



**TA Dedicated**



## SHOULD WE STAY PRIVATE OR **GO DEDICATED?**



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Expert Insights for Shippers Who  
Believe They'd Never Outsource

651-686-2500

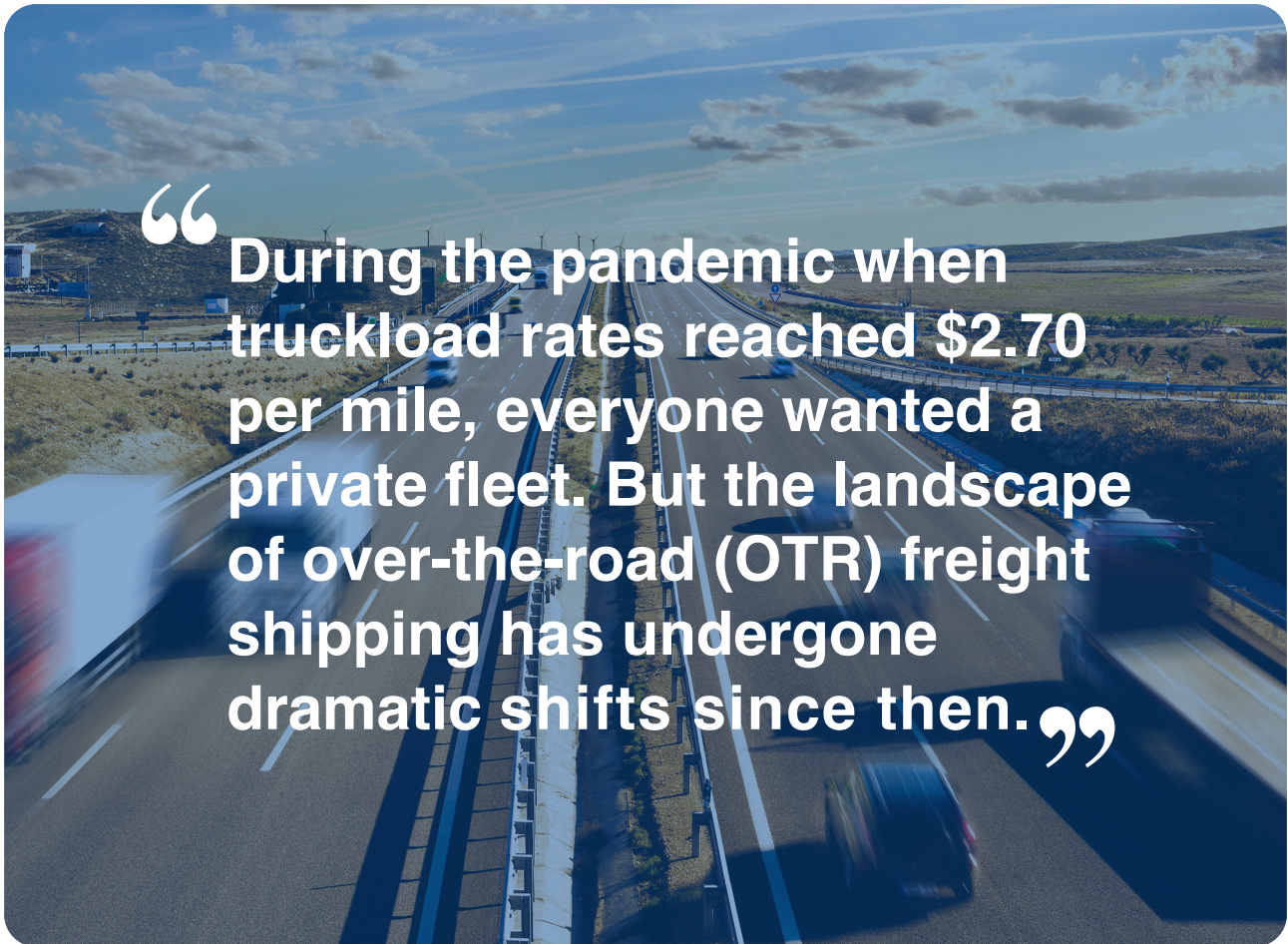


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## INTRODUCTION

Today's challenges facing the trucking industry are multifaceted and evolving rapidly, and as a result, the case for running your own fleet isn't as clear cut.

The freight market, which experienced a dramatic surge in demand and prices during the COVID-19 pandemic, has been in a deep recession for years now. In a shippers' market where low truckload rates and abundant capacity have persisted for years, it's natural to wonder if the grass is greener on the outsourcing side of the road.

New challenges that undermine the benefits of running a private fleet include the record-high costs of operating trucks, growing liabilities and an enduring driver shortage. Today, there is incessant pressure for private fleets to keep up on everything from technology and sustainability to scalability and continuous cost savings.

