



# MOVING FORWARD

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## FUEL SURCHARGE

ON NOV 5TH THE NATIONAL AVERAGE FOR ONE GALLON OF DIESEL FUEL WAS ANNOUNCED BY THE D.O.E AT \$3.338.

| TARIFF    | 11/15/18-12/14/18 |
|-----------|-------------------|
| NVL100    | 10%               |
| GSA-01    | FORMULA BASED     |
| D19/400NG | 7%                |

## MEAN SCORES

THE MEAN SCORES FOR 1 JANUARY TO 15 MAY 2019 PERFORMANCE PERIOD ARE:

|      |       |
|------|-------|
| dHHG | 87.69 |
| iHHG | 84.88 |
| iUB  | 88.78 |
| OTO  | 82.25 |

# NFC

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## Military & Industry Work together to Reduce 2019 Peak Season Challenges

On October 30, General Stephen Lyons, US Transportation Commander, met with a group of industry leaders and USTC executive staff to discuss issues from this summer's peak season. This was unlike past summers due to attention the Defense Personal Property Program (DP3) received via social media and television/media reports in many markets. These reports led to attention from both the House and Senate Armed Services Committees, both of whom sent Gen. Lyons letters demanding a response on what changes are being made to improve the service member's move experience.

The meeting lasted nearly two and a half hours. Below are the primary focus areas that industry is campaigning for to help assist with the challenges faced during the 2018 Peak Season. All were seen as key takeaways by Gen. Lyons.

### Shipment Refusals

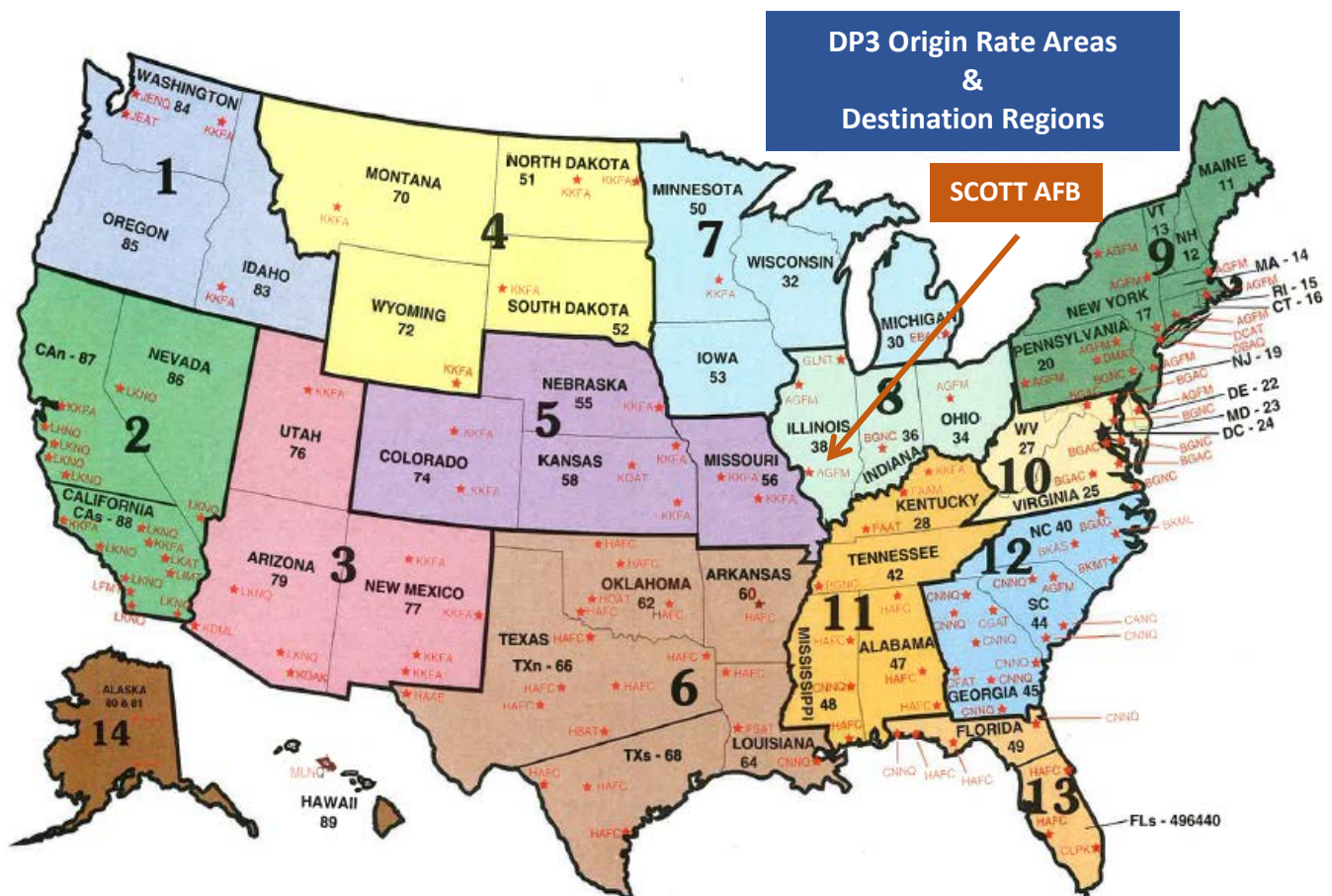
Prior to the 2015 peak season, TSPs could refuse shipments when they did not have an agent to service the shipment. But this changed that year, due to the significant burden imposed on the Outbound Transportation Office staff to manually rebook with the next TSP. Prior to the change, a DPS System Change Request (SCR6975) was created to automate the roll of a turned-down shipment to the next eligible TSP. SCR6975 was deployed for release 2.3.0 on July 31, 2015. Much to industry's chagrin, SCR6975 was never utilized. For the last four peak seasons, TSPs have had to meet the impossible demand of updating blackouts.

