

Making Produce Cargo Of Choice

The driver's seat has always literally belonged to truckers. Now, figuratively speaking, truckers are increasingly in the driver's seat.

We all know driver numbers are not keeping up with demand. It's much easier to haul stable dry goods than fresh produce and floral. We need to commit to making the necessary changes, as the health of the entire produce and floral industries is at stake.

Jim Prevor and I wrote about *Tackling Transportation Challenges* in this column a year ago. I mentioned transportation-related issues as a top concern in our *2005 Member Needs Analysis*. PMA volunteer leadership made it a key strategic issue resulting in the creation of a transportation task force co-chaired by Bud Floyd of C.H. Robinson Worldwide, Inc. and Bill Schuler of Castellini Co.

Surveying representatives from all segments of the supply chain, including retailers, distributors, grower/shippers and transportation providers, the task force examined the issues and how to proactively eliminate, or at least circumvent, potentially disastrous problems. After much analysis, the transportation task force recently released its findings, *Truck Transportation Best Practices for the Produce Industry*, due for release at PMA's upcoming Fresh Summit in San Diego.

This study focused solely on trucking and the factors we are able to control. While renewed interest in rail solutions can provide some needed alternatives, trucks will be the primary mode of transportation for many years to come. We are not able to affect other factors, such as hours-of-service rules, rising fuel costs and GDP growth.

The good news from this investigation is there are concrete steps we can take to make inroads into turning produce into a cargo of choice rather than the cargo of last resort.

Even better news is these steps are straightforward and reasonably simple, and many are inexpensive to implement. Better still is these steps will result in greater efficiencies and lower costs throughout the supply chain, as evidenced by these findings.

The first step requires an attitude adjust-

ment in which we realize carriers and shippers/receivers are business partners and partnerships are always two-way streets.

- **Mind your manners.** Be a courteous business partner. Shippers and receivers will build loyalty, confidence and trust with carriers by encouraging employees to extend simple courtesies and respect to drivers. Saying "Thank you," "Have a safe trip," and "We're glad you arrived safely" goes a long way. Drivers also appreciate access to showers, coffee, snacks and other simple amenities when they can be provided.

- **Time is money.** Communicate schedules and changes. Address the issue of waiting times. Drivers like to load and unload quickly. They make money when driving, not waiting to load or unload. Shippers, receivers and carriers should adopt a communications plan to keep all parties informed about appointments and wait times. Carriers can contact shippers and receivers two hours before arrival to find out their status; shippers and receivers can contact drivers when there will be a substantial delay in loading or unloading so drivers can make adjustments. Shippers and receivers can also establish and publish expectations for the elapsed time from when carriers arrive at the gate to when they depart.

- **Handle rejection — develop efficient procedures.** Procedures for handling rejected product should minimize the impact on the carriers' ability to resume their schedules, especially when it is clear to all parties the carrier is not at fault. U.S. receivers will need to comply the Perishable Agricultural Commodities Act (PACA) when developing such procedures (www.ams.usda.gov/fv/paca.htm). To help determine liability in product quality disputes, long-haul shipments should employ temperature-recording devices mutually acceptable to all supply chain partners. (I wonder why our industry doesn't make broader use of real-time temperature monitoring — not just recording — so out-of-range temperatures are signaled immediately to the driver. Liability for temperature abuse may be critical in assigning responsibility but does nothing to prevent the load from being spoiled. Why not

Who — not
what —
connects
produce to markets.

use interactive technology to solve a problem rather than assign blame?)

- **Quick payment is always appreciated and has become a competitive advantage for progressive companies.** The report provides more detail with 16 best practice recommendations shippers and receivers should consider to create positive relations with the trucking community. A few points, not referenced above, are:

- All members of the produce supply chain approach transportation issues and disputes with an understanding of the impact on the business customer.

- Shippers and receivers negotiate pallet requirements rather than assume carriers will be responsible for pallet acquisition and/or disposal.

- Bills of lading should avoid confusion by being comprehensive and specific.

- All supply chain partners need to understand the requirements of the U.S. Bioterrorism Act of 2002. *The PMA Guide to U.S. Bioterrorism Regulations* (available to PMA members; www.pma.com) details compliance.

- Truck unloading is a receiver's function unless prior arrangements are made between parties.

- Shippers and receivers explore the potential for establishing consolidation centers where full loads of product can be cross-docked into mixed loads.