# PRIVATE FLEET USAGE

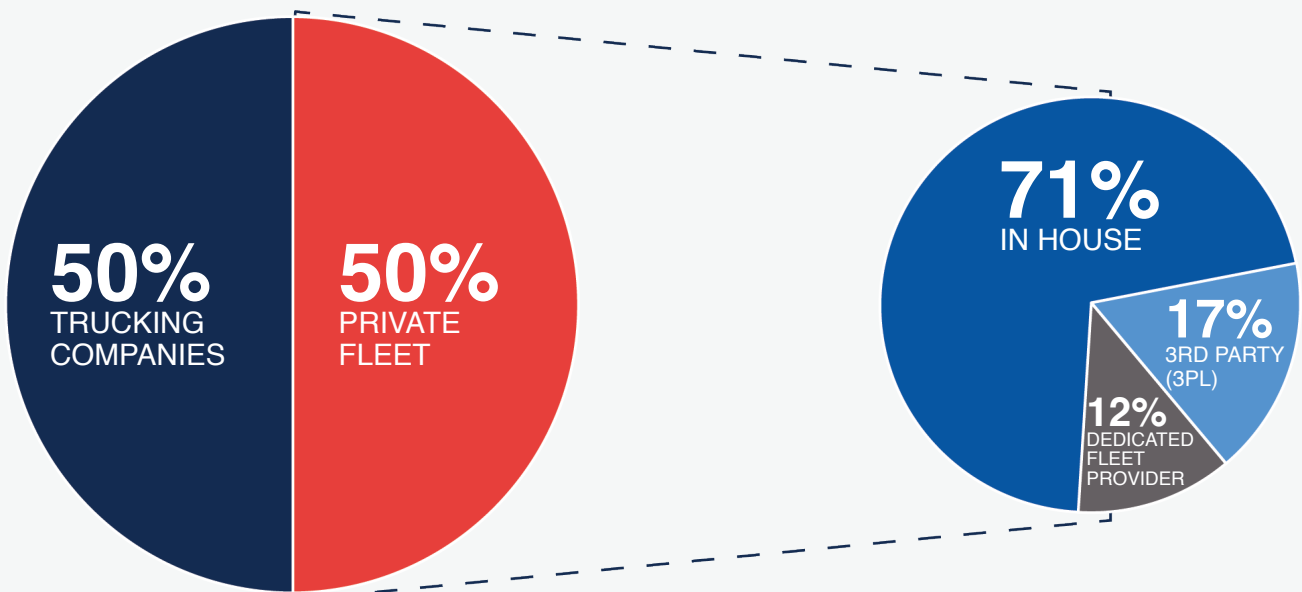
Today the way businesses handle their freight is evenly divided—nearly half of truckload freight in the U.S. is hauled by private fleets, the rest by trucking companies.<sup>[i]</sup>

But it's important to note that even companies with private fleets regularly outsource in order to supplement their needs. According to the National Private Truck Council (NPTC), of the companies with private fleets, 17% of their freight moves by for-hire carriers and 12% moves by dedicated fleet.<sup>[ii]</sup>

Operators of private fleets are right to consider all options, especially in light of the major challenges in the trucking industry today.



## FREIGHT MARKET LANDSCAPE



# SHIPPERS CHOOSE PRIVATE FLEETS FOR THE THREE C'S

Freight-intensive businesses operate their own private shipping fleets for three main reasons: **customer service, costs, and control**. According to the NPTC, the top market drivers for having a private fleet break down like this: customer service (46%), cost control (22.9%), and control over the supply chain — i.e. trucks and drivers (13%).<sup>[iii]</sup>

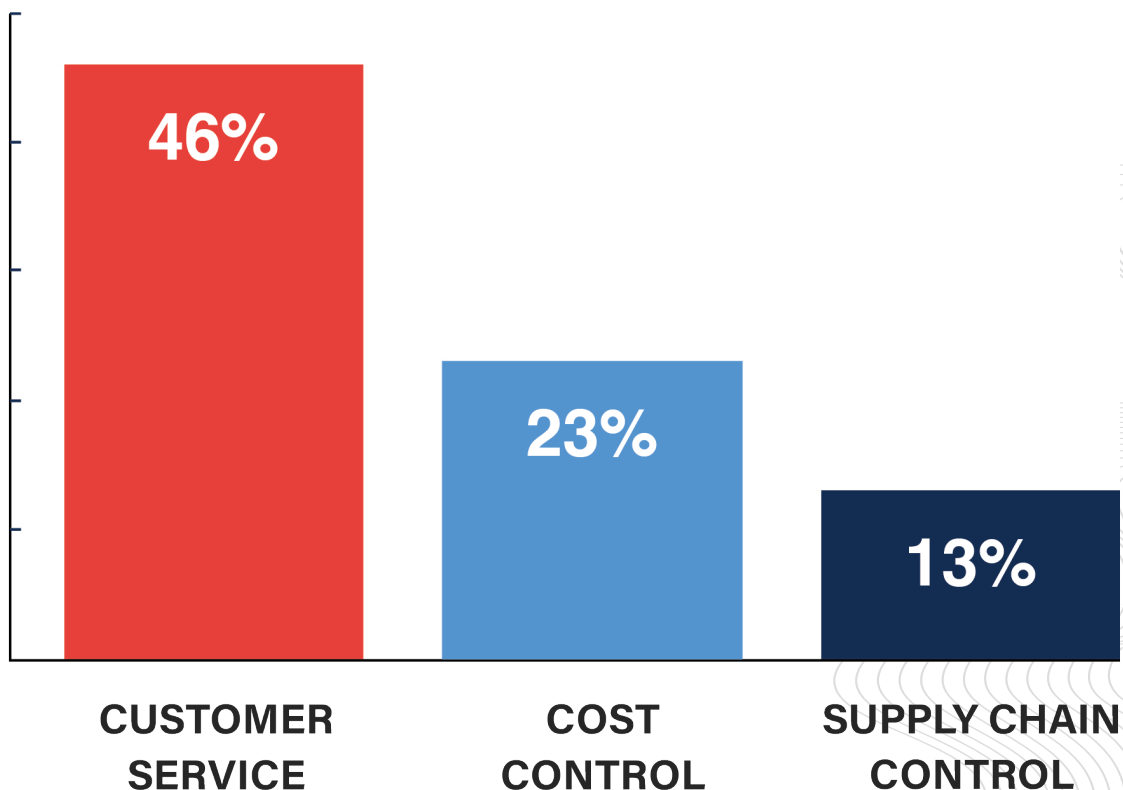
Delivery is such a big part of the customer experience that it's easy to understand why customer service is the main reason companies choose to keep transportation in-house. In private fleets, the drivers are employees, and many companies feel the employment relationship with drivers increases their loyalty, familiarity with the business, and commitment to outstanding customer service.

