

RED

The **RUAN** Magazine

Number 12 Summer 2016



WHAT KEEPS YOU UP AT NIGHT?

OUR SURVEY REVEALS TRANSPORTATION PROFESSIONALS' GREATEST FEARS. FIND OUT HOW RUAN IS HELPING CLIENTS REST EASY.



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MODERN DAY SLAVE TRADE

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Mile by Mile

Keeping pace with the latest transportation insights and Ruan highlights.



Ruan presented our first ever John Ruan Founder's Award to professional driver Bob Easom, who operates out of T024 in Middletown, DE. While at a stop, he witnessed a man standing near a bus stop collapse and fall face down. Easom rushed over and began CPR while directing others nearby to call 911. He continued performing CPR until paramedics arrived, resulting in saving the man's life.



Ruan's Vice President of Safety Lisa Gonnerman was recently elected treasurer of the American Trucking Associations' (ATA) Safety Management Council Management Advisory Board. Gonnerman is also serving as chairwoman of the Safety Management Council's Regulations Committee.

The Safety Management Council is dedicated to advancing safe policies, practices and technology, as well as promoting effective risk management and accident/injury prevention in the trucking industry.



Despite a national driver shortage, Ruan hired more than 1,820 professional drivers in 2015.

In 2015, Ruan added six mobile maintenance units to our existing fleet of 20. These vehicles travel to break downs and to regional terminals to provide preventative maintenance.



Ruan achieved the number 18 spot in *Transport Topics*' list of the Top 50 Logistics Companies and number 41 on *Transport Topics*' list of the Top 100 For-hire Carriers.

Logistics Management awarded Ruan the Quest for Quality Award in their Bulk Motor Carriers category, earning the number three spot. The magazine also ranks the top for-hire carriers by sector, and Ruan was awarded the number five spot in the tank/bulk sector. Ruan landed in *Inbound Logistics* magazine's unranked list of the Top 100 3PL Providers and on their 2015 Top 100 Trucker list. Ruan was also chosen for *Heavy Duty Trucking*'s list of 2015 Top Green Fleets and *Food Logistics*' 2016 Top Green Providers.



Contact us today to receive a free analysis of your transportation spend!

After signing a mutual confidentiality agreement, our professional logistics design engineers will gather data and get to know your business. Then we evaluate areas we can make more efficient

and demonstrate how we can remove costs, decrease overhead, reduce risk and free up capital. **Call 1-800-782-6669, ext. 7, or e-mail us at Solutions@ruan.com.**

RUAN + **Safelite**
AutoGlass

RUAN & SAFELITE: A SHATTER- PROOF PARTNERSHIP

*SOMETIMES DEVELOPING YOUR BUSINESS MEANS CHOOSING
THE BUSINESS YOU'RE IN. SAFELITE AUTOGLASS KNOWS EXACTLY
WHAT BUSINESS THEY'RE IN. AND IT'S NOT TRANSPORTATION.*



SAFELITE IS A WELL-RESPECTED NATIONAL BRAND. CHANCES ARE IF YOU'VE EVER HAD YOUR WINDSHIELD OR OTHER AUTO GLASS REPAIRED OR REPLACED, THEY DID IT FOR YOU. THEY OFFER CONVENIENT REPAIR SERVICE AT YOUR HOME OR OFFICE WHILE YOU GO ABOUT YOUR DAY. IN FACT, THEY ARE THE LARGEST VEHICLE GLASS REPAIR AND REPLACEMENT COMPANY IN THE WORLD.

One of the ways they've achieved their success is by tailoring their approach to compete more effectively market by market. Because of that, their transportation needs from region to region change depending upon demand and the constantly shifting volume of work.

In the past they worked with up to seven individual carriers to transport product to their warehouses. "We had better relationships with some than others," said John Kemp, Safelite's inventory planning and logistics manager. "Some were more of a partner, while others were simply a capacity play."

All of the scheduling and measuring was done manually, however, and Safelite knew they could do better.

INTEGRATED SOLUTIONS WINS

At the same time that Safelite decided to consolidate their dedicated contract transportation business, they began investigating a transportation management system (TMS) solution. But they questioned whether it made sense for them to buy an off-the-shelf product and implement it themselves, or whether a new carrier partner could bring that to the table.

And Ruan could. "One of the deciding factors for going with Ruan," Kemp said, "is that in addition to the dedicated solution, Ruan was able to bring the technology solution. We liked the idea that the TMS solution wasn't something that we had to manage independently. Ruan was able to bring it to the table already set up and get things running pretty quickly. That was an advantage."

THE PARTNERSHIP

Ruan provides Safelite with a complete supply chain solution. For the dedicated portion, a terminal manager and two transportation supervisors are on-site at Safelite's Braselton, GA, distribution center to manage the fleet of 40 Ruan drivers and tractors. In 2015 they made more than 4,000 shipments of windshields, parts and accessories to Safelite's warehouses.

On the supply chain side, a logistics manager and two logistics specialists manage inbound and outbound freight for all U.S. locations. They managed more than 7,000 truckload shipments and more than 57,000 LTL shipments in 2015.

But it's the TMS technology solution that has really helped Safelite improve their supply chain.

"The TMS solution has benefitted us tremendously. The ability to capture all of the data in one place is invaluable," Kemp said. "The opportunity to get in there and data mine, go back six weeks or a year to analyze information has been great. Being able to have all the key performance indicators (KPIs) in one place and not manually enter or analyze them is very valuable. From a technology perspective, we're head and shoulders above where we were previously."

