Bring ELD Data to Life for Strategic Business Insights

4 tips for driving performance
with a more complete view of labor data

Introduction

Since the electronic logging device (ELD) mandate took effect on December 18, 2017, trucking and distribution companies that employ their own drivers have been accumulating massive amounts of valuable data. The primary function of an ELD is to record a driver's Record of Duty Status (RODS) in order to demonstrate compliance with Hours of Service (HOS) requirements. Many ELDs, however, record additional data beyond RODS — from Driver Vehicle Inspection Reports, IFTA automation, and location tracking to driver behavior reporting on speeding, idling, and hard braking.[1]

With ELDs installed in non-exempt vehicles, trucking and distribution companies are sitting on a goldmine of data that can be used to drive improvements not only in safety, but in fleet management, fuel efficiency, productivity, and vehicle maintenance.[2] Now that organizations are recognizing the power of ELD data, it's time to leverage this information for efficiency gains and competitive advantage. Even though freight-hauling demand and tonnage levels are on the rise, companies must find strategic paths to profitability as competition intensifies and costs related to compensation, insurance, maintenance, and equipment continue to climb.[3]

Forward-looking organizations are discovering the value of integrating ELD data with labor management reporting to gain more complete visibility into labor operations. By analyzing workforce data — including time, attendance, and payroll — in conjunction with ELD records, they can identify previously untapped opportunities to improve performance, reduce costs, and attract and retain in-demand drivers.

This paper provides four best-practice tips to help companies get more from the ELD data they're already collecting — putting them on the road to more efficient and profitable operations.

> ***While demand for transportation is up, margins always seem to be shrinking, making it tough for trucking companies to turn a profit.[4]***

Tip #1: Integrate labor management and ELD stop time data to calculate accurate component pay for drivers

According to the American Trucking Association, companies currently need about 60,000 drivers and that number could exceed 100,000 within a few years.[5] While driver pay continues to increase, it hasn't kept pace with inflation, which only exacerbates the industry's critical driver shortage. Many companies have switched to component pay, or are considering doing so, in an effort to attract and keep drivers. With this model, truckers receive a combination of mileage pay — which still comprises the largest portion of their compensation — and activity pay for non-driving tasks such as load and unload stops, typically resulting in more consistent wages.

As more companies move to component pay, ELDs alone can't track the breakdown of non-driving activities and corresponding pay rates. This more complex component pay model requires a labor management system capable of handling multiple pay types and pay codes for calculating accurate payroll.

Instead of struggling to manage this complexity via spreadsheets, managers can leverage integrated ELD and timekeeping data to deliver consistently accurate driver paychecks. ELDs record driving hours and mileage, while labor management systems track time spent on each type of non-driving activity, including federally mandated paid rest breaks, along with their associated pay codes. By automatically transferring integrated ELD and timekeeping data to payroll, companies can significantly reduce — or even eliminate — payroll errors that frustrate drivers and increase compliance risk.

In addition, labor management systems streamline administration of financial incentives and bonuses, which represent a growing cost center in many distribution and transportation companies.[6] In a 2018 American Transportation Research Institute study, a majority (62.7%) of respondents said they pay their drivers some kind of financial incentive beyond wages. For example, they issued financial rewards for safe driving and on-time delivery performance, as well as sign-on and stay-on bonuses aimed at attracting and retaining qualified drivers.[7]

Tip #2: Better track driving time and total punch-in time for data-driven insights

ELDs provide a reliable way to capture mileage and drive time for HOS compliance. A sophisticated timekeeping system, however, tracks total driver punch-in time to help trucking and distribution companies uncover hidden capacity and better control labor costs. Features like geofencing and automated labor transfers seamlessly capture *all* driver activity to support accurate payroll and inform detailed labor analysis.

Driver punches in at yard/terminal

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Driver logs onto ELD and starts pre-trip inspection

↓

Driver departs yard

↓

Geofencing triggers labor transfer to driving

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ELD tracks driving time and HOS

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Driver returns to yard

↓

Geofencing triggers labor transfer to post-trip inspection

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Driver punches out of yard/terminal

Used together, ELD and timekeeping data extend visibility into both on- and off-road activities. In addition to driver time spent logging miles, companies can track dwell time in the yard at the beginning and end of routes. If businesses pay drivers an hourly wage, excess dwell time means increased labor spend on non-revenue-generating activities. Integrated labor reporting can reveal whether dwell time exceeds the norm — by location and driver — on a consistent basis. Armed with this insight, dispatch and operations managers can investigate root causes and take steps to get drivers on the road faster — without compromising safety and quality standards.

Importing ELD transactions into the labor management system provides more complete visibility into productive and non-productive time, helping managers uncover opportunities to reduce costs and boost efficiency.

Tip #3: Identify customers who operate inefficient yards — and charge them more per incident

According to a U.S. Department of Transportation Office of Inspector report, truck drivers lose an estimated $1,281 to $1,534 in income a year and put themselves at higher risk for crashes due to excessive detention times on loading docks.[8] Detention time is generally defined as the minutes or hours truck drivers have to wait beyond their allotted timeframe to load or unload freight because a shipper or receiver is running behind schedule.

In many shipper contracts, anything longer than a two-hour wait is considered detention time and may be subject to an assessorial fee. In many cases, the same locations are repeat offenders, a pattern that can damage the relationship between the customer and the distribution partner despite an otherwise efficient network of locations.