In addition, many companies feel they are insulated from paying market rates when they handle their fleet inhouse, making it a more cost-effective option on the surface.

Finally, companies with private fleets have exclusive control and use of their own asset-based equipment — whether leased or owned. That exclusive control often comes with a fringe benefit of running trailers that serve as free advertising for their company's brand.



## WHY COMPANIES CHOOSE TO OPERATE PRIVATE FLEETS



# THINKING BEYOND CUSTOMER SERVICE, COSTS, & CONTROL

The benefits of customer service, costs, and control come with caveats.

In fact, private fleets face their own unique challenges. Running a successful trucking operation requires expertise and investment that's outside the core focus of most businesses. With finite staff time and organizational resources, companies manage the complexities of trucking at the expense of functions like product innovation, business development, and market expansion.

Despite not having to pay contract or spot rates, the operational costs are significant. "Maintaining a private fleet is capital-intensive," says Rob McNeil, Vice President at TA Dedicated. "All those trucks and other equipment can become a major drain on your

balance sheet, especially if asset utilization is not optimized."

Additionally, in an industry with high turnover, keeping a fleet fully staffed, making sure drivers are properly trained, and providing competitive compensation packages brings its own set of pressures to companies.

Keeping up with today's changing rules and regulations is challenging, and the risks inherent in trucking are considerable. Businesses are on the hook for lost, damaged or stolen goods, and the resulting increase in insurance rates when they occur. What's more, it's hard to put a price tag on the damage to a brand's reputation when their trucks are involved in accidents, sometimes catastrophic ones.

With a private fleet, says McNeil, "You've got a rolling brand billboard – but what happens if it turns over on the side of the road, or is involved in an accident that causes injuries or fatalities?"



# PROS & CON'S OF BEING YOUR OWN TRUCKING COMPANY

The private fleet model has committed practitioners. No markup on rates and no fighting with other shippers for capacity have contributed to the private fleet model's strong appeal for almost two decades now. And the model's immunity to historically high rates during the pandemic reinforced its popularity in recent years.

But for private fleet owners, the ideal of having your own branded and loyal fleet comes with the reality that you are, in fact, in the trucking business. Ensuring continuous ROI requires hiring experts in trucking, keeping up with industry trends—everything from equipment shortages to new emission standards—and staying up to date on best practices in trucking. It is a big commitment, especially for companies that don't consider themselves trucking companies.

To help ease the burden, businesses may choose to outsource some or all of their freight operations to a third-party carrier like a third-party logistics (3PL) provider or for-hire carrier. This bypasses many of the drawbacks of running a trucking company—but also takes away many of the benefits.