FULL SHIPMENT VISIBILITY

Another key benefit that the Safelite team has discovered is shipment visibility. Ruan uses the FourKites load tracking platform to provide real-time access to every shipment in their network.

"This technology has helped us improve the visibility of the freight we manage for Safelite through our dedicated assets and through our carrier partners," said Marty Wadle, Ruan's senior vice president of Supply Chain Solutions. "This platform allows us to employ a complete event management suite that's visible to our customer."

The Safelite team has access to a secure portal for load tracking data, and the warehouse customers receive real-time tracking and load status e-mail updates.

“ EIGHTY-FIVE PERCENT WOULD PREFER TO HAVE THE RUAN DRIVER DELIVER TO THE WAREHOUSE. IT’S GOOD TO SEE THAT BOND AND PRIDE IN HAVING THE RUAN FLEET SHOW UP AT THEIR LOCATION.”

— John Kemp

Safelite Inventory Planning and Logistics Manager

A GROWING PARTNERSHIP

During the start-up portion of the partnership, one of the benefits that Safelite promoted to their warehouse locations was that they’d start to see the same drivers over and over, allowing them to build continuity and relationships. And as Ruan has become a valuable extension of Safelite, this prediction has come to fruition.

“We’ve started to see positive feedback through warehouse surveys,” Kemp said. “Eighty-five percent would prefer to have the Ruan driver deliver to the warehouse. It’s good to see that bond and pride in having the Ruan fleet show up at their location.”

Six months into the partnership, Safelite experienced organic growth and needed to increase capacity. Ruan had managed the fleet so well, according to Kemp, that they decided to add more dedicated trucks with Ruan rather than give additional freight to third-party carriers.

“The volume was new to us. Things we had outsourced previously, such as inbound vendor glass and flat glass,” Kemp said. We love the branded fleet we have with Ruan and wanted to get more of those trailers on the road to increase visibility. Ruan seemed like a natural fit to handle the growth.”

COMMITTED TO THE LONG HAUL

Ruan’s logistics experts and professional drivers are committed to improving Safelite’s supply chain every day. “In our first year, we’ve done a good job of getting everything in place and making adjustments,” Kemp said. “Now we’re ready to start getting things fine tuned.”

The reason for this success?

“Partnership,” he said. “Ruan has proven to be a good partner. That’s what we were looking for. A company that’s reliable, committed to our business, with people who make decisions in the interest of our business. That’s Ruan.”

FOURKITES FOR REAL-TIME ACCESS

Ruan uses FourKites to provide load tracking across all our business divisions.

The FourKites platform gathers real-time location information from more than 35 ELD/GPS providers and drivers’ cell phones. It combines that information with traffic, weather and estimated driver hours of service to provide real-time ETA updates and exception management.

As a result, Ruan’s customer service team can proactively manage exceptions and eliminate “check calls” to dispatchers and drivers. The technology keeps customers and warehouse teams informed, reducing surprises at the dock, missed appointments and detention hours.



Ruan sources new carriers that meet both partners’ safety and performance requirements.

\$425K

Safelite receives an estimated \$425,000 annual credit due to the backhaul gain-share from their dedicated warehouse fleet.



Quarterly business reviews ensure continuous process improvement and cost savings.



Improving Efficiencies, Continuously.

At Ruan, one of the Guiding Principles that leads our company is Continuous Improvement — a concept that has been prioritized since Ruan's inception in 1932. We are no stranger to change. Not only has Ruan maintained our competitive advantage all these years, but we also welcome the opportunity to embrace a challenge.

Ruan has an entire department dedicated to leading the charge in continuous improvement. However, the responsibility for striving to do better each day belongs to all of our team members. These continuous improvement efforts are essential to our commitment to quality and providing exceptional customer service.

The main focus of the continuous improvement team is to target savings projects using Six Sigma methodology in support of these strategic directives. Six Sigma utilizes Define, Measure, Analyze, Improve, Control (DMAIC), a phased approach to problem solving. This approach includes an in-depth analysis of a process and controlling the input variables for the most cost-effective and efficient outputs.

In addition, Lean methodology is also necessary to improving processes. This systematic approach identifies and eliminates waste — any activity that doesn't add value — and reduces variation. This results in fewer defects and increased efficiency.

Currently, our continuous improvement team includes Ruan black belts — our core group of experts. Each major operating area will have their own continuous improvement leader who will be responsible for driving cost savings and efficiencies across the organization for our customers.

No area is off limits. Our focus is on the processes that enable our valued customers, professional drivers and other team members to be as successful as possible. Ruan is constantly looking to do things better — we are never done improving.

Continuous Improvement in Action

Through a dedicated partnership with our valued customer Bobcat, Ruan was able to put Lean practices into place — leading to improved efficiencies, increased value and cost savings for our client.

Originally, Bobcat manufactured skid steer loaders, excavators and attachments in southeastern North Dakota. Bobcat had its own private fleet and traffic and brokerage departments. After the Bakken shale revolution hit North Dakota, Bobcat decided to concentrate on its core competencies of welding, manufacturing and machining; thus, a pilot partnership with Ruan was formed.

At first, Ruan received only a small portion of Bobcat's business. But Bobcat quickly realized that Ruan was much better equipped to handle their transportation, warehousing and logistics needs. By switching from a private fleet to Ruan's Dedicated Contract Transportation service, Bobcat was freed from worries regarding regulations, the driver shortage, insurance costs and more.