Despite recent enhancements, DPS blackout functionality is still deficient in two important respects. First, it assumes that agents will be able to communicate capacity information to TSPs quickly enough to enter blackout dates to prevent awarding of shipments it cannot service. Unfortunately, that is usually not the case as most agents are small businesses. In order to survive, they work with 10, 20 or 30 TSPs in diversified markets, i.e. NTS, DPM, COD, Nat'l Acct., local moves, record storage, office moving, furniture installation, etc. A successful agent accepts whatever business becomes available without delay. Agent capacity changes on an hourly basis and to notify all TSPs it works with of that capacity is not feasible and not a top priority amidst the press of summer business. As a result, TSPs are put in a position to project saturated areas and enter "protective" blackouts in order to avoid service failures. This limits capacity which would otherwise be available.

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Second, although there is good flexibility with regard to structuring blackouts pertaining to the origin area, there is no corresponding flexibility with regard to the destination. TSPs must enter blackout dates to an entire Destination Region which frequently includes states that could otherwise be serviced.

TSPs depend upon their agent network to augment hauling capacity, especially on short-haul shipments and during peak season when additional "flex capacity" is needed to meet increased DOD needs. Much of that additional capacity is limited. Agents need to ensure that drivers return to origin quickly. This allows them to service more shipments at origin, have drivers available for APUs and local work as needed and afford their drivers with more "home time" -- a frequent condition of employment. The ability to enter blackouts to an individual state would be very helpful. It is important to remember that agent capacity does not necessarily coincide with TSP capacity. While the TSP's hauling capacity might be saturated out of a given area, its agent frequently has capacity in a limited short-haul radius which does not include every state within the affected Destination Region.



Please refer to the above map of the DP3 Origin Rate Areas and Destination Regions to see the dilemma which TSPs are confronted with.

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Assume a TSP has an agent in Illinois serving Scott Air Force Base, IL with drivers dedicated to serving short-haul shipments moving to the following states: Missouri, Kansas and Nebraska (not CO) in **Region 5**, Arkansas and Oklahoma (not LA and TX) in **Region 6**, Iowa (not MI, MN and WI) in **Region 7**, Illinois and Indiana (not OH) in **Region 8** and Kentucky and Tennessee (not AL and MS) in **Region 11**. If the TSP's capacity is saturated, it will be required to blackout shipments moving from Scott Air Force Base, IL to Regions 5, 6, 7, 8 and 11 despite the fact that its agent might be capable of providing service on shipments moving to some states within those regions.

Looking at the DP3 Map, you can see that this is a scenario which is played out in numerous areas around the country. For example, consider an agent in Florida-North that will haul to Louisiana in **Region 6**, Mississippi and Alabama in **Region 11**, and Georgia and South Carolina in **Region 12**.

The system requires TSPs to black out more than what is necessary. A partial solution is to give TSPs the ability to blackout based upon the destination state (or zip code) rather than the entire Destination Region. The ideal solution, which brings the most capacity to bear and limits frequency of service failures, is to allow TSPs to turn down shipments which they cannot service during the peak season.