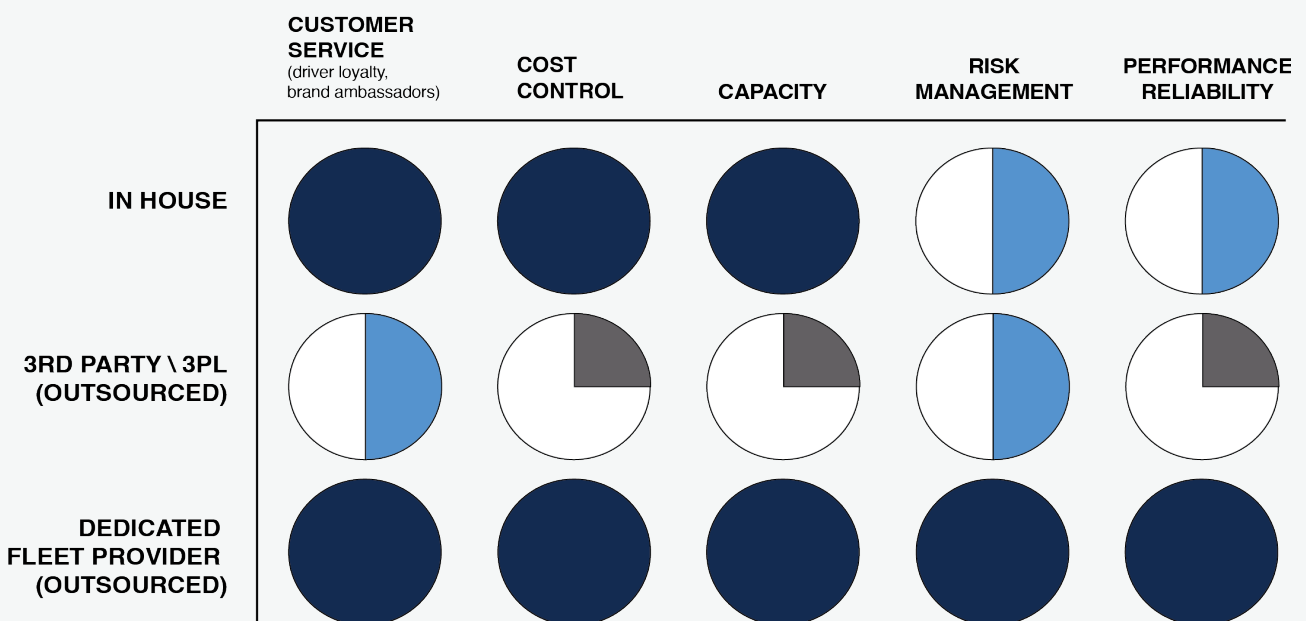
A third-party can give you access to more trucks and drivers, but you may find yourself competing for trucks and paying higher rates when the market shifts and capacity becomes tight. With a third-party model, you do have the opportunity to ride the wave of low rates when the spot market drops; however, you are also vulnerable to high rates when the market spikes.

## CROSSOVER BENEFITS OF PRIVATE AND DEDICATED FLEETS

-  CONSISTENT DRIVERS
-  RELIABLE PERFORMANCE
-  RISK MANAGEMENT
-  STABLE COST

## PERCEIVED BENEFITS OF PRIVATE FLEETS

● = HIGH    ◐ = MEDIUM    ◑ = LOW





## OUTSOURCED DEDICATED FLEET PROVIDERS

The other variation of outsourcing is to work with a dedicated fleet provider. Under this arrangement, a third party provides a fleet of trucks and drivers to a company that serves them exclusively on a contractual basis. For companies that like the benefits of a private fleet but don't want to be in trucking, a dedicated fleet provider can be the answer.

# DEDICATED FLEETS THE BEST OF ALL WORLDS



## CUSTOMER SERVICE

Dedicated carriers' drivers can be as committed to the business as a private fleet's drivers. "We are the customer's fleet," explains Steve Dabbs, the Director of Business Development at TA Dedicated. "The drivers employed by dedicated fleet providers can be as committed to other companies. Their job is dependent on the success of their customer." Customer-driver relationships can last for decades—and include much more than just picking up and dropping off freight. "We have drivers who date inventory and even mop floors after deliveries so they don't leave tracks. Nothing is off the table."

Additionally, dedicated fleet drivers can be trained in companies' SOPs and brand standards. TA Dedicated often provides such training. Dedicated fleets' wide experience working with many companies enables them to customize delivery and reporting solutions to Dedicated fleet providers' unique needs.

"If our customer is concerned with something specific—cost per mile, per ton, idle minutes, cost of fuel, sustainable or alternative fuel options—we track and monitor those KPIs and provide data every week," Dabbs says. "If we hit a goal, we can up the KPI or focus on a different one. They can direct us to a concern and we'll focus on that particular need. We're all about continuous improvement."

**An Outsourcing  
Strategy for a  
Dedicated Fleet has  
many of the same  
benefits as an In-  
House Fleets and  
3PL Carrier Fleets,  
but sidesteps the  
pitfalls inherent in  
both options.**





## GREATER CONTROL

One of the biggest advantages over a private fleet, says Dabbs, is alleviating liability concerns for businesses. “Whether they’re thinking about it or not, accidents are a huge risk and a huge liability to their company. A fatality caused by their driver would be tragic and can also average over \$7 million in legal fees. Not to mention the fact that their equipment will be impounded—and their brand might be on that equipment and thus all over the news.”

Dedicated fleet providers are also well equipped to tackle the ongoing challenge of driver hiring and retention. “If a private fleet has 40 drivers, they may replace three or four a year, so their hiring experience is somewhat limited,” McNeil says.

“A dedicated fleet provider will have a strong recruiting team that understands what it takes to hire a good driver in their region.” They also have a built-in staffing capacity that private fleets can’t match, says Dabbs.

Private fleets can come under strain during demand surges and peak periods. A dedicated fleet provider can easily provide additional capacity to enable you to scale up seamlessly in order to avoid disruption and missed deliveries, and scale back when volumes subside.