Bobcat products were brought into the Ruan Consolidation and Distribution Center (RCDC), located in Otsego, MN, instead of being shipped directly to dealers. From this merge-in-transit center, Ruan consolidated and optimized shipments — reducing total stops, shortening wait time for dealers and eliminating empty miles. Today, Ruan manages not only Bobcat's finished goods, but also their inbound supply chain — from inbound raw material optimization and storage, to timed releases of inventory and support production at the Bobcat facilities. The RCDC acts as both an inbound and outbound consolidation center servicing all of Bobcat's supply chain needs.

Ruan recently added another warehouse in Rogers, MN, to help accommodate our expanding business with Bobcat. The new warehouse will house the operations of two other Ruan customers, freeing up space and resources in the RCDC to better serve Bobcat.

This merge in transportation management between Bobcat and Ruan not only improved current efficiencies, but also ensures all future growth and transportation needs can be integrated seamlessly.

REDUCING EMPTY MILES



Ruan has implemented numerous continuous improvement initiatives for our dedicated customer Johnson Controls, Inc. (JCI). Ruan drivers based at T538, located in Canby, OR, originally only delivered new batteries. JCI used common carriers — including a significant amount of rail — to take used batteries (cores) to be recycled and to pick up the lead needed to make new batteries. Ruan and JCI both realized there had to be a more efficient, cost-effective process. Beginning in April 2015, Ruan drivers now bring cores back to Tulare, CA, after delivering new batteries. Drivers then swap the core trailer with a lead trailer and deliver the lead to Canby. The trailer swap in Tulare ensures efficiency in driver utilization.

Each round trip saves JCI \$4,000-5,000 per load, with Ruan completing eight to 10 loads on a weekly basis. Overall, this initiative saved JCI more than \$1.4 million in 2015 — and will lead to continued savings to be realized by our customer.

Johnson
Controls

RUAN

\$1.4 MILLION



ROAD TO NOWHERE

INFRASTRUCTURE FUNDING AND TRANSPORTATION

THE DETERIORATING STATE OF OUR NATION'S HIGHWAYS has led to substantial increases in transportation costs, safety concerns and the driver shortage. There are more than 4 million miles of roadways in the U.S. that will experience an estimated 2,097.6 billion miles of vehicle travel during 2015, according to the Federal Highway Administration (FHA).

Unfortunately, 65 percent of America's major roads are rated as being in less-than-good condition, and one in four bridges requires significant repair or cannot handle today's traffic, according to the National Economic Council and the President's Council of Economic Advisers in their Economic Analysis of Transportation Infrastructure Investment.

The analysis also reported that transportation infrastructure is critical in expanding the nation's global competitiveness and ability to respond to the increased demands of travel over the next decade. However, transportation is an area in which the U.S. has been falling behind. According to the latest World Economic Forum's Global Competitive Index, the U.S. ranks 16th in roads and the quality of overall infrastructure.

ADDITIONAL COSTS

These less-than-ideal road conditions cause congestion and increase the amount of time spent

on the road. Such delays also lead to additional costs from using more fuel. The FHA calculated that highway bottlenecks cause more than 243 million hours of delay a year for the trucking industry, which equals an annual cost of \$7.8 billion.

The excess fuel spent in congested traffic also increases the amount of harmful emissions from vehicles. One-third of all carbon dioxide emissions from fossil fuel combustion are from transportation, according to the Environmental Protection Agency (EPA).

HIGHWAY BOTTLENECKS CAUSE MORE THAN 243 MILLION HOURS OF DELAY A YEAR FOR THE TRUCKING INDUSTRY, WHICH EQUALS AN ANNUAL COST OF \$7.8 BILLION.

Unfavorable road conditions also contribute to wear and tear on vehicles. The National Transportation Research Group (TRIP) concluded that deteriorated

roads accelerate the depreciation of vehicles. An estimated \$516 comes out of the average U.S. motorist's pocket each year as a result of driving on roads in need of repair.

The aforementioned infrastructure analysis also discussed the dangers of poor road conditions. Roadway conditions are considered a significant factor in approximately one-third of all traffic fatalities. In 2014, there were more than 32,000 traffic fatalities, and around 2,340,000 people were injured in traffic accidents.

TRUCK DRIVER SHORTAGE

The lack of truck drivers was first documented in 2005 by the American Trucking Associations (ATA). The ATA announced the industry was short 48,000 drivers in 2015 and estimates this number will climb to almost 175,000 drivers in 2024.

One of the biggest factors contributing to the shortage is replacing retiring drivers, which accounts for 45 percent of all new driver hires.



The industry is unable to attract a younger workforce for a variety of reasons, including the difficulties surrounding substandard road conditions.

The National Retail Systems, Inc. (NRS) recently polled truck drivers across the U.S. about road conditions. A whopping 60 percent of respondents rated roads as being in a worse condition than when they first started driving. Almost half of the respondents have been driving for more than 10 years.

This same survey found that 45 percent of truck drivers are held up by road repairs at least once every week. These delays are costing truck drivers, especially owner-operators who are responsible for maintaining their vehicles and paying for fuel. These additional costs, frustrations and infrastructure-related accidents can be discouraging to not only veteran truck drivers, but also to those considering entering the industry.

