

How to overcome the capacity roadblock

The capacity crunch continues to tighten its grip on the supply chain and transportation industries. According to the State of the North American Supply Chain survey, truck capacity is the industry's primary hurdle this year. And, nearly 20 percent of the industry says it is feeling the pinch.

With capacity growing scarce, freight rates are also on the rise. Research shows that the For-Hire Trucking Index rose faster than the capacity index every month for the past year, and was at a record high in January. As this trend is expected to continue through the year, industry experts anticipate freight rates will continue to rise, further tightening capacity.

The growing economy is one of the main contributors to the capacity crunch. In 2017, gross domestic product growth was at 2.3 percent, up from 1.5 percent in 2016. That was fueled by accelerated growth during Q2, Q3, and Q4. The proliferation of e-commerce, which is estimated to have a 12 percent compound annual growth rate over the next 10 years, is adding to the capacity crunch as two-day shipping is becoming the norm. With GDP and e-commerce growth expected to continue, 76 percent of freight operators anticipate their volumes will continue to increase over the next 12 months. They also expect to struggle to meet those demands.

Also, while the driver shortage is not new to the industry, it continues to grow and contribute to the capacity crunch. The American Trucking Associations estimates the shortage to be hovering around 70,000 drivers – a number that is expected to rise to 150,000 over the next two years. Because of the driver shortage, companies that own or lease a fleet are facing roadblocks recruiting new drivers, which is resulting in even more idle capacity.

Likewise, complying with the ELD mandate is adding to the lack of capacity. While the implementation of the mandate has contributed to the driver shortage with some drivers leaving the industry, compliance has added more costs for companies that own or lease a fleet. Along with purchasing and installing a compliant device on every vehicle – which leads to downtime – companies also must train drivers and personnel to use the devices. Every vehicle that does not comply with the mandate is a vehicle that can't be transporting products further contributing to the capacity crisis.

Along with the above challenges, shippers are dealing with carrier networks that are becoming less reliable not just because of the driver shortage and ELD compliance, but also because carriers are raising rates and being selective with the freight they move.



How do you overcome the tightening capacity issue?

If you're feeling the capacity constraints with your fleet, it may be time to evaluate your current transportation network by asking questions like: Is capacity becoming more difficult to find?

Am I having trouble recruiting enough qualified drivers to move my freight? Are increasing transportation costs impacting my bottom line? Has my carrier network become unreliable?

If you answered yes to any of these questions, a dedicated fleet can provide you what you need to overcome the capacity crunch, as well as other industry disruptors.

A dedicated fleet allows you to enjoy all the benefits of owning or leasing a fleet without having to manage it. How? A dedicated fleet guarantees capacity, gives you end-to-end visibility through innovative technology, and gives you opportunity to make extra revenue through backhauls. You can also customize your trucks with a dedicated fleet.

A dedicated fleet also guarantees drivers who are recruited, managed, and specially trained for your company. You will also have a right-sized fleet with the flexibility to add capacity during peak periods. All maintenance including preventive service, tires, brakes, and typical wear and tear, as well as vehicle replacement is also covered, as the provider takes on all the risk.

Many companies like yours that leased or owned their fleet and have transitioned to a dedicated fleet, now achieve:

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

Ryder Dedicated Transportation Solutions

At Ryder, we help companies like yours do this daily through our best-in-class Dedicated Transportation Solutions. We know that every supply chain is unique. That's why our services are customized specifically for your business. Whether you are dealing with tight delivery windows, complex routes, or have specialized equipment and handling needs, we have the services necessary to keep your business moving through the capacity crunch. This gives you the flexibility you need to manage variability in demand, ensures compliance with all regulations, allows you to overcome the driver shortage, and lowers your transportation costs.

With a 99 percent on-time delivery rate, and one of the best safety ratings in the industry, we are committed to getting your freight where it needs to go.

With Ryder, you not only get a customized fleet, you get specially trained drivers who become an extension of your business. As the driver shortage continues, our focus on recruiting, training, retaining, and managing the best drivers in the industry benefits you. In turn, you receive drivers who are dedicated to driving your business and working for you. Whether its unloading freight, stocking shelves, rotating inventory or anything in between, our drivers deliver the best customer service in the industry. And, by partnering with Ryder for a dedicated fleet solution, you can relieve the burden related to ELD implementation, training, and compliance, as we handle that for you.

Discover how outsourcing your fleet with us can improve your transportation and supply chain performance at ryder.com/solutions/dedicated-transportation.