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Innovators

Wrapped in productivity

By Avery Vise

Since 1990, one of Bay & Bay Transportation's major business niches has been highly secured van loads of various fixtures for restaurants, retail stores, hotels and other facilities. The business is part of the 475-truck operation Bay & Bay has built since President Sam Anderson's family acquired the Rosemount, Minn.-based company in 1988. At the time, Anderson's father owned a maintenance business, and Bay & Bay had been a customer. It had been in operation since 1941, had gone through ups and downs over the years and by 1988 operated three trucks and several dry bulk pneumatic tankers.

Pad-wrapped freight "has been a good niche ever since the beginning" and certainly represents a bigger source of revenue than it did 10 years ago, Anderson says. And it's not just furniture and fixtures. "We have hauled a truckload of mannequins." Bay & Bay also has hauled the furnishings for Rainforest Cafes with their tropical trees and large animal statues.

This niche is just a piece of Bay & Bay's business, which is quite diversified. The pad-wrapped operation is part of a 250-truck dry van business that also hauls general freight. In addition, the company runs a 100-truck bulk tanker operation, and in 2007 it acquired a refrigerated operation that now has been merged into Bay & Bay and totals 125 trucks. Bay & Bay also operates a logistics arm that employs 25 people.

One of the challenges with the pad-wrapped business is maximizing equipment productivity while maintaining the equipment needed for the specialized freight handling. Each van trailer used for this freight needs moving blankets, straps, load boards, plywood for decking and ramps allowing for street-level loading and unloading.

Like most carriers in this type of business, Bay & Bay had long used dedicated equipment and drivers, but there are drawbacks to this arrangement. The storage space in the trailer needed for the blankets, straps, decking and so on reduces backhaul opportunities somewhat. Over time, Bay & Bay has minimized this challenge by adjusting how these items are arranged when not in use. "The goal was to maximize the cube in order to get good-paying backhauls," Anderson says.

Utilization challenge

The more significant drawback to using dedicated equipment is the nature of customers' businesses, Anderson says. "We find that there's a cyclical nature to that type of shipping. A lot of the shipments load on Thursday and arrive Monday." In most cases, the pad-wrapped items Bay & Bay hauls are going to businesses under construction, such as a new fast-food restaurant or department store. The companies building these facilities send people to coordinate the installation of fixtures and furniture. The customers want to complete this project within a week so they can return home for the weekend before moving on to the next city and next project.

For Bay & Bay, this widespread industry practice presents a significant utilization challenge. If you are using equipment dedicated to pad-wrapped freight, most of your tractors and trailers are running Thursday to Monday morning and have only a reduced cube for the other half of the week. Moreover, you have had to build a larger fleet than you want so you can handle peak traffic. Bay & Bay understood that this isn't the most productive way to operate, but customer's demands on timing trump the trucking company's utilization challenges. "There were times of the year – especially in the case of the owner-operators – where the driver would sit longer than they would like."

Over the past several years, Bay & Bay has tried to improve utilization for the equipment it uses for



**Bay & Bay Transportation
Rosemount, Minn.
Improved equipment and driver
flexibility by staging
specialized load securement
items at various locations
throughout its operation.**

pad-wrapped loads by ensuring that load planners and dispatchers had better information regarding which trailers had the specialized freight-handling equipment on board. "But really, it has been in the last year that we took a strong initiative during the downturn," Anderson says. That's because a number of Bay & Bay's competitors in the niche have either failed or dropped that kind of business, so the carrier's market share gains have led to more business despite the economic slump.

Building a network

What Bay & Bay did was set up a drop-and-pickup network for storing the numerous blankets, bars, straps, decking, ramps, etc. that it needs to handle specialized freight. To date, the company has established about 15 locations – company terminals, outsourced storage locations, a dock rented from another trucking company and even a customer location or two – where its drivers retrieve and drop off the freight-handling equipment.

Managing this network effectively requires close oversight of the location and status of the freight-handling items, Anderson says. In fact, it's someone's principal duty in the company's Rosemount headquarters to coordinate the daily shifting of freight-handling equipment.

"We are constantly moving the inventory," Anderson says. For example, the best option for a pad-wrapped shipment might be a driver who just delivered a general freight load. A dispatcher sends him to the closest storage point to pick up the necessary items and then to the customer for loading. After the driver delivers the load, the driver's next dispatch might be a full general freight load. So operations might have the driver swing by the nearest storage point to drop off the freight-handling items. The goal is to give load planners more options for covering both specialized and general freight loads.

"It's not airtight, but it is as good or better than anything else we have seen, and it's continually improving," Anderson says. That means continually reviewing staging points in its network to maximize both flexibility and customer service. "As we have gotten bigger, we have more triangulation, and our network has become a little more complex. We needed a better system to manage 30 customers instead of 10."