TIME TO INVEST

The Highway Trust Fund (HTF), which provides federal funding for highways, was established in 1956 and consists of two main sources of revenue. The primary source is federal excise taxes on motor fuels, more commonly referred to as the gas tax. The American motoring public pays this tax on the amount of motor fuel they purchase, not by price. The second source is truck-related taxes that are primarily paid by truck manufacturers and tire retailers.

Gas tax revenue has been the leading source of funding for transportation projects since its inception in the 1930s. However, the tax has not increased since 1993, and vehicles have become increasingly fuel efficient. Annually, the federal government spends approximately \$50 billion on transportation, but the gas tax only contributes \$34 billion.

THE \$305 BILLION FAST ACT CALLS FOR SPENDING APPROXIMATELY \$205 BILLION ON HIGHWAYS AND \$48 BILLION ON TRANSIT PROJECTS OVER THE NEXT FIVE YEARS.

The Fixing America's Surface Transportation Act, or FAST Act, was signed into law by President Obama in 2015. This law reauthorizes the collection of the 18.4 cent per gallon gas tax, providing five years of funding for the Highway Trust Fund without increasing the gas tax. Some transportation advocates have called for switching to a mileage-based program for collecting gas tax, referred to as Vehicle Miles Traveled (VMT). Critics of the plan have raised privacy concerns regarding government officials tracking the movements of the American motoring public. FAST Act does include \$95 billion dedicated to allowing states to test alternatives to using gas tax revenue, such as VMT, to fund transportation projects.

The \$305 billion FAST Act calls for spending approximately \$205 billion on highways and \$48 billion on transit projects over the next five years. Since gas tax revenue is not enough, the law also contains a \$70 billion package in offsets from other areas of the federal budget.

The American Road and Transportation Builders Association provided a comprehensive analysis of the bill, which is still seen as a temporary fix due to its lack of sustainable revenue streams for future growth. "Furthermore, because the underlying HTF revenue deficit has not been addressed, the current \$14 billion annual shortfall between incoming trust fund revenues and the amount needed to support authorized surface transportation investment levels will grow over the next five years without remedial action by Congress." This analysis estimates that Congress will need to find an additional \$100 billion of revenue sources for the next five-year bill (FY 2021-FY 2025). Also, the HTF's history of shortfalls may lead to states scaling back on planned projects well before FAST Act expires.

STAYING UP TO SPEED

Complying with New Industry Regulations

From electronic logging device mandates to minimum new driver training requirements, the transportation industry is highly regulated and always changing. At Ruan, teams across the company stay abreast of potential and impending regulatory changes that could affect operations. By staying up-to-date and being proactive, Ruan ensures regulatory compliance and customer satisfaction. Here are just few a regulatory updates and issues impacting the industry now and in the foreseeable future.

ELECTRONIC LOGGING DEVICE MANDATE

The highway bill passed in June 2012 included a section requiring the Federal Motor Carrier Safety Administration (FMCSA) to issue a final rule mandating electronic logging devices (ELDs) for heavy-duty trucks. A final rule was published December 10, 2015, which means enforcement of the rule will begin December 16, 2017, according to *Fleet Owner*. The two-year delay until the rules are enforced will allow carriers to prepare for installation and stagger implementation costs among their fleets, as well as allow manufacturers time to produce devices and systems that are compliant with the technology specifications outlined in the rule.

The mandate will impact approximately 3 million commercial drivers, and the FMCSA estimates it will result in an annual benefit of nearly \$1 billion, largely by reducing paperwork. Roadside law enforcement personnel will also save time reviewing driver records during stops.

DRUG AND ALCOHOL CLEARINGHOUSE

An FMCSA proposal is pending that would create a clearinghouse of drug- and alcohol-related violations for those with a commercial driver's license (CDL). The central database would house verified positive drug and alcohol tests, as well as names of drivers who refuse to be tested. Carriers would be required to report positive test results and refusals to test into the database. Employers would also be required to access this database when looking to hire potential drivers—and to query the database annually for current drivers. According to the DOT's May Significant Rulemaking Report, this rulemaking is intended to increase highway safety by ensuring CDL holders, who have tested positive or have refused to submit to testing, have completed the DOT's return-to-duty process before driving, as well as ensure that employers are meeting their drug and alcohol testing responsibilities. A final rule is expected in August 2016.



COMPLIANCE SAFETY ACCOUNTABILITY

The FMCSA recently announced a rulemaking proposal to determine a motor carrier's safety fitness within Compliance Safety Accountability (CSA). The long-awaited Safety Fitness Determination rule would replace the current rating system of satisfactory, conditional or unsatisfactory, according to *Commercial Carrier Journal*. If a carrier is determined to be "unfit," it will be required to improve operations or shut down. FMCSA estimates the determination system, which factors in investigation results and roadside inspection/violation data in five of the seven BASICs, will allow the agency to assess the safety fitness of nearly 75,000 carriers monthly rather than the 15,000 it currently evaluates annually, according to *Commercial Carrier Journal*. The FMCSA is reviewing comments from the public.

Also, The Fixing America's Surface Transportation (FAST) Act signed late last year removed CSA scores and data from public view, according to *Commercial Carrier Journal*. The bill also requires the FMCSA to study CSA thoroughly to identify all of its flaws, develop a plan to fix them and then implement changes before the scores can be made public. Within 18 months of the bill's passage, the FMCSA is directed to issue a report on the study of carriers' crash risk and its correlation to CSA scores, CSA's ranking methodology, accuracy of CSA data, incorporating crash fault accountability and the overall safety determination of carriers.