**“With a private fleet, if your driver calls in sick, you’re out of luck. A dedicated fleet solution ensures there’s an experienced driver in the seat every day.”**



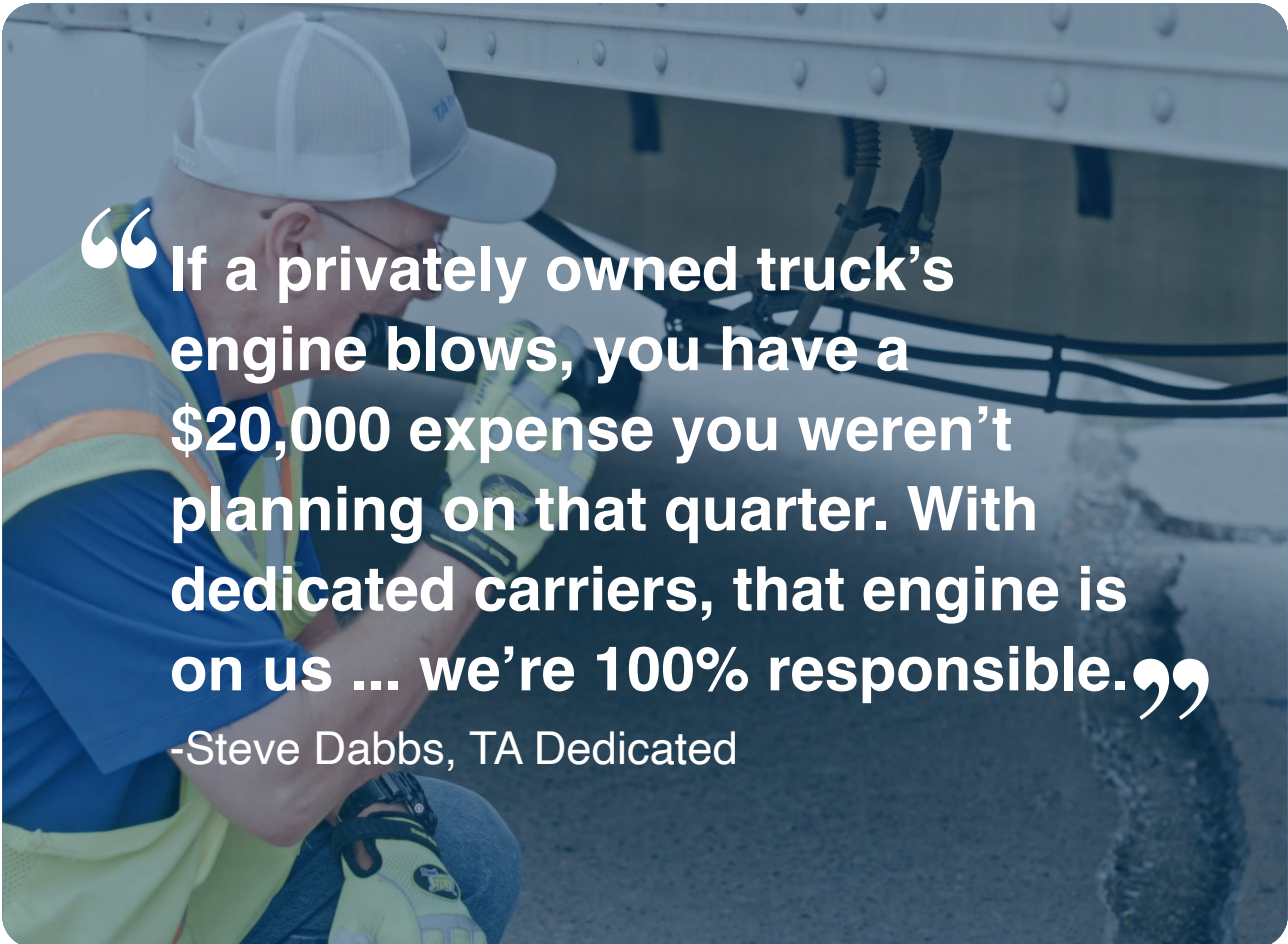


## COST SAVINGS

Through route planning the right dedicated carrier can offer an enormous advantage, saving their shippers money, time and fuel. “A company running its own private fleet may not have a full-blown engineering group and the same software resources as a dedicated fleet provider,” Dabbs says.

“Our engineers continually look for ways to minimize mileage and get full use of drivers’ time. If a customer is opening or closing stores or changing locations, for example, we’ll look at their network and redesign their routes to handle all the stops with the least miles possible.”

Through contract pricing and also by handling all expenses, a dedicated fleet provider provides balance-sheet predictability. Especially when it comes to unexpected repairs, this can help immensely with financial forecasting. “If a privately owned truck’s engine blows, you have a \$20,000 expense you weren’t planning on that quarter,” Dabbs says. “With dedicated fleet providers, that engine is on us. So are driver turnover, accident costs, stolen loads—we’re 100% responsible. Our customers’ costs stay consistent week to week, month to month. We keep surprises from impacting customers financially.”



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**-Steve Dabbs, TA Dedicated**



## IT'S TIME TO SWITCH: WHAT TO WATCH FOR

Switching from a private to a dedicated fleet is a major change. But that change pales in comparison to the costs and consequences of staying with a model that isn't working. Here are the warning signs that it's time to look seriously into a dedicated model.