One study found that nearly 63% of drivers spend more than three hours at the shipper's dock each time they're loaded or unloaded. All that time adds up to more than four billion hours that truck drivers spend waiting at facilities each year.[9] Seventy-five percent of drivers encounter such an event as least once a week and 35% are forced to wait at least six hours once a week on average.[10] For truckers paid by the mile or those paid a higher component rate for drive time, detention events combined with HOS limits significantly impact their ability to earn a decent living. In fact, mounting detention times — and their financial toll — may be a contributing factor to growing trucker dissatisfaction and attrition.

By integrating timekeeping and ELD data, companies can accurately account for all trucker time — whether it's spent in the yard, driving down the highway, stuck in traffic, or waiting at loading docks. This visibility enables new levels of transparency between shipper, receiver, and trucker, and enables businesses to quantify the opportunity costs of loading dock inefficiencies. They can use this data to pinpoint problem locations, back up assessorial fees, or even renegotiate contracts to increase punitive charges for detention events.[11]

Over time, this data can help companies prepare more profitable bids that take into account upward trends in detention time. In addition, customers may appreciate detailed data that can help them present a more objective view of detention time to their problem locations in an effort to drive efficiency improvements.

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Take a deep dive into non-driving activities

Granular analysis of non-driving activities can uncover opportunities to drive efficiency and boost revenue. Examples include:

- Waiting at customer
- Loading or unloading at docks
- Fueling stops
- Roadside inspection
- Breakdowns
- Meals/rest
- Pre and post-trip inspections

Integrated data analysis not only provides financial and operational insights, but it can also help identify ways to optimize driver satisfaction and engagement. Drivers dislike wait time that keeps them off the road, thereby limiting their mileage income.

By determining which non-driving activities routinely waste truckers' on-the-clock time, companies can make changes — from adopting cross-dock strategies to being more selective in the shippers/receivers they work with — to increase drivers' earning potential and attract talent from a shrinking driver pool.

Tip #4: Get more complete and detailed visibility into non-driving time and related costs

Analysis of integrated ELD and labor management data provides valuable insights into non-driving events and their financial costs. With the ability to capture and drill down into data at a granular level, trucking and distribution companies can see which non-driving activities detain drivers the most and take action to improve efficiency and maximize time on the road.

What kinds of insights might detailed analysis uncover? If breakdowns are continually delaying drivers, for example, managers can examine inspection protocols and fleet maintenance practices and make changes to improve vehicle reliability. If wait times at shipping and receiving docks are causing delivery bottlenecks, businesses can revisit contracts to make sure they're charging customers enough to compensate for delays.

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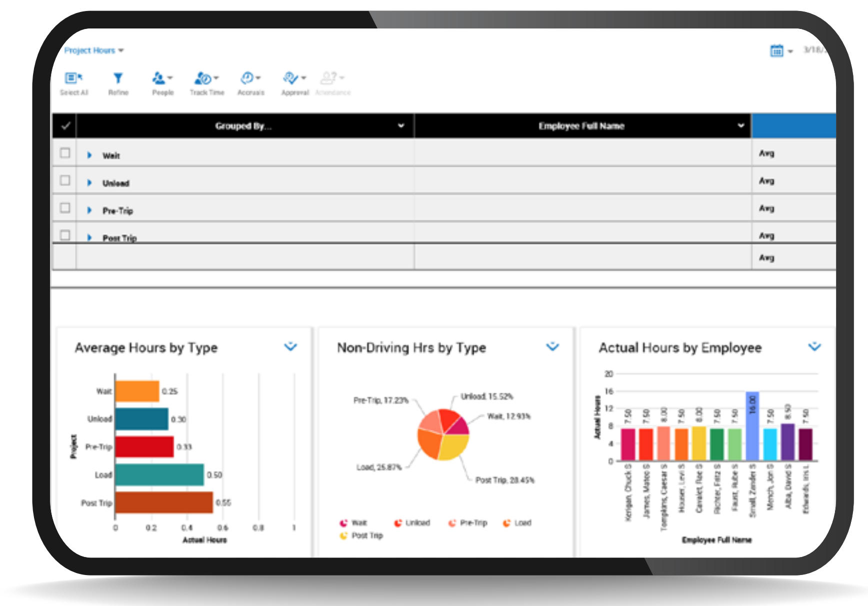

Analysis of integrated ELD and timekeeping data can reveal potential issues, such as the higher-than-average post trip shown in this dashboard, so managers can explore root causes and take immediate corrective action.

While the benefits of mining ELD and labor management data are manifold, many organizations still struggle with transforming raw data into actionable insights. The persistent labor shortage is forcing more carriers to promote from within, and as a result, many operations and dispatch managers lack strong reporting and analysis skills. The latest labor management systems, however, make it simple to sort, filter, group and calculate data to discover trends and visualize data. Intuitive charts and graphs provide insights at a glance to fill the labor visibility gap and drive more informed business decisions.

Get clear visibility into the entire labor landscape

Labor management software — with seamlessly integrated ELD-captured data — provides a complete view of all labor hours and pay to put companies on the road to more profitable operations. By following the tips in this paper, managers can gain strategic insights that help increase capacity, boost productivity, control labor costs, manage compliance, and improve bidding and billing profitability.

To learn how UKG (Ultimate Kronos Group) can help you make smarter decisions with full visibility into labor performance and costs, visit ukg.com/industry-solutions/distribution.

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