MINIMUM NEW DRIVER TRAINING REQUIREMENTS


In March, the FMCSA released a rulemaking proposal that would create and implement a core curriculum for new truck drivers receiving a CDL. It would also require them to have 30 hours of behind the wheel training before earning a CDL, according to *Commercial Carrier Journal*. If made final, the rule would become effective three years after published in the Federal Register. Since the rule would require core curriculum, it would also establish a registry of FMCSA-approved driver trainers. According to *Commercial Carrier Journal*, the curriculum would be divided into two categories: theory and actual driving time.



HOURS-OF-SERVICE 34-HOUR RESTART PROVISION

The FMCSA recently concluded a congressionally mandated study of the 34-hour restart provision that was suspended in December 2014 following several complaints about the effectiveness of the rule. The rule, which went into effect July 2013, required that a driver's 34-hour restart include two periods between 1 a.m. and 5 a.m. because the FMCSA argued that nighttime sleep is more rejuvenating than daytime sleep. FMCSA reverted to the less strict restart rule that was in place prior to July 2013 that simply required a driver to be off duty 34 hours in a row. The two restart approaches were compared in a field study regarding safety events, fatigue, alertness and driver health. The FAST Act dictates that in order for the restart provision suspension to be lifted, the FMCSA must show "statistically significant improvement in all outcomes related to safety, operator fatigue, driver health and longevity and work schedules" over the pre-July 1, 2013, rules, according to *Commercial Carrier Journal*.

Congress and congressional committees regularly address HOS regulations, though provisions are rarely passed and made law. Most recently, the U.S. Senate passed a bill that could, if passed by the House and signed by the president, restore the 2011 restart rules pending the results of the FMCSA study. The House has passed similar measures. In order to become law, the Senate and House must compromise on a solution that the president ultimately signs.



The Ruan Survey

WHAT

KEEPS

YOU

UP

AT

NIGHT?

TRUCK SHORTAGE

DRIVER RETENTION

FREIGHT AUDIT & PAYMENT

CUSTOMER SATISFACTION

DRIVER HEALTH

CAPACITY

DRIVER SHORTAGE

VISIBILITY

DRIVER

THE NIGHT SWEATS. THE MIDNIGHT TREMBLERS. THE THREE A.M. PANIC.

ANYONE WHOSE BUSINESS DEPENDS ON A RELIABLE, REPEATABLE SUPPLY CHAIN HAS HAD THEM. TRANSPORTATION NIGHTMARES HAVE BEEN KEEPING LOGISTICS MANAGERS, SENIOR EXECUTIVES, DIRECTORS AND MANY OTHER PEOPLE TIED IN KNOTS.

At Ruan, we worry about many of the same things they do ... and you do. So, we conducted a survey of transportation professionals in a wide variety of industries — metals, wholesale trade, agricultural crop production, livestock, manufacturing, food and beverage, electronics, lumber and wood products, paper products, vehicles and transportation equipment. We wanted to learn your greatest fears so that we could provide solutions that work. ***This is what you told us.***

FEAR

NO. 1

DRIVERS. DRIVERS. DRIVERS.

Our survey found that the scariest trucking-related issues are all focused on the man or woman in the truck: driver shortage, driver retention and hiring and driver health. Together those three responses were the top worries of 54.5 percent of survey respondents.

Driver shortage. According to the American Trucking Associations (ATA), the driver shortage could balloon to 175,000 by 2024.

Driver recruitment and retention. A 2015 poll by Trucking Perspectives (TP) puts the price of recruiting and training one driver at \$5,000, while the average turnover rate is 90 percent.

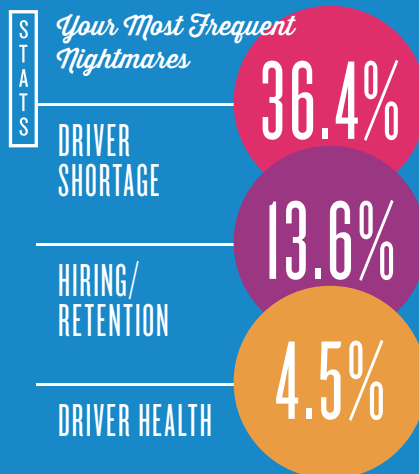
Driver health. It's no secret that a truck driver's schedule makes it difficult to exercise or make healthy nutritional choices. Sleep disorders are common and contribute to an low average life expectancy of 61 years.

How Ruan helps

Ruan's approach helps address many driver issues. First, our goal is to be a great place to work for drivers — to be a place where they aspire to work. We are committed to driver safety and health through training, awards and recognition. Our dedicated fleet operations means a driver has

regular, predictable routes that get him or her home more often. We even offer our team members free benefits options and a \$1,000 referral bonus to help attract the top drivers.

Because of this, our driver retention rate is five times the industry average.



“WHEN I WAKE FROM MY NIGHTMARE, I CAN'T GET BACK TO SLEEP BECAUSE ... MY MIND IS RACING WITH NEW IDEAS OF HOW TO RECRUIT DRIVERS.”

— Director, Transportation Logistics

FEAR

NO. 2



FEAR

NO. 3



FEAR

NO. 4



CAPACITY

Capacity is closely related to the driver shortage epidemic, so it's not surprising that it was a major worry of our survey respondents. How major? Oh, about 27.3 percent of them.

