

THE KEY TO SURVIVING IN A CHANGING ENVIRONMENT



“...WE NEED TO BE PROACTIVE, ADAPT,
AND EDUCATE OUR FREIGHT AGENTS
AND EMPLOYEES AT MINIMUM TO STAY
IN BUSINESS...”



Nobody likes restrictive rules and regulations, but once they are in place, our only choice is to adapt, so we can continue to grow our businesses. “Change is the only constant in life,” said ancient Greek philosopher Heraclitus, who was known for his doctrine of change being central to the universe. So our view is that the business landscape is always changing, and we need to be proactive, adapt, and educate our freight agents and employees at a minimum to stay in business, but ultimately to continue on our growth trajectory.

So what are a few major changes in rules and regulations we have recently seen in the transportation industry and how did we adapt?

THE \$75,000 BOND

The introduction of the \$75,000 bond was a major change in our industry last year. Many people didn't believe it would happen, so they didn't even apply for it. People fought against it. But government laws are government laws. They are difficult enough to pass in the first place, so it's not likely they will be overturned, at least not right away. Since there is very little we can do in the short term, once they are passed, we have to adapt. Instead of fighting it, we got the bond right away through the ITS Diamond Broker Program, which let our current and prospective agents know One Horn was here to stay. The industry ultimately did a good job of adapting by coming up with many good offers to make the bond affordable for a wide audience, because they realized that by approving a larger base of subscribers, the risk would be spread. Now it's business as usual.

“SINCE THERE IS VERY LITTLE WE CAN DO IN THE SHORT TERM, ONCE THEY ARE PASSED, WE HAVE TO ADAPT.”

HOURS OF SERVICE

Hours of Service changes were another major upset in the industry when they first came into effect. The carriers were not used to the new procedures and freight agents and brokers were not used to asking drivers if they had enough hours to complete their loads on time. As a result, many loads got stopped in their tracks as drivers realized they ran out of hours, and these loads didn't make it on time to their deliveries. We adapted by educating our agents on remembering to ask if the drivers had enough hours to complete the load by the required delivery time, so our shippers would not be disappointed.

The Hours of Service changes also reduced capacity in the market, as the total driving hours decreased with a constant number of trucks on the road. Our agents had to adapt here as well, in their negotiation style with carriers as they assigned loads as it became more difficult to lock in the right carrier, with enough hours, on the right load. Since we have been a carrier in the past, we understand the carriers' point of view and have always treated our carriers very well. So the reduction in capacity did not affect us as badly as it did others, since carriers still chose to work with One Horn, due to our strong reputation in the market. It was just a matter of locking them in more quickly once a load was available. I imagine those with reputations for treating carriers badly and not paying them on time were the same brokerages that were late in adopting the \$75,000 bond, so they may be among those who closed shop when the changes in regulations came into effect.

And now we have to adapt again, but this time it's easier, since the Hours of Service have been reverted back to pre-2013 Transportation Bill requirements this past December with the new budget deal. So now, in theory, capacity should increase.



“ALTHOUGH WE MIGHT NOT ALWAYS ENJOY IT, CHANGE IS THE ONLY CONSTANT, WE JUST HAVE TO ADAPT TO THE CHANGES AS THEY COME.”

CARB

CARB (California Air Resources Board) regulations are a third example. The purpose of the CARB regulations was to reduce emissions and improve air quality, a noble initiative that is good for our planet, but also makes it more difficult to do business. Again, we just had to adapt, since California is a significant percentage of the country's transportation, it was just not practical to not do business in California. At first, many people got stuck at the border and couldn't deliver their loads or they were worried by the threat of violation tickets.

We knew CARB regulations were here to stay, so we took action to research the regulations, educate our agents and employees on what the requirements were and what to ask the carriers and drivers via written documentation and conference calls. Since we foster a team-oriented environment with camaraderie among the agents, many of whom have never met in person, people were happy to share experience and knowledge that made the entire team stronger and more able to adapt. It was painful at the beginning, but the CARB regulations have also become “business as usual” because they had to. Similar to the Hours of Service adaptation, sharing knowledge and developing new best practices were critical to overcoming issues in this instance as well.

Ignoring new rules and regulations because we wish they would go away just leads to having to scramble to stay in business, because the rules need to be followed and are not going away. Whether we agree or not with the rules, by taking an adaptive, proactive response, we were able to continue to grow One Horn, provide livelihoods for our agents, and service our shippers without any major disruptions. Although we might not always enjoy it, change is the only constant, we just have to adapt to the changes as they come. ■



Cheryl Biron is President and CEO of One Horn Transportation in Wayne, N.J. She earned her Bachelor of Science degree from Cornell University and her MBA at The Wharton School.