



Solutions for tough fleet challenges

GE applies its “imagination at work” to trucking

Pop wants to retire from the trucking business. Smitty needs cash to acquire a distressed competitor. Bart can no longer afford the maintenance on his aging trailer fleet. Challenges like these are common knowledge in trucking companies large and small.

But what is not as commonly known, is how GE's Trailer Fleet Services business (formerly known as TIP), has broadened its financial services in a big way to offer solutions to problems like these.

In fact, GE has combined its management ability, financial strength and 50 years of trucking experience with its own fleet to help customers with some of their toughest problems. This includes challenges such as how to rebalance and refurbish an aging fleet, meet ever-increasing shipper demands, manage growth or handle a divestiture, or even maintain flexibility and equipment purchasing power.

Challenge: Dealing with outdated equipment

Upgrading assets on a scheduled basis is essential to maintaining a competitive edge, but market forces can make it difficult to do. For example, during the late 90's, many carriers added trailers to increase their freight-carrying capacity. When freight levels suddenly dropped in 2000-2002, it created excess capacity industry-wide, and left many companies with trailers valued at less than what was still owed against them.

Fleets were subsequently forced to hold equipment, rather than actively manage it according to their customary trade cycles. The average age of trailers increased, and so did maintenance issues, downtime costs, and safety concerns.

GE solution

To help customers rebalance and refurbish their trailer fleets, GE structures customized buy-back programs called “Sale Leasebacks,” wherein GE purchases a



fleet's older trailers and then leases them back on a staggered schedule. In other words, GE can actively "feather in and feather out" trade cycles for customers, freeing up needed capital to acquire new assets and establishing an equipment replacement schedule designed to help customers stay flexible, competitive, and responsive to changing shipper needs.

In cases where maintenance of older trailers creates cost pressures during the trade cycles, GE can step in to perform maintenance at one of its 109 branches, or through an on-site visit from its mobile maintenance team. To avoid future issues, GE analyzes and reports repair trends, and offers solutions.

"One of the nice things about our maintenance service is that we can add a tremendous amount of consistency in terms of nationwide standards and pricing," said Scott Nelson, vice president of National Accounts at GE's Trailer Fleet Services business. "For example, we aggregate data to help fleets see how they compare with the average GE customer when it comes to trailer maintenance. They can look at their maintenance programs in terms of trailer type and age, the nature of the repairs and their costs.

"At one location, for instance, a customer had an unusually high incidence of damage to the trailer's rear ICC bumper," Nelson explained. "When our team visited the site to investigate, we discovered that there was a slight rise in a pavement slab right before the dock. Backing over that little rise was bending bumpers over and over again. The company leveled the pavement and solved their problem. We believe that the best maintenance programs evolve this way, from reactive at first, to preventing problems before they occur."

Challenge: Maximizing asset visibility, security and productivity

Some industry observers would call today's marketplace a perfect storm. Fleets are capacity-constrained, fuel prices are at record highs, drivers are in short supply and national security concerns are creating an urgent new need for door-to-door supply chain visibility. As a result, asset tracking has become a must for many North American fleets. Carri-

ers need to know where their trailers are at all times, the status of those trailers, and that any cargo inside is secure from tampering. It is a daunting assignment, but much depends upon its success.

GE solution

GE's VeriWise™ Asset Intelligence trailer tracking and monitoring solution was designed to help fleets monitor, manage and optimize the utilization of their critical trailer assets. This allows fleet owners to increase productivity and profitability, enhance driver job satisfaction, and provide shippers with the real-time information they need about their freight, 24/7.

For starters, VeriWise untethered trailer tracking enables carriers to lower their tractor-to-trailer ratios, and haul as much as 6-8% more freight without adding equipment or drivers. Features like geo-fencing alert customers when a truck is approaching pre-defined boundaries or landmarks. This allows an automated heads-up so that dock doors can be opened and crews ready when a load arrives, even late at night. That same capability can also help fleets recover lost or stolen trailers, as well as help to assure that unauthorized cargo does not

enter restricted areas. The optional cargo and door sensors help to assure and document cargo security for shippers, all along the way.

VeriWise can even help to enhance driver job satisfaction and reduce turnover. "Drivers hate to squander their on-duty hours looking for empty trailers, as much as carriers hate to waste the fuel and labor," Nelson explained. "Some customers tell us their drivers spend as much as four or five hours per week looking for empty trailers in their own yards or at customer facilities. That's an obvious waste of a valuable resource. We've also heard of drivers who may even pick up the wrong trailer out of pure frustration, or in an attempt to get on the road and start earning their per-mile pay.