And it's not just our survey. An in-depth analysis of the State of Logistics report from the Council of Supply Chain Management Professionals (CSCMP) reveals that by 2017, supply chain managers will be less concerned with paying higher trucking rates than being able to find available container space.

But the driver shortage impacts transportation companies' ability to take advantage of higher freight demand. Many can't add to their fleet because they don't have enough drivers to fill the current demand, much less additional routes.

How Ruan helps

For us, flexibility is key. We are committed to being long-term partners with our customers, so we use our advanced technology systems and industry experience to create supply chain solutions that meet our customers' needs. We don't try to fit one service to every problem. Instead, we recommend the solution that can best handle a customer's excess shipping, and then integrate with our partners to identify efficiencies and services that will optimize their supply chain and remove capacity concerns from their nightmares.

VISIBILITY

This fear is not actually about visibility. This fear comes down to customers wanting more visibility. Why? So they know where their shipment is. So they can plan for when it will reach their warehouse. So they can make adjustments if it's going to be held up.

Visibility is knowledge. Visibility helps all of us improve on-time delivery and reduce costs by identifying efficiencies. But it's not easy, and customers are demanding more and more visibility all the time.

How Ruan helps

Visibility is a huge challenge, and different solutions are required in many industries. We're tackling it by developing and implementing the latest technology solutions.

Through the use of our integrated supply chain software, best-in-class logistics tools and Ruan's custom intellectual property, we can provide our customers with a real-time picture of their entire supply chain and simplify essential transportation management requirements, including choosing the right mode or carrier, order management, optimization and planning, freight pay and audit, report analysis, providing personalized key performance indicators, warehouse management and more.

FREIGHT AUDIT & PAYMENT

The bill ... none of us gets excited to write a check and pay for services, even necessary services. But in the transportation industry, finding, understanding and ultimately paying all the different players responsible for getting a shipment from A to B is far more complicated than it should be. One shipment could have north of 10 invoices that need to be reconciled to get a picture of your costs. Warehousing, 3PL, transportation, import/export services, kitting and subassembly, the list goes on and on.

Plus, with all that information spread across multiple invoices, analyzing the numbers to uncover insights is a challenge.

How Ruan helps

One simple invoice.

That's right. With Ruan's Integrated Solutions, we give you one bill. All service providers, from warehouse to independent carriers, are presented in one, comprehensive, easy-to-read invoice. Plus, we are EDI-capable and can build electronic invoices that integrate into our customers' general ledger accounts so that transportation expenses can be tracked at any level.

STATS
Fearing the Emptiness

CAPACITY

27.3%

STATS
Where is my Shipment?

VISIBILITY

18.2%

STATS
Fear the Bill

FREIGHT PAYMENT & AUDIT

15.9%

"IF I COULD FUNDAMENTALLY CHANGE ONE THING ABOUT MY SUPPLY CHAIN, I WOULD HAVE ... COMPLETE VISIBILITY."

— Director, Electronics Manufacturer



SAFETY

The industry as a whole continues to improve safety year by year. Truck-involved fatalities fell by 21 percent from 2003 to 2013, and the rate per 100 million vehicle miles traveled fell even farther: 38 percent. But that doesn't mean you (and we) still don't worry about it. We do.

Our survey shows concern about hazardous material spillage as well as injuries to drivers, terminal employees and the motoring public. In addition, the Compliance Safety Accountability (CSA) rules and regulations are complicated, and there is still the question of whether good scores lead to an improvement in actual safety performance.

How Ruan helps

Safety is built into our culture at Ruan. We were one of the first in the industry to introduce a formal safety program, way back in the 1940s, and in the 1980s we introduced Megasafe, a series of safe driving modules, and shared them with the industry.

Today our safety team monitors safety trends, our CSA scores and hours-of-service data assuring all of our drivers are in compliance. As a companion to our Megasafe7 Rules of Safe Driving, in 2014 we launched the Megasafe5 Rules of Working Safely. Megasafe5 covers everything from general health and wellness tips to the use of personal protective equipment (PPE) and proper lifting techniques.

CUSTOMER SATISFACTION

Customer satisfaction was the main fear of only 2.3 percent of our survey respondents, but if you think about it, the percentage was actually a lot higher.

Capacity, visibility, safety, billing and driver issues all contribute to a customer's satisfaction or dissatisfaction. So achieving customer satisfaction means making real progress on all those issues.

How Ruan helps

Ruan's approach is to bring everything together with Integrated Solutions. When we work with a customer and manage their entire supply chain — with responsibility for Dedicated Contract Transportation, management of third-party carriers and more — we can bring our whole company to bear on creating and continually refining the best transportation solution.

That means the customers get the finest fleet working for them, and not just the equipment: the most experienced drivers and support staff, and the latest technology solutions to give our customers the highest visibility available today.

Finally, to ensure we are meeting our customers' expectations, we conduct regular customer satisfaction surveys and consistently score in the high 80 to 90 percentiles.

“WHEN I WAKE FROM MY NIGHTMARE, I CAN'T GET BACK TO SLEEP BECAUSE ... I'M THINKING ABOUT HOW TO REDUCE COSTS AND IMPROVE CUSTOMER SERVICE.”

— *Director, Wholesale Trade*

CONQUER YOUR FEARS.

All these fears have merit, but all of them can be addressed. And it's very important that we, as a logistics industry leader, do so. Just as Ruan led the way in safety innovations in the 1940s, we are continuing to chip away at our common problems — and fears.

