



Old Dominion Freight Line Benefits from TCG's Cost Information System
Activity-based solution from Transportation Costing Group® (TCG®) is improving the LTL motor carrier's costing capabilities and helping enhance profitability.



Founded in 1934, Old Dominion Freight Line, Inc. is a Thomasville, North Carolina-based Less than Truckload multi-regional motor carrier providing direct service to over 48,000 points in 48 states in the U.S., including full coverage in 39 states. Even though ODFL covers 96% of the US population, the company also provides service to and from the remaining states, Canada and international destinations. In North America, Old Dominion operates more than 5,000 tractors and over 20,000 trailers from 204 service centers.

Needs

Old Dominion Freight Line sought to improve the profitability of the loads it hauls for individual customers by investing in CIS, which accurately and quickly analyzes costs and enables ODFL to more effectively price loads. It is included the need to determine profitability in two distinct processes:

Historical cost analysis — An accurate prediction of profitability for existing business requires constant analysis because every move and every shipment has different cost characteristics. Using a sophisticated cost analysis model enables the LTL carrier to monitor each

aspect of every load, including linehaul movement, stop, stem and cross dock times for current customers, and develop data that could be used to effectively set rates.

Prospective cost analysis — A general prediction of profitability was required for new business where all characteristics of shipments and hauls were not yet known. This enhances the LTL carrier's ability to set competitive rates based on historical data and initial load and destination information, as provided by customers.

Solution

The LTL/CIS activity-based costing solution from Transportation Costing Group, specialists in activity-based profitability and cost analysis tools for the transportation industry, was adopted by Old Dominion Freight Line to help the company's wide-ranging efforts to enhance profitability. With accurate data from their internal financial and operating systems, the carrier is able to analyze costs, address operational and productivity improvements with customers and set fair and profitable rates.



"TCG is providing us with valuable knowledge about our costs and helping manage profitability. We believe it has been partly responsible for the improvement we've realized in our Operating Ratio."
Richard Keeler
 Senior VP - Strategic Development and Yield Management
 Old Dominion Freight Line, Inc.