"VeriWise enables drivers to go straight to their assigned trailer. It is a win-win for everybody," he adds. "Drivers are happier and earning more pay, while fleets reduce out-of-route fuel and labor costs, and improve on-time delivery performance."



Marjorie Worthington (left) and Scott Nelson of GE Trailer Fleet Services affix the "Good Stuff—Trucks Bring It" decal to the back of GE Mobile Solutions Center trailer, which has been traveling the country educating trucking companies about the VeriWise™ system and the value it can provide not only to trucking companies but also to consumers and the public traveling the nation's roadways.

Challenge: Changing ownership

Many trucking companies in the U.S. are family-owned. As these company founders retire, however, they may not want to hand over all of their equity to other family members who would be assuming the company leadership role—or to new industry executives hired from the outside. It can be a difficult and sometimes sensitive transition for everyone involved.

GE solution

"It is not uncommon for companies to overlook the value embedded within their trailer fleets," observed Nelson. "Our Sale Leaseback program permits company owners to pull all or a part of the equity out of their trailer fleet by selling the equipment to GE which, in turn, leases it back to the fleet. Thanks to this program, our retiring fleet customers don't have to hand-off 100 percent of their hard-earned equity away, and in turn have a more comfortable retirement."

Challenge: Managing growth

Growing a fleet can also bring certain challenges with it. For instance, what do you do if you acquire another company, but some of their equipment just doesn't fit your operation? Or you need funds to pay back loans or to update facilities or equipment?

GE solution

"After an acquisition, new owners may find that the trailers that came with their purchase aren't suitable for the combined operation," said Nelson. "They may also need to take cash out of some assets to help pay off a bank loan, or update other equipment. GE can simply make an outright purchase of the unwanted trailers. We can also purchase and rent back other trailers for a short term, or lease back equipment that the fleet can use for a longer period."

Challenge: Maintaining purchasing power and flexibility

Savvy fleet managers know that it is generally more cost-efficient to run a fleet of trailers that are alike—rather than a hodgepodge of types, brands, and age. As a result, they often gradually forge long-term re-

lationships with their preferred dealer and manufacturer. While this can definitely be beneficial for a carrier in many ways, in some cases it can also end up painting a fleet into a corner where they are "locked into" a particular type of equipment, or a certain trade cycle, because of their large installed base, contractual agreements—or both.

This situation may become a problem if more operational flexibility is needed, if a company's trailer needs change, or if their purchasing power with their regular supplier is blunted due to years away from the sharpening action of the bidding process. Then what do you do?

GE solution

"We understand that a company's trailer needs may change over time due to shipper requirements or new customers," said Nelson. "When this happens, even a great long-term relationship with a dealer or manufacturer may put a fleet at a competitive disadvantage by locking them in to a solution that is no longer optimal for them. GE can help in many ways. For instance, we may buy all of a fleet's trailers so that they don't have to trade them in when the time comes. With no asset disposition to deal with, they are free to get the equipment they want at the

best price they can find.

"If they are locked into a multi-year purchase agreement, we may buy all trailers covered by that agreement and lease them back to the fleet on a staggered basis, giving them the flexibility to gradually incorporate other equipment on an as-needed basis," he continued. "Keep in mind GE has to be equipment-neutral in order to serve all our diverse customers, so maintaining a large, mixed fleet of trailers is not a problem for us."

GE solutions help fleets thrive

Trucking is all about dealing with pressures like these. Now, with help from GE Trailer Fleet Services, Pop can retire from the trucking business. Smitty can get the cash he needs to acquire a distressed competitor, and Bart can get his maintenance costs under control. As GE's Nelson notes, "This is what we do everyday, and we believe it forms a great value for our customers." ■

By the Numbers: GE Trailer Fleet Services*

North American Headquarters: Wayne, Pa.

Parent: General Electric Company, Triple AAA rated

CEO: Joe Artuso

GE Trailer Fleet Size: 135,000 assets

Remarketing Volume: more than 25,000 annually

Branches: 109 across the U.S., Canada & Mexico

Employees: 900 sales, operations and support staff

Asset Types: Dry Vans, Refrigerated, Flatbeds, Storage, Specialty

Customers: Common Carriers, Private Carriers, Leasing Companies, Logistics Service Providers, Government

Industries: Retail, Grocery, Discount Stores, Manufacturing, Wholesalers, Truck Carriers, and Food Distribution.

***Formerly known as Transport International Pool, or TIP**

Online: www.trailerservices.com

Sales & Customer Service: 1-800-333-2030