## LIABILITY CONCERNS

“Private fleet operators today face staggering risks from nuclear verdicts resulting from accidents. A study released by the U.S. Chamber of Commerce Institute for Legal Reform found that massive jury awards of \$10 million or more continue to increase in frequency.<sup>[iv]</sup>

Even when no nuclear verdict is involved, the cost of accidents can be devastating. According to FMCSA, the average cost of a large truck crash involving a fatality is \$3.6 million per crash.<sup>[v]</sup> Even if a business with a private fleet hasn’t experienced an accident or been penalized for regulatory violations, those risks should weigh on them.

Through insurance, a dedicated carrier can shoulder the load, and through safety training, risks can be reduced. Says Dabbs, “We take safety very seriously. We make sure everyone is trained before they get in a truck.”

Dedicated fleet operators like TA Dedicated absorb the cost of safety training. For the world’s largest provider of end-to-end wire and cable management solutions, TA Dedicated created a driver training program to teach safe and proper loading of the company’s fragile and hazardous freight. As a result, the regular incidence of accidents and damage claims prior to the program were reduced to zero for the six months following the program.

Dedicated fleet providers’ investment in advanced safety technology can also help mitigate risks. “Outward-facing onboard cameras help reduce exposure to potential lawsuits. We also employ collision mitigation

technology.” We also help ease regulatory compliance headaches, says McNeil: “When there’s a lot of change on the horizon, it’s good to know you have someone who’s on top of it.”

The need to comply with today’s many safety regulations exposes private fleets to the risk of fines, out-of-service orders, and poor CSA scores by maintaining electronic logging devices (ELD) and fleet management technology and managing DOT mandates. Ensuring compliance with state and federal regulations regarding things like hours of service (HOS) rules and California Air Resources Board (CARB) requirements is a dedicated carrier’s domain.

### SAFETY AND COMPLIANCE RISKS



FINES



OUT-OF-SERVICE  
ORDERS



POOR CSA  
SCORES



FLEET TECHNOLOGY  
EXPENSES



DOT  
MANDATES



## AMBITIOUS SUSTAINABILITY GOALS

**Customers, authorities and the public demand sustainability results. 80% of TA Dedicated customers have sustainability programs, and they rely on TA Dedicated to help them achieve their goals. “We’re succeeding at sustainability in collaboration with our customers, says Rob McNeil at TA Dedicated. We’re proud to have achieved a Bronze Sustainability Rating from Ecovadis.”**



For companies ready to explore high-tech equipment solutions, some dedicated fleet providers can provide alternative-fuel and electric yard trucks. These are some of the easiest points of entry and they can offer significant cost-benefit value.

“The dedicated space lends itself to implementing sustainable solutions, because we can help intelligently map out how customers can make progress on their goals.”

No matter where businesses are on the spectrum of environmental commitment and investment, dedicated fleet providers can offer solutions that work toward their goals. “It’s not just about buying expensive new trucks,” McNeil says. “It’s good trucking practices—minimizing empty miles, spec’ing

trucks with aerodynamic features that improve fuel efficiency.

It’s also incenting drivers to get the best MPG possible—and helping them with that. For instance, we’ve introduced new in-cab technology that gives drivers feedback on every trip about how they can increase MPG. It’s route engineering to save miles by making the supply chain as efficient as possible.” Companies are seeing significant progress toward sustainability goals with these measures.

McNeil says. “By creating specialized MPG tracking and reporting, we’re helping one of the world’s largest automakers approach their goal of net zero emissions by 2040.”

**“TA Dedicated saved one healthcare company 276 metric tons of carbon output and \$1 million in transportation costs.”**





## DRIVER SHORTAGE

**The pressure to recruit and retain good drivers is a major problem that is not going away. According to the American Trucking Associations, the industry is short 60,000 drivers. CDL holders are in high demand and hard for fleets to hold onto.**



It's the main reason that the HR costs of having a private fleet are so high. *Logistics Management* reports that private fleets typically interview 10 drivers to find one new hire. And the average cost to “onboard” a new driver in a heavy-duty fleet is \$8,450. <sup>[vi]</sup>

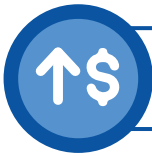
Dedicated fleet providers can help insulate companies from the effects of the driver shortage. “Hiring and qualifying good drivers is challenging,” McNeil says. “If you have a lot of turnover, leave that to a company whose core business is trucking.”

A lot of times switching to dedicated service doesn't have to mean losing the long-term quality employees they do have: “We'll keep their drivers and other staff if they meet safety standards.”

Many companies today are challenged to get drivers to fill seats when orders surge during peak seasons. Resorting to overtime or bringing in outside drivers whose performance may vary are both undesirable options. A dedicated fleet provider can meet a need for additional drivers from its vetted pool of drivers and provide customer training to meet company standards.

TA Dedicated provides flexible options for a leading U.S. retailer's private fleet for seasonal demand spikes or instances when their driver recruitment slows. By providing the right drivers and leveraging our retail logistics expertise, we've maintained a 99% on time delivery rate for the retailer's critical just-in-time delivery schedule.





## SOARING OPERATIONAL COSTS

**The total cost of operating a truck recently reached a record high according to American Transportation Research Institute's Analysis of the Operational Costs of Trucking: 2024 Update.**



Ops costs have been increasing for years, and it's only going to get worse with the average age of trucks in America's fleet at 7.87 years.

