

THE SOURCE

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SPECIAL POINTS OF INTEREST:

- **ARE WE DOING A GOOD JOB FOR YOU?** If the answer is yes, consider introducing us to a customer or supplier. If they go with the Outsource team you win, too. Ask us about our residuals program.
- **DO YOU SHIP WITH US SOME OF THE TIME?** Become a Program Customer and we will guarantee savings of 10%.

NEW TRUCKING HOURS OF SERVICE REGULATIONS - PUBLIC SAFETY BOON OR INDUSTRY BANE?

The compliance date for the new CMV driver Hours of Service regulations is here, with changes to the existing rules going into effect on July 1, 2013, despite objections and legal challenges by some trucking industry advocates. The HOS rules limit the number of daily and weekly hours a truck driver spends driving and working, and regulate the minimum amount of time drivers must spend resting between driving shifts.

Current HOS rules prohibit driving more than 11 hours or driving after having been on-duty 14 hours, with the 3-hour variance accounting for non-driving work duties, such as loading/unloading and fueling, as well as non-working on-duty activities, such as rests and meal breaks. After an 11- to 14-hour on-duty period, the driver must be given a 10-hour off-duty period. Time in the jumper seat can be counted as off-duty as long as it is the 2 hours immediately before or after 8 hours in the sleeper. These rules remain unchanged.

What WILL change are rules requiring specifically defined mandatory rest breaks and rules that limit re-starts after longer rest periods. And it is just these provisions that are raising objections within the trucking industry.



The re-start, for example, calls for a 34-hour re-start which must include two overnight periods between 1 a.m. and 5 a.m., based on the driver's home time zone, and is restricted to only once per 7 days. This is expected to decrease the maximum amount of time that drivers can spend behind the wheel in a week by as much as 14-15%. According to David French, senior VP at the National Retail Federation, "...longer overnight breaks create the potential for more big trucks to be mixing with passenger cars during congested daylight hours." He went on to say that "we believe the new re-start requirement will have a significant

impact on the (retail) industry, especially on those who rely on overnight or early morning deliveries." Previously the re-start has allowed drivers to reset their weekly clock after spending 34 hours off-duty, with no other specifications.

The new rules have also added a mandatory break after 8 hours of on-duty time, with the break being counted toward workday on-duty time. For heavy haul operators who are only allowed to operate during daylight hours, this will impose limits on the amount of time they will be able to work during winter, when there are fewer available daylight hours.

The Federal Motor Carrier Safety Administration (FMCSA) and the Department of Transportation (DOT) maintain that the proposed regulations are supported by scientific research on driver health and safety. "We carefully crafted a rule acknowledging that when truck drivers are rested, alert, and focused on

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HOURS OF SERVICE *continued from page 1*

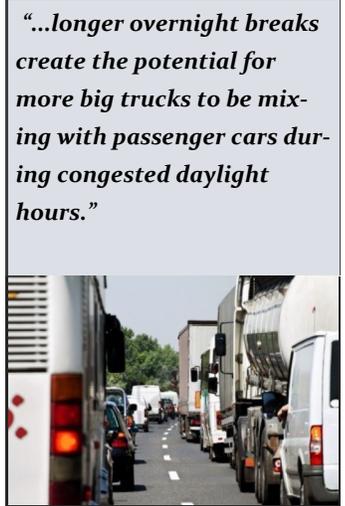
safety, it makes our roadways safer,” said FMCSA Administrator Anne Ferro. Public safety groups, led by Advocates for Highway and Auto Safety and Public Citizen, joined by some truckers, felt that the new regulations did not go far enough and mounted a legal challenge to the proposed rules. They did not get the 10-hour driving limit they had been seeking, but they did manage to get some revisions to the 34-hour re-start provision. Still, they feel that the regulations fail to adequately address the issue of driver fatigue and that the public’s safety remains at risk.

But the American Trucking Associations (ATA) claims that the changes put onerous restrictions on drivers’ abilities to manage their schedules. The OOISA is concerned that the new regulations are not designed with enough flexibility to accommodate the individual needs of different types of truck drivers—long-haul, team, regional—and that drivers will be forced to take breaks on a schedule that may not

make sense in the overall scheme of their work day.

Bruce Carlton, president and CEO of the National Transportation League, also cites the probability of decreased capacity and increased freight costs. With shorter driving hours added to already existing problems—driver shortages, trucking bankruptcies, and the trucking industry’s general reluctance to hire and put their full fleets in operation—this seems to him to be yet another head of the same beast, bound to lead to increased shipping costs and decreased on-time delivery.

It will take some time for the full impact of the new regulations to become apparent, but carriers will have to be prepared to reposition drivers and equipment in order to handle the same amount of freight, and shippers may have to be prepared to dig deeper to cover their freight costs.



“...longer overnight breaks create the potential for more big trucks to be mixing with passenger cars during congested daylight hours.”

Sources: *Journal of Commerce topic coverage—2/2012 through 5/2013; OOIDA analysis, Landline—2012; FMCSA website, summary of Hours of Service Regulations.*

WHAT YOU SHOULD KNOW ABOUT FREIGHT CLASSES

The National Motor Freight Classification (NMFC) is a standard that provides a comparison of commodities moving in interstate, intrastate, and foreign commerce. The classes are designed to help you get common standardized freight pricing for your shipment when working with different carriers, warehouses, and brokers. Essentially, the NMFC provides both carriers and shippers with a standard by which to begin negotiations, and simplifies the comparative evaluation of the many thousands of products in the marketplace.

