work with—like Kurt Weiss, Monrovia and Bela Flor—are actively preparing for this event. If you need help planning your transportation movements next year or want a second opinion, please don't hesitate to reach out! **GT**

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