



deBoer Transportation is managing profitability and addressing fuel surcharge issues with the Truckload Cost Information System (TL/CIS) from Transportation Costing Group (TCG)



deBoer Transportation Inc. is a second-generation family owned and operated truckload motor carrier that was founded in 1967. Today, the Blenker, Wisconsin-based company operates 450 power units and 1,100 dry van trailers. The carrier services customers in the Midwest, southeast and Texas regions of the U.S., along with California, Oregon and Washington. deBoer also has regional operations in its Wisconsin and Dallas, Texas facilities, along with intermodal (TOFC) and brokerage divisions.

Challenges

A method for accurately determining fuel surcharges — Realizing its customers were considering traditional fuel surcharges as a source of profit for the carrier and demanding that surcharges only cover the actual cost of fuel used when transporting a shipment, deBoer Transportation needed a method to accurately measure the cost of fuel. Additionally, each customer had developed its own understanding of what those costs would include, creating a variable and inconsistent fuel surcharge schedule for the carrier to manage.

“There was nothing consistent about the process,” relates Roger Placzek. “For every customer, we were calculating fuel surcharges manually to make sure the charges covered only the cost of fuel. Separately, we had to cover our other costs and make a profit based on our freight rates. Without a tool for managing this accurately and consistently, the freight rate had to absorb more of the cost because the fuel surcharge didn’t cover the cost of fuel for a shipment. That could mean turning a profit into a loss.”

“TCG has given us the ability to develop a consistent and accurate analysis of fuel costs and fuel surcharges. The accuracy of the profitability analysis tool lets us determine if we are generating a reasonable profit. Without this unique capability we could be under compensated. In that respect the Fuel Surcharge and Fuel Cost Analysis reporting capability of the TL/CIS solution definitely pays for itself.”

Roger A Placzek

Vice President, Sales & Pricing
deBoer Transportation, Inc.

For more information and the complete Case Study, please contact Jack Jones at JBJones@TCGCIS.com

Solution

deBoer Transportation Inc. has been utilizing the Truckload Cost Information System™ (TL/CIS®) from Transportation Costing Group (TCG) since December 2005. In 2009 it implemented the Fuel Surcharge and Fuel Cost Analysis reporting capabilities of the solution.

With TL/CIS deBoer's management reviews accurate reports on costs, profitability and business performance. The carrier's Sales and Marketing teams use the data to identify non-profitable shipments and lanes, and work to improve them, while also maximizing profitable lanes.

A key advantage of the TL/CIS program for DeBoer is its reconciliation with the carrier's General Ledger, a capability that provides management with a high degree of confidence in the data.

Equally important to deBoer in its decision to adopt TL/CIS was that TCG was able to integrate the program to work with the enterprise management system already in place at the company. The installation of the software was fast and went smoothly, with only a few minor adjustments needed to meet system requirements. Final testing revealed only a few minor errors and the entire solution was up and running within one week.

deBoer also reports that the support TCG has provided has been excellent. Training is on going and reliable support services are available whenever they are needed and requested.

Results

Maintaining profitability by accurately determining fuel surcharges — Using the Fuel Surcharge and Fuel Cost Analysis reporting capabilities in the TCG Truckload Cost Information System (TL/CIS), deBoer Transportation has a means of determining fuel costs for each customer, every load, and any lane, based on a number of factors. Included in the calculation are total, loaded and empty miles, and out of route mileage, and special services such as refrigerated hauls and PTO driven blower or vacuum pumps.

The TCG program enables deBoer to create unique fuel cost profiles for customers, and evaluate fuel surcharges in particular lanes. In addition to the ability to meet shipper demands for a fuel surcharge based only on loaded miles, the data also indicates if non-compensated miles are limiting or eliminating the carrier's profit margin on each individual haul.

deBoer's customers now agree with the fuel surcharges because TCG has provided the capability to develop a consistent and accurate analysis of those costs. The analysis tool compares appropriate fuel costs and surcharges so the carrier can determine if its freight rates are covering costs and generating a profit on each shipment. Without this unique tool deBoer could be under compensated.

"TL/CIS from TCG has transformed deBoer into a company that manages profits and not just miles, revenue and other traditional industry measurements. It has proven to be invaluable in helping lower our Operating Ratio, which means a faster ROI and more profitability. We find that we have "no bad business, only badly priced business", and it is safe to say that without TCG's assistance we probably would not be here today."

Roger A Placzek

Vice President, Sales & Pricing
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About TCG

Transportation Costing Group is the provider of the most widely used suite of Profitability Management Tools and activity-based costing models to the motor carrier industry. TCG provides models tailored to specific carrier operations. Information on services offered by TCG can be obtained by contacting 800-328-9700 or info@tcgcis.com. For general product information please visit www.tcgcis.com.



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Getting to the bottom line.