Driver shortages, retention and health ... capacity issues ... safety ... freight audit and payment ... visibility ... customer satisfaction. These fears may be keeping you (and us) up at night, but by continuing to innovate and continuing to put the needs of our customers first, we can drive America's business forward. Just as we always have.

STATS
Afraid of Accidents
SAFETY CONCERNS

9.1%

STATS
Do customers like me?
CUSTOMER SATISFACTION

2.3%

“WHEN I WAKE FROM MY NIGHTMARE, I CAN'T GET BACK TO SLEEP BECAUSE ... I'M IMAGINING A CALL ABOUT OUR INCOMING HAZARDOUS MATERIALS BEING SPILLED ... OR WORSE!”

— *Senior Executive, Manufacturing*

SAFETY SECOND TO NONE

RUAN'S MEGASAFE CULTURE IS SECOND TO NONE. AT RUAN, THE SAFETY OF OUR DRIVERS AND THE MOTORING PUBLIC IS OUR NUMBER ONE PRIORITY. IN FACT, SAFETY FOCUS IS OUR FIRST GUIDING PRINCIPLE AT RUAN. OUR GUIDING PRINCIPLES DEFINE WHAT WE BELIEVE WE MUST DO IN ORDER TO BE SUCCESSFUL, AND THEIR ORDER IS BY DESIGN — THEY ARE PRIORITIZED. WE MUST PRIORITIZE SAFETY FIRST. EVERYTHING WE DO HAS NO VALUE IF IT IS NOT DONE SAFELY.

Ruan was the first transportation company to implement a formal safety program in the 1940s. Since then, our emphasis on safety has only grown. In 2012, Ruan developed a propriety safety program called Megasafe, a comprehensive system that guides training, safety meetings and overall field safety operations.

SAFETY FOCUS

There are three components of this Guiding Principle: Being driven by safety, preparing to be safe and complying with all safety rules and regulations.

1 WE ARE DRIVEN BY SAFETY.

At Ruan, all of our decisions must be made with safety in mind—the safety of our drivers, our coworkers and the motoring public. We instill in our team members a “Captain of the Ship” mentality, where the “ship” is a tractor, our job or whatever we are doing. We empower our team members—as captains—with the responsibility to make the right choices. That also means reporting unsafe conditions and practices.

“It’s the responsibility of each of us to think about what we are doing and stop a job or activity if it’s not safe,” said Ralph Arthur, president of Dedicated Contract Transportation.

2 WE PREPARE TO BE SAFE.

Ruan team members are expected to be professionals who continuously prepare themselves to safely perform their roles and take responsibility for creating and maintaining a safe environment. Investing in equipment, training, processes and tools that make our work safer is a key component of preparing to be safe. Preparing to be safe requires everything from frequent training to ensuring we are properly rested and performing thorough pre- and post-trip inspections.

3 WE COMPLY WITH ALL SAFETY STANDARDS.

Ruan, our customers and various government and regulatory agencies have established safety-related rules that all Ruan team members must follow to ensure compliance and the safety of everyone with whom we come into contact. Therefore, Ruan team members are required to learn, train on and comply with all Ruan policies, the policies of our customers and all regulations.

“In the end, we will not tolerate unsafe or illegal behavior—we simply can’t,” said Vice President of Safety Lisa Gonnerman, who oversees a team of eight safety managers tasked with working with our terminal locations to reduce incidents and ensure compliance. “We owe that to our coworkers, our families and the public.”

MEGASAFE SAFETY PROGRAM

Our robust Megasafe Safety Program includes a vast array of elements that allow us to have a Safety Focus in all that we do. Ruan’s Megasafe Safety Program is our overarching, comprehensive safety structure. Megasafe drives mandatory quarterly safety meetings that all company drivers and terminal staff attend; customer and team member communications; content in newsletters, posters, bulletins and other safety materials; new driving orientation; boot and personal protective equipment (PPE) programs; and many other initiatives.

Megasafe
Ruan Safety Program

**KEY COMPONENTS OF
OUR SAFETY PROGRAM**

Megasafe7 Rules of Safe Driving

Ruan’s Megasafe7 Rules of Safe Driving is our own defensive driving program established to help drivers—both in commercial motor vehicles and personal automobiles—continue to be safe, thoughtful and defensive throughout their lives. All new drivers receive Megasafe7 training before getting in a truck. We retrain the Megasafe7 Rules of Safe Driving bi-annually, and they are ingrained in our culture. All team members are trained in the Megasafe7 Rules of Safe Driving, including professional drivers, technicians, terminal staff, corporate staff and warehouse personnel.

Megasafe5 Rules of Working Safely

Ruan’s Megasafe5 Rules of Working Safely is a comprehensive injury prevention program that was established to help our team members stay safe while working and understand proper techniques so they can make the right decisions and stay safe.

MEGASAFE COMPONENTS CONTINUED >>>



Megasafe

Driver Safety Instructors

In 2014, Ruan started selecting professional drivers to become driver safety instructors (DSI) as part of the safety department's driver training division. There are currently 10 DSIs across the country. A DSI's full-time duty is to travel to operations and conduct training, including onboarding and orientation, remedial training, accident root cause analysis, quarterly and problem resolution training through hands-on and classroom environments. Using a customized toolkit of training materials, DSIs also perform skills assessments and train, coach and mentor drivers by helping them to develop the skills necessary to become safe and successful Ruan drivers.

