



## What's happening in cross-border LTL trucking?

Demanding shipper requirements and stricter regulations are driving change



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has over 20 years of experience in the logistics and transportation industries in both Canada and the United States. He has held executive level positions in the industry including president of Yellow Transportation's Canada division, president of Clarke Logistics, general manager of the Railfast division of TNT and vice-president, sales & marketing, TNT Overland Express. Goodwill is currently a consultant to manufacturers and distributors, helping them improve their transportation processes and save millions of dollars in freight spend. He can be reached at dan@dantranscon.com

The LTL segment has been going through some profound changes over the past few years. These changes have been triggered by the evolution in shipper requirements and a host of economic and regulatory developments. To interpret these changes, I recently spoke with two industry veterans, Frank Prosia, president of Trans-Pro Freight Systems Limited and Sanjay Khanna, director, US Division for National Fast Freight. Here is what they had to say.

From Prosia's viewpoint, one major change over the past three years has been the improvement in cross-border transit times by the major common carriers. "They have eliminated many of their hubs and are building LTL loads to more distant destinations. While they advertise transit times comparable to Trans-Pro and similar carriers, service consistency is still difficult for them. This is a shortcoming of some of the major national carriers." From Khanna's perspective, "the devaluation in the US dollar and changing customs regulations have resulted in significant shifts in head haul and backhaul flows."

This led to a discussion on the changes that are taking place in service coverage and LTL transit times. "As a contract carrier, Trans-Pro is continuously growing its fleet so that almost 100% of our outbound freight is handled by our own satellite-tracked trucks and loaded to meet specific requirements prior to departure. While our transit times are the envy of our competitors, we are constantly looking for ways to improve. Two years ago we purchased Gapco Transport and added over 50 trucks, allowing us to cover the south and southeast. We intend to grow through acquisitions that enhance our level of service," commented Prosia.

Many Canadian and US carriers have entered into interline arrangements with selected partners to expand their geographical reach while providing their customers with a high level of service. This is the approach being taken by National Fast Freight in building its LTL program.

Since LTL shippers have choices to make with respect to carrier selection, each of these individuals was asked to address their company's approach to satisfying its customers' needs. "NFF has maintained its innovative approach by offering customized transportation solutions for our customers.

We have partnered with our customers to educate them on the ever changing landscape and the role each of us can play in delivering efficient solutions," stated Khanna.

According to Prosia, shippers want value. "They want consistency and reliability. For instance, if they pay a certain rate and expect three-day service from the Carolinas, the carrier is expected to perform 'all' of the time, not 'some' of the time." As part of this value, they expect immediate communication if there is a problem. While shippers understand the reasons for service failures, "poor customer service" and "lack of communication" are not acceptable explanations. The carrier needs to understand the product characteristics and the requirements of the customer. "Price is mainly a concern to those customers whose cost of freight is a higher percent of the sales value of the goods." Khanna echoed these comments: "Shippers want capacity, consistent and reliable service at a competitive price," he said.

How are these companies seeking to differentiate themselves from their competitors? NFF seeks to partner with its customers and offer transportation solutions that are custom tailored to their requirements. It is also seeking to expand its portfolio of services. For Trans-Pro, quality control is very important. Their "quality program stresses consistency whether you are a daily or monthly shipper. All customers are treated the same."

Looking ahead to the future, one major challenge will be the ACE program which will force cross-border shippers to have their paperwork ready by early afternoon. "We will only be able to load an LTL peddle run when we know all the goods will clear at the border. We expect many of the smaller LTL contract carriers to switch to truckload, since it will be too costly and time consuming to implement the ACE program," stated Prosia. He also questioned the attractiveness of the Canadian market to some US carriers with the decline in the value of the US dollar and the administration associated with the ACE program.

Trans-Pro will continue to focus on the non-automotive and food markets, the latter using its fleet of 60 reefers and partnering with 3PLs and 4PLs while NFF will maintain its customer focus and expand its service portfolio to meet the ever-changing needs of its clients.

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