### Transit Times

The Transit Time Guide was established and incorporated in the PPTMR in the early 1970's. Years later when Alaska was brought into the domestic program 25 or 30 years ago, it was adjusted to provide for distances moving to and from Alaska. **The transit times for shipments moving between points within the lower 48 states have remained the same for approximately 45 years.**

The guides do not take into consideration the market conditions (driver shortages, Electronic Logging Devices, hours of service limitations, 3.7% unemployment, etc.) under which the industry currently operates. Industry has encouraged USTRANSCOM to consider a much-needed update of the Transit Times guides so TSPs can meet a more realistic expectation for the customer.

Consider the following facts:

- Since 1975, the US Population has increased by nearly 50%. Yes, in certain areas of the country infrastructure has improved to accommodate these changes but there are areas that cannot improve to necessary levels due to space constraints, especially in major cities.
- There are more cars on the road leading to greater congestion. Per the Federal Highway Administration, the number of total vehicles has increased from about 80 million in 1962 to 265 million in 2015.
- According to a Washington Post study, it now takes the average person 26 minutes to get to work. In 1980, that figure was 21.7 minutes. The commute has gotten 20% longer and there is no evidence to suggest people are traveling further.

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### **Code 2 Initiative**

Serious concerns were brought to the meeting regarding this initiative and the untended consequences that would result if all shipments without a destination address were booked as a Code 2. Since the 30 October meeting, we have seen a strategic pause announced.

There is anticipation that the Code 2 Initiative will return. It will be important that weight, distance and content of the household goods are vetted as being Code 2 appropriate. Industry has also expressed strong concern regarding pulling shipments away from household goods drivers during the non-peak season. USTC must understand the need to keep drivers busy and healthy during the non-peak if they expect them to be there during the summer.

When the Code 2 Initiative resumes, industry hopes USTC considers weight limits of 3,500 (non-peak) and 5,000 (peak) pounds. Code 2 shipments should move in excess of 1,000 miles and not contain items such as motorcycles or Tempur-Pedic mattresses that do not fit in standard liftvans.

Despite a very challenging peak season and a finite amount of industry capacity, service within the DP3 Program continues to thrive. Customer satisfaction within DP3 has increased from 86.52 to 87.46 and more than 90% of surveyed customers say that overall, they were satisfied with the move. But it cannot be denied that peak seasons have become increasingly challenging due to nationwide driver and labor shortages. These are exacerbated when industry is not given adequate transit time or an ability to refuse shipments.

While industry understands that the DOD must always maintain readiness, moving even a small number of retirement or non-readiness moves out of the peak season will go a long way towards providing relief.

In the end, industry does not want to be a detriment or viewed as obstructionist to necessary DOD activity. However, a healthy partnership requires both sides to be actively participating with each other. Industry and USTC both want to provide the best service possible for our ultimate customer... the service members.

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## **DP3 Advisory Council**

USTC established a DP3 Advisory Council to review and improve the relocation experience of military families. The Council consists of key members of USTC executive leadership including Col. Lounsbrough and Lt. Col. Ryan, IAM and AMSA leadership and the leadership of organizations representing military spouses. Initial plans are to have meetings once a month. It is hoped that obtaining collaboration between the key stakeholders will result in meaningful improvements for the 2019 peak season and an increase in the satisfaction of our military families during their PCS moves.

## NATIONAL FORWARDING DIRECTORY

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## WHAT OUR CUSTOMERS ARE SAYING

### *Positive Customer Satisfaction Survey Comments*

The guys were awesome, when they brought my stuff on the 29<sup>th</sup>, the driver made a phone call and made sure it was delivered that same day, they realized that something was missing and fixed the issue, I was very pleased by that.

Destination: Commonwealth Moving & Stg, Norfolk, VA

I was impressed with the company calling me and telling me that they were going to hold my stuff in Virginia to keep it safe from the hurricane.

Origin & hauling: Quality Services Moving, Lorton, VA

Driver for pickup and deliveries, Danny Walters, was excellent.

Hauler: Stewart Moving & Stg, Midlothian, VA

Overall this was an outstanding move. The best move of my 32-year career.

Origin & hauling: Cascade Moving, Seattle, Washington

# COMPANY NEWS

## HAPPY ANNIVERSARY

|             |                  |  |          |
|-------------|------------------|--|----------|
| November 7  | Susan Staszewski | Vice President, International Division | 29 years |
| November 14 | Cindy Lopez      | Dispatcher                             | 1 year   |
| November 29 | Cesar Hermosillo | Dispatcher                             | 2 years  |

## JULIAN CALENDARS

NFC's Julian Calendars have been mailed out. Feel free to contact us if you have not received them or need more at [agencyervices@nationalforwarding.com](mailto:agencyervices@nationalforwarding.com). Please give us your address and how many copies needed.

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