Terminal Safety Instructors

A terminal safety instructor (TSI) is a professional driver who not only drives for an assigned terminal, but also assists his or her peers with training at the terminal. They attend a training program in order to become a TSI. Some tasks they assist with are road tests, safety meetings, safety round tables, remedial training following an accident and onboarding of new drivers.

Ruan Safety Pledge

All Ruan team members across the organization sign the Ruan Safety Pledge. The pledge — supported from the top down — is designed to prioritize safety in all aspects of the job.

Megasafe Awards and Recognition Program

Ruan's Megasafe Awards and Recognition Program honors drivers who do exceptional work every single day that is critical for the success of Ruan and our valued customers. Drivers who meet the appropriate criteria receive a Ruan jacket for their safety performance. In addition, drivers receive a Safe Driver pin for the number of years he or she has been accident-free. The next year, if there were no accidents or incidents, the team member receives a new pin with the updated number of safe years. The program also honors million-mile drivers.

Drive to Zero

In 2014, we embarked on our Drive to Zero campaign, with the goal of having zero accidents or injuries. We developed training, posters and other materials to help instill a Drive to Zero mentality. This message is continually conveyed to our professional drivers by our terminal and corporate leadership. We regularly recognize and celebrate terminals that go accident free for a year.

Quarterly Training

Training is a continuous, ongoing effort and priority at Ruan. Each quarter, our professional drivers attend a safety meeting at their terminal and receive training, conducted by terminal managers or safety team members. Training topics are selected by reviewing accident and injury trends; regulatory requirements; changes and updates in policies and procedures; and other concerns, like winter weather conditions.

Safety Orientation

Consistent, standard safety orientation has been developed and deployed. All new hire drivers receive a standard safety orientation. Additional training modules are required for the type of business including flatbed, cryogenics, dairy, pallet jack, forklift and machine operators.

OSHA Training Program

A monthly OSHA training program is utilized for shop and warehouse topics. The training topics meet OSHA requirements and include a train the trainer program and training completion tracking.

INDUSTRY RECOGNITION FOR SAFETY

RUAN WAS AWARDED A 2015 VOLVO TRUCKS SAFETY AWARD IN THE MORE THAN 20 MILLION MILES CATEGORY FOR OUR EXEMPLARY SAFETY RECORD AND TRAINING PROGRAM.

RUAN RECEIVED SECOND PLACE FOR THE AMERICAN TRUCKING ASSOCIATIONS' 2015 FLEET SAFETY AWARD IN THE TANK TRUCK/LINE-HAUL/OVER 10 MILLION MILES DIVISION.

PUTTING AN END TO THE

MODERN-DAY SLAVE TRADE

RUAN AND THE TRUCKING INDUSTRY ARE UNIQUELY POISED TO HELP BATTLE THE HUMAN TRAFFICKING EPIDEMIC.

Modern-day slavery, or human trafficking, exists whenever people are bought and sold for forced labor or commercial sex. Human trafficking has been reported in all 50 states, and the number of victims in the United States is estimated in the hundreds of thousands.

The FBI estimates that between 100,000 and 300,000 children — often as young as 11 years old — are at risk of being forced into the \$32 billion sell-for-sex industry each year. These children are moved frequently throughout the nation and traded with other human traffickers to make it difficult to identify and rescue these young victims. Many children spend years, even into adulthood, trapped in this trafficking cycle with no hope of being freed.

Human trafficking is taking place in all corners of the U.S., often in broad daylight. Truck stops and travel plazas are among the most popular locations for traffickers to seek business. Since truck drivers regularly visit trucks stops, they are well positioned to help sex trafficking victims. Ruan is proud to sponsor Truckers Against Trafficking (TAT), an organization poised to educate, empower and mobilize truckers to play a critical role in combating this destructive crime — and ensuring children are returned safely to their homes.



CHILDREN
100 TO 300K
AT RISK!

\$32B
SEX FOR SALE INDUSTRY



TAT provides educational information to help truckers identify human trafficking and a hotline to report suspicious activity. However, anyone is positioned to help these victims. If you suspect human trafficking is taking place at a truck stop — or anywhere — please contact the TAT hotline: **1-888-3737-888**. Or, if you know a crime is taking place, call the local police.

Visit www.truckersagainstrafficking.org for more information and to watch a video about how you can help fight human trafficking and save someone from this form of modern-day slavery.

DEDICATED CONTRACT TRANSPORTATION

CERTIFIED BROKERAGE SERVICES

LOGISTICS MANAGEMENT

FREIGHT AUDIT AND PAYMENT

CONSOLIDATION AND CROSS DOCKING

MODE, ROUTE AND LOAD OPTIMIZATION

VALUE-ADDED WAREHOUSING

BULK TRANSPORTATION

Strengthen your supply chain with the *power of Ruan.*

Connect every detail with Ruan, an asset-based 3PL. Strengthen your supply chain by harnessing the power of Integrated Solutions from Ruan. As an asset-based 3PL, we provide Dedicated Contract Transportation and Supply Chain Solutions — from logistics and warehouse management to certified brokerage services and optimization and planning. And more. Ruan designs unique solutions

for your specific needs — whether that means using many of our services or just a few.

We manage every detail of your supply chain — fleet ownership, driver management, regulation monitoring and compliance, safety initiatives, innovative technology. And more. That means you can focus on your core business. And we'll handle the rest.

To start taking advantage of the *power of Ruan*, call (866) 782-6669 or visit www.ruan.com.