Trucks in all fleets are getting older and new equipment purchases or upgrades are inevitable. Businesses that foresee a big capital investment in equipment on the horizon could avoid it by engaging a dedicated fleet provider. "Companies operating private fleets may not know the best tech to invest in," McNeil says. "If their trucks are aging, or if their safety record is disconcerting, a dedicated fleet provider could not only save them an upfront drain on their balance sheet but also ensure their new fleet is cutting-edge."

Dedicated fleet providers could offer a faster option for modernizing, too. Private fleets wanting new trucks will have to wait up to two years for delivery, according to *Logistics Management*. And dedicated carriers, like TA Dedicated often offers to purchase equipment that is still viable, enabling businesses to easily divest from capital investments and put that money back into their operations.

Divesting also solves the major challenge of finding mechanics for in-house maintenance and repair shops. There is currently a shortage of 80,000 diesel techs in America.





## RISING CUSTOMER EXPECTATIONS

**Do you have what it takes to keep up with buyers' expectations for on-time delivery and order visibility? Logistics plays a pivotal role in customer satisfaction and brand reputation. If you're concerned by the demands of meeting on time performance, choosing a dedicated transportation solution can be a game-changer for business growth.**



Retailer's on-time requirements are stricter than ever and just-in-time supply chains are in favor once again. Dedicated fleet providers can support strict delivery schedules through proven processes and investments in software that aids in planning and route optimization.

Meeting customer requests today can be demanding. The ability to customize services and provide extra equipment and drivers to perform high-touch tasks provides you with a competitive advantage.

Offering customized services, such as forklift services or precise scheduled drop-offs, builds customer confidence and business growth and helps drive long-term relationships based on reliability and exceptional service. However, they often require investment in new equipment and training.

For a large auto part customer, TA Dedicated trained drivers to make multiple overnight stops, leveraging liftgate trailers to deliver orders into stores using electric pallet jacks. Deliveries were ready when employees arrived to open the store the next morning.





## PROTECTING YOUR CORE BUSINESS

For any size company, running a private fleet is a distraction that draws staff and resources away from the company's main business. Operations staff are often drawn into transportation details that dilute their attention and draw them from other important initiatives.

A dedicated fleet partner allows staff and operations focused on transportation to direct their attention to strategic, high value, or revenue-generating tasks. They can do so knowing important transportation details are being expertly handled.

With a dedicated solution, companies can have control and visibility of shipments without the responsibility of constant fleet management. They benefit from lower costs, reduced liability and outstanding customer service.

For a world leading manufacturer, TA Dedicated achieved years of consistent service levels while ensuring sensitive products were protected from damage and theft. A dedicated fleet relieved the customer of procuring specialized trailers and managing the logistics of DC transport and final mile delivery.





## ESSENTIAL TECHNOLOGY UPGRADES

**Private fleets find it increasingly difficult to invest in the latest technology. Technology ranging from the latest visibility software and safety hardware provide a decisive advantage in optimizing operations and mitigating risks. But staying on the leading edge comes at a cost and upgrades and new product introductions are constant.**



Advanced TMS, WMS and SMS are necessary to integrate systems and make use of massive amounts of data being created today. These systems and their maintenance fees are considerable, but today they are a necessity of doing business. Customers' demands for shipment tracking and custom analytics are unrelenting.

Dedicated fleet providers can provide shippers with access to the latest to gain shipment visibility, improve route planning, perform shipment consolidations, and perform load optimizations.