Doing business this way reminds me of the credit card advertisements that ask rhetorical questions. "What is the cost of a sincere thanks?" "A waiting area?" "A cup of coffee?"

The answer, I believe, is, "Priceless." **pb**



Financial Incentives Needed

The job of PMA's transportation task force was thankless, as the problem it was looking to solve — a lack of trucks for fresh produce shipments — was really a euphemism. In the produce trade we all know exactly how to solve a problem caused by a shortage of available product — you pay and pay and pay even more until supply and demand are in balance. We do it every day, with every commodity and, in our heart of hearts, we know perfectly well the same strategy would work with truckers.

Pay more, and truckers who don't like to haul produce will find it worth their while to do so. In fact, pay more, and more people will become truckers. Guarantee business and you can have truckers hanging around outside your door waiting for orders.

So, in a sense, the issue was never "How can the produce industry attract more truckers to haul produce?" The issue was always "How can the produce trade make hauling produce more attractive without paying more for the trucks?"

The recommendation's of the transportation task force are, indeed, as Bryan says, "straightforward and reasonably simple and...inexpensive to implement." They can be summarized in two words — be nice — and that is perfectly correct, because if you are not going to attract truckers by paying a lot more money, the only option is to make yourself preferable to work with in other ways.

Boiling down some of the recommendations Bryan mentions:

Be courteous — Yes, people prefer to work for people who treat them with manners.

Be mindful of time — Truckers prefer to work for people who unload their trucks promptly and maintain good communication when there will be delays.

Get them out of disputes — Nobody likes to get caught in the middle of disputes that are not their problem. Truckers are more likely to work for people who solve their own problems and get them on their way.

Pay them fast — If you don't want to pay more, at least pay quickly. This may encourage truckers to accept your job over a higher

bidder who pays more slowly.

Clearly the task force came out with reasonable recommendations under the circumstances. Yet, it is also clear the recommendations, while they may give the industry a nudge in the right direction, are unlikely to solve the severe problem that led to the formation of the task force.

Many of the recommendations are more suitable for an individual company than an industry standard. It would be nice if everyone were courteous, but if people didn't learn that from their mothers, it seems unlikely they will pick it up from a PMA task force.

Some companies, in pursuit of a competitive edge, may elect to invest in very nice facilities for truckers. That is why some shippers and receivers have showers, lounges, cable TV, coffee and snacks. The report can serve as a useful reminder that these types of things help to attract truckers to your company and the industry.

However, to really change the dynamics that lead truckers not to want to haul produce, you need proposals not for voluntary behavioral changes but for structural change.

For example, sitting around a conference room table, it is easy to suggest truckers should not be unreasonably delayed by a dispute. But if a shipper believes the receiver is obligated to accept the product and the receiver believes he can reject it, that trucker is going to be caught in the middle. There may be waiting time for USDA inspections, and if rejected, the shipper has to find a new home for the product.

Real life is such that when product is being rejected in Miami, the exigencies of the situation will always trump anyone's theoretical desires not to delay truckers.

And, long after this task report is filed away, we can count on the fact that some people will pay quickly and some will pay slowly.

What kind of structural changes would make a difference?

Instead of simply urging everyone to be mindful of the trucker's time and expense, you have to change financial incentives. If it

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was standard operating procedure that receivers had a set amount of time to unload after which a per minute charge applied — even people who don't care about truckers would want to get them out of there.

Bringing truckers into PACA so they could resolve disputes with produce shippers and receivers without need for lawyers would make doing business with produce firms more appealing.

As I mentioned in my column, *Beyond Industry Solutions* (PRODUCE BUSINESS, October 2005), that Bryan referenced, the real test would be to see if the produce industry were willing to revise the way the PACA Trust provision discriminates against truckers. (Right now if a guy buys \$5,000 in nectarines and \$5,000 in trucking services to get it to him, then he goes broke leaving only \$5,000 to pay the bills, the PACA trust mandates not that each party should get 50¢ on the dollar but that the nectarine farmer should get paid in full and the trucker should get the shaft.)

Tell the truth: Would you want to haul for an industry that sets up rules such as that?

But every temptation has its price and if you abuse truckers with unfair rules, then, shock of shocks, they won't want to haul for you, and you will wind up paying higher prices for trucking.

Read the PMA task force report and mind its recommendations. But don't think it alone will solve the problem.

pb