WE WERE ABLE TO GROW OUR BUSINESS BECAUSE WE DID NOT SHY AWAY FROM THE DATA MONSTER. RATHER, WE EMBRACED IT.

There is a rule of thumb that says you can only remember about 250 people by name. Beyond that, it is too much data for your brain. Over the 20 years that I have been in transportation, I have developed this rule of thumb — let's call it Louis' Rule of trucking: A single business owner can only (in most cases) manage up to seven trucks. The problem is data: as the truck count goes up, the problems multiply exponentially.

So, when we bought this trucking company all those years ago, it was operating beyond this limit with about 10-15 tractors and 80 trailers. To this day there are still trailers that we have no idea where they went. This business had no shot at growth yet alone maintaining what it had. In order to manage this small business, we needed four people in the office and all our time was spent in the business doing the work instead of working on the business to improve it and grow it.

Eight years ago we embarked on a journey to tame the Data Monster that was choking our business. The first thing we did was to force the dispatchers to enter the loads in the computer as they were creating them. Letting go of the blotter paper was such a scary process for one of the dispatchers that he had to move on. At the time we had an entry level TMS (Transportation Management System) that could track shipments and trucks and give a simple view of our operations. The first major result from this simple move was the error rate in the billing department went way down because they stopped trying to interpret the dispatchers’ hurried hand writing.

This is when we realized that not only was our business limited by the capacity of the dispatchers, but our back office operations were a black hole of inefficiency. What was worst was that all this back office work was done by the owners (Cheryl and I) who then had no time to manage and grow the business.

We took a gradual approach to automation, doing one step at a time to gradually increase our capacity and reduce our back office workload.

Data. For a lot of people, this simple four-letter word conjures up expensive, complicated computers and software. A lot of people will say: “I do not need computers to run my business. I have trucks. I know who is driving them, where they are and where they should be. Who needs computers?” The same people often have dreams and goals of growing their business significantly, but they don’t see the data barrier in front of them. Here is our story of how we tamed the Data Monster and have been able to grow our business over 10 times since we started.

Ten years ago we bought a trucking company that was run without technology, save the fax machine. We still recall (fondly) the huge blotter sheets on which the dispatcher would track the shipments for the day and gradually strike out lines as loads where delivered, then re-enter all the loads not yet delivered on tomorrow’s sheet. This would go on day after day. When I asked why they were not using the computer on their desk, the most common answer was it is faster to write it down on the blotter paper.

TAMING THE DATA MONSTER

There is a rule of thumb that says you can only remember about 250 people by name. Beyond that, it is too much data for your brain. Over the 20 years that I have been in transportation, I have developed this rule of thumb — let’s call it Louis’ Rule of trucking: A single business owner can only (in most cases) manage up to seven trucks. The problem is data: as the truck count goes up, the problems multiply exponentially.

So, when we bought this trucking company all those years ago, it was operating beyond this limit with about 10-15 tractors and 80 trailers. To this day there are still trailers that we have no idea where they went. This business had no shot at growth yet alone maintaining what it had. In order to manage this small business, we needed four people in the office and all our time was spent in the business doing the work instead of working on the business to improve it and grow it.

Eight years ago we embarked on a journey to tame the Data Monster that was choking our business. The first thing we did was to force the dispatchers to enter the loads in the computer as they were creating them. Letting go of the blotter paper was such a scary process for one of the dispatchers that he had to move on. At the time we had an entry level TMS (Transportation Management System) that could track shipments and trucks and give a simple view of our operations. The first major result from this simple move was the error rate in the billing department went way down because they stopped trying to interpret the dispatchers’ hurried hand writing.

This is when we realized that not only was our business limited by the capacity of the dispatchers, but our back office operations were a black hole of inefficiency. What was worst was that all this back office work was done by the owners (Cheryl and I) who then had no time to manage and grow the business.

We took a gradual approach to automation, doing one step at a time to gradually increase our capacity and reduce our back office workload.
RATE CONFIRMATION PROCESS EVOLUTION

 Generating rate confirmations seems a simple process at first, but as the volume grows and the data buried in them grows, it can quickly become overwhelming.

 When we started our brokerage, we created a template in Microsoft Word with lines for carrier name, rate, pick-up and delivery and so on. Then we copied it hundreds of times until it was very faded. When we made a deal with a carrier we would fill it out by hand, stand in line at the fax machine to send it and come back to the fax machine several times to confirm it went through. Let's not talk about the billing nightmare of trying to read these confirmations two weeks later when we received the carrier bill.

 HERE ARE THE PHASES OUR PROCESS WENT THROUGH. WHERE DO YOU FIND YOURSELF?

 1. Still waiting at the fax machine
 2. Use Word to type in the rate confirmation so that they are now readable
 3. Use a simple TMS to generate and track confirmations with a record number so that the billing has all the load details.
 4. Require carriers to send back confirmation with invoice
 5. Rig a fax machine to the TMS to eliminate the waiting times at the fax machine
 6. Rig an email server to the TMS so that you can email the confirmations instead of fax
 7. Add imaging to TMS to stop printing the rate confirmations coming back
 8. Add bar-coding to the paperwork to expedite processing

 CARRIER PAY SYSTEM

 Our carrier payment system went through a similar evolution. Paying carriers is a simple process: You get the bill from the carrier, enter it in QuickBooks, generate a check, sign it, stuff in an envelope, stamp it and run to the post office.

 Although this is a simple process, when you do hundreds of those a week it becomes a full time job(s).

 HERE ARE THE PHASES WE WENT THROUGH. WHERE DO YOU FIND YOURSELF?

 1. Auto transfer bills from TMS to QuickBooks
 2. Auto sign checks at the printer
 3. Use kids to stuff checks in envelopes
 4. Auto generate a download to an outside vendor that prints, signs, stuffs, stamps and mails checks for you
 5. Auto generate an ACH payment file to upload to your bank and cut the stuffing out of the system (just completed this for our agent payment system, carriers are next).

 We developed a simple rule of thumb to decide what needs to be automated next. Whenever an activity takes more than one to two hours a week it becomes a candidate for automation.

 So over the next years we gradually tamed the back office Data Monster, which allowed us to have more time to work on the business instead of in the business and grow it significantly. Here are some of the milestones that we went through:

 2005-2006
  - Moved from blotter paper to simple TMS for tracking shipments

 2007-2008
  - Started developing Stratebo our TMS system
  - Integrated imaging to track all the PODs, rate confirmations, contracts
  - Auto transfer of carrier bills from Stratebo to Quickbooks
  - Auto generation and sending of contacts, rate confirmation, insurance requests

 2009
  - Auto signature on checks
  - Billing system generates invoices in batches
  - Auto download of carrier info from Safer

 2010-2012
  - Email/Fax Integration
  - Auto calculation of agent commissions
  - Integrated TCheck generation and tracking
  - Auto connect to load boards
  - Integrated mileage calculation

 2013
  - Auto check printing/stamping/mailing

 2014
  - Auto connect with bank for ACH payments

 2014-2015
  - State-of-the-art rebuild of system to increase capacity and speed

 When we bought the company, all the activities listed in the table were being done mostly by hand and took all the time of four people. We now handle 10 times the original volume in the back office operations with one person overseeing, and we have current capacity to triple our business without adding to the back office.

 In conclusion, we were able to grow our business because we did not shy away from the Data Monster. Rather, we embraced it.

 Louis Biron is COO and Chief Technology Officer at One Horn Transportation. He earned his B.Eng. at McGill University, his MS in computer design at the University of Montreal, and his MBA at HEC in France.