There are 18 freight classes, ranging from a low of Class 50 to a high of Class 500. Classification is based on four basic transportation characteristics: density, stowability, handling, and liability. Considered are the freight’s weight, height, width and length;

the ease of handling; the value; the liability risk from such things as theft, damage, breakage, and spoilage.

The NMFC specifies minimum packaging requirements to ensure that goods are adequately protected and can be handled and stowed in a manner that is reasonably safe and practicable. It contains various rules that govern and otherwise relate to the classification and/or packaging of commodities, as well as procedures for the filing and disposition of claims.

Part of Outsource's job is to help you deter-



mine the correct NMFC class for your freight. Why? Because if you select the wrong freight class or weight when obtaining quotes and then schedule your shipment based on that incorrect information, you may be subject to carrier re-classing and re-weighting, which can then result in a corrected shipping charge—usually at a higher rate. You are responsible for any additional charges associated with your shipment which result from incorrect information provided to the carrier, either directly or through Outsource. Help us work with you at the outset to assign the correct freight class, thus avoiding additional carrier charges.

THE REAL JERSEY SHORE AND BEYOND

A little more than 6 months after Hurricane Sandy left a trail of destruction up and down the East Coast, leveling its most severe damage at communities in New York and much of the famed Jersey Shore, reconstruction is well underway. “STTS—Stronger Than The Storm” is the rallying cry in NJ. The seaside towns, famous for their boardwalks lively with rides, arcades, game halls, and food stands, are primed for Summer, 2013. Events are planned and hotels and restaurants are open for business. Maybe there’s not quite as much to offer just yet compared to pre-Superstorm Sandy, but there’s plenty of spirit and gumption...along with a few backhoes. These communities will be back, just as New Orleans was after Hurricane Katrina, just as Japan was after the earthquake and tsunami in 2011. Just as Moore,



Oklahoma and other towns torn apart by recent tornados will be as well.

All of this reminds us that there is always hope and possibility following crisis. After despair comes resolve, and with resolve comes recovery. We see that in these communities and, in much the same way, we see it in the U.S. economy. After the 2008 collapse and a period of sluggish growth that has lasted much longer than anyone expected, we finally see signs of a steadily improving housing market. Sales of appliances, furniture, and home improvement

materials have all seen an uptick, and orders for durable goods, a leading indicator of economic health, were up 3.3% in April, signaling confidence in future economic growth. Businesses are hiring, and the market is reacting to these positive trends with historical highs.

This is good news. As a nation we can begin to see our way to reclaiming our prosperity and go about the business of much-needed repair and recovery, especially as regards our infrastructure needs. Communities will rebuild, manufacturers will produce, goods will be shipped, consumers will buy. And the iconic roller coaster perched on the edge of the boardwalk at Seaside Heights will again—someday—scare us all to death.

THE WORLD IS FLAT: DATA AND THE SUPPLY CHAIN

What kind of data do you need to successfully reach the end of your supply chain—the consumer? Are you best served by a mountain of information that will give you insights into historical patterns and trends to help you in your marketing strategy? Or do you require fast data—information which enables you to react quickly and effectively to problems, with flexibility and creativity? Up and down the supply chain, most businesses will choose one over the other, but some will conclude that they need a combination of both to sustain forward motion and remain competitive in a world made increasingly flatter by ecommerce and the availability of

instant information.

In the final analysis, the most important factor in any business practice is the consumer. Through IT technology it has become simultaneously easier to reach the consumer via access to large amounts of data and increasingly more sophisticated analytical tools, and more difficult as those same tools advance at breakaway speed, allowing the competitive edge to go to the fleet of foot—those who can keep up with changing market demands and find innovative solutions. But access to the consumer and the ability to deliver IS the end game, and those who can employ the power of all the data tools available to them to their highest advantage will put them-



selves in the best position to compete.

A cautionary tale, though: There is a lesson to be learned about the flip side of rapid, widespread information from Apple and the publicity surrounding the scandalous labor practices at their manufacturing partner in China, Foxconn. When stories about substandard conditions at the factory began making the rounds, it created a PR nightmare for Apple, and their previously favorable public perception took a direct hit. Apple has since severed its relationship with Foxconn. It’s good to remember that Information goes both ways, and that the public eye does not blink.

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TRIVIA

1. How many rivers frame Manhattan?
2. Which state's capital appears in the title of a famous 1975 horror novel?
3. Which movie won the Academy Award for Best Picture in 1993? Was it The Piano, Six Degrees of Separation, Schindler's List, or Philadelphia?
4. This professional basketball player was voted the NBA's most valuable player 1984-86, as well as coach of the year in 1998. Who is the player and what are the teams?

[Click here for answers to Trivia questions.](#)

ABOUT US

Established in 1990, OUTSOURCE, Inc. offers a complete range of freight management services and supply chain solutions to help you reduce costs, improve control, and increase profitability.

OUTSOURCE specializes in worldwide logistics and transport, offering your organization an optimized transportation management solution. Our customer-driven approach to doing business allows us the flexibility to select services and solutions that best serve our clients' individual needs, and our extensive collective experience in distribution, warehousing, retailing and transportation logistics provides us with the expertise to make it happen.

Air, sea, rail and truck—we can handle all of your domestic and international shipping logistics and transport needs, freeing you to do what you do best.....grow your business.

