

# Profitability Management

You can only manage  
whatever you can  
measure...

# What you can measure...

- Revenue
- Cost
- Utilization
- Profitability?

# What you can measure...

- Revenue

What are your revenue goals?

What must you do to reach them?

What will it cost to reach them?

Can you exceed goals and still lose money?

# What you can measure...

- Revenue
- Cost

How closely do you already watch costs?

Which costs are most important to watch?

What benchmarks do you use?

Can you contain costs and still lose money?

# What you can measure...

- Revenue
- Cost
- Utilization

What are your utilization goals?

How do you measure them?

What is your empty miles ratio?

Can you exceed goals and still lose money?

# What you can measure...

- Revenue
- Cost
- Utilization
- Profitability?

# What you need to measure

The ability to measure profit requires

Good Chart of Accounts/GL

Good Operations/Dispatch process

Good Billing process

Good Driver Pay/Settlement process

# How to Measure it

- The Methods of Measurement...

Must be logical and consistent

Must be complex/dynamic

Must be based in reality

# To what level of measurement?

- Start by thinking about a single load
- Associate one load with others...
  - Customers
  - Lanes
  - Drivers
  - Dispatchers
  - Sales Representatives/Agents
  - Customer Service Personnel

# Where do you start?

- Profitability Management Practices
  - Cultural Change
  - Top-down – What we're watching
  - Project Management

# Where do you start?

- Profitability Management Practices
  - Cultural Change
    - How do your folks discuss your business?
    - How do they evaluate your business?
    - How do they currently determine what's good?
    - How does your management group do these things?
      - When is the last time you asked, ***How profitable is that business, anyway?***

# Where do you start?

- Profitability Management Practices
  - Cultural Change
  - Top-down – What we're watching
    - Do your folks know what numbers you watch?
    - Are they able to watch the same numbers?
    - What numbers do you want them to watch?
    - How can you get them into their hands?
      - Do you have a ***Wall of Knowledge***?

# Where do you start?

- Profitability Management Practices
  - Cultural Change
  - Top-down – What we're watching
  - Project Management
    - What customer freight should you be working on?
    - What lanes should you be working on?
    - How do you identify your next project?
    - What's your basic project plan for improvement?
      - How do you make continuous improvement assignments for action plan development?

# Profitability Management

- Take stock of your intellectual assets
- Identify your measurement methods
- Get your hands on whatever tools or systems are necessary to proceed
- Start small, if necessary – one step at a time

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Profitability Management Tools© for carriers  
using Innovative...