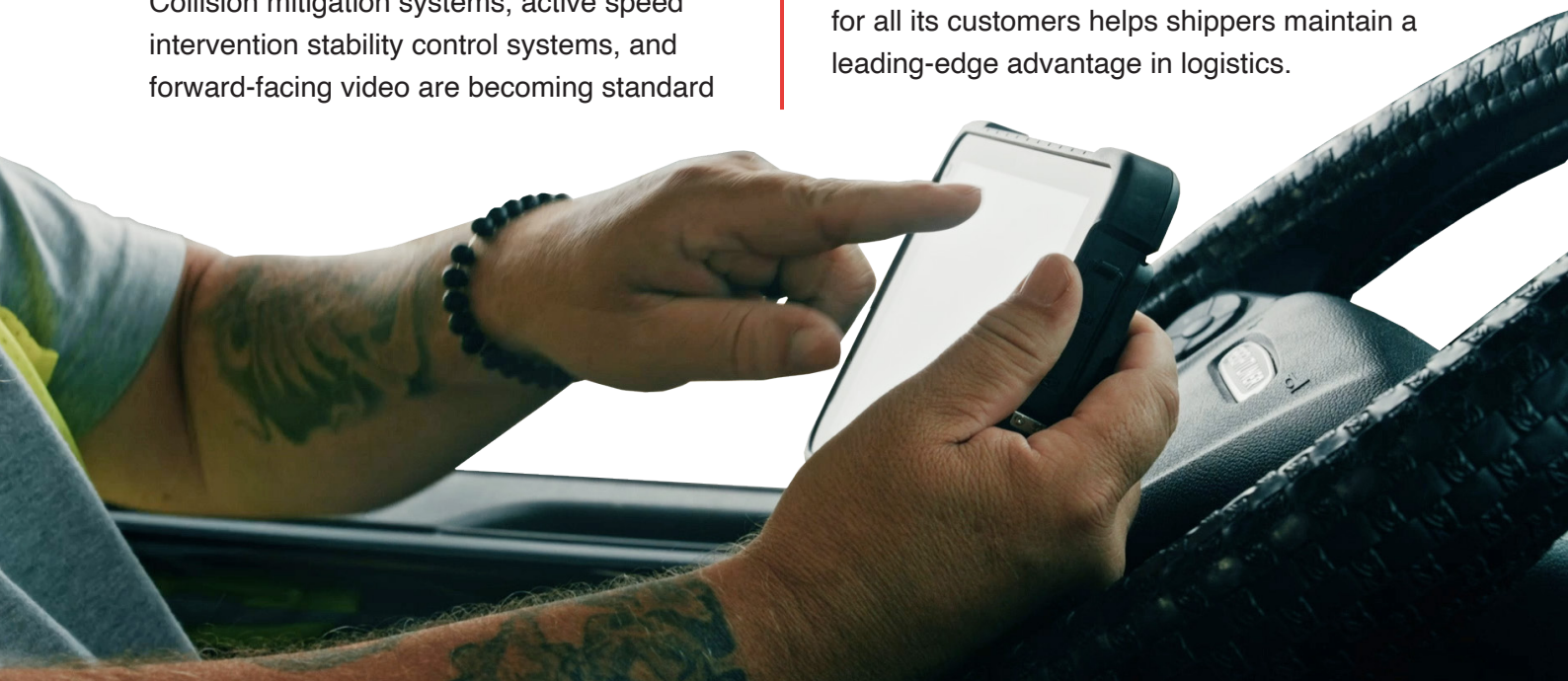
TA Dedicated's ISAAC tablets are an example of this. They establish a direct real-time link to fleet drivers remotely and provide answers to technical issues regarding delivery services, proof of delivery documentation, or routing changes on the spot with the aid of video.

Collision mitigation systems, active speed intervention stability control systems, and forward-facing video are becoming standard

on newer vehicles. Private fleets that want to leverage these advantages often face upgrades that when applied to entire fleets become significant expenses.

Dedicated fleets providers can help shippers prioritize and secure new, state-of-the-art truck features. That includes sensor technology like IoT and RFID that gather real-time data from events and players throughout the supply chain to provide seamlessly-integrated real-time view into inventory levels, production statuses and shipment tracking.

Gathering the data is only the first step. Private fleets need the capability to provide advanced reporting, perform predictive analytics and make recommendations. Unless a fleet provider is committed to a constant state of change, they will quickly fall behind. In today's market, a dedicated fleet that is continuously investing in technology for all its customers helps shippers maintain a leading-edge advantage in logistics.





## RELENTLESS CONTINUOUS IMPROVEMENT

**In today's economy, shippers must look beyond the obvious to reduce costs and optimize efficiency. Technology provides a huge advantage in route optimization and load building as well as in tracking and providing predictive guidance.**



Private fleets with many business initiatives often lack the staff resources and systems to explore opportunities to continuously improve transportation processes. In contrast, a well-resourced dedicated provider is driven to monitor unique and specific processes, alternative route dynamics, driver performance, and safety programs.

Optimizing operations by analyzing and executing efficient routes can significantly decrease transit times and reduce miles. Utilizing advanced routing algorithms and GPS technology enables dynamic adjustments. These objectives provide shippers with advantages that strengthen their businesses.

For a leading pharmaceutical company, TA Dedicated developed a multi-stop solution that optimized their regular routes from their DC to multiple retail locations. Analyzing traffic

patterns and the needs of individual locations guided our team in reengineering the customer's network for significant cost savings without compromising the safety of their high-value shipments.

Continuous improvement also comes from the expertise a dedicated fleet provider brings from working with many industries, shippers and circumstances. Shippers using dedicated fleet providers also gain scale, leveraging a large network as well as driver and equipment capacity.

Expert problem-solving can lead to the realization that certain loads can be eliminated, which was the case with one industrial manufacturer. Through better load prioritization TA Dedicated eliminated the need for over 50 expedited loads and \$65,000 in savings.



**TA Dedicated eliminated over 50 expedited loads per month, resulting in \$65,000 cost savings through a smarter load prioritization plan.**



## LOOK OUTSIDE TO FUTURE-PROOF YOUR TRANSPORTATION STRATEGY

Looking forward, the only certainty in trucking is that there will be uncertainty. In today's atmosphere of constant change, a dedicated fleet provider can help businesses bridge the limitations of private fleets in a way that provides peace of mind, alleviates cost unpredictability, and frees businesses to strengthen and grow their core operations.

### **WITH A DEDICATED FLEET YOU ARE FREE TO SUCCEED**

Businesses that get ahead of the currents of change can transfer the costs and complexities that come with a private fleet to dedicated fleet providers. That's why today, the true control, customer service and cost savings lie with an outsourced dedicated fleet strategy.



## ABOUT TA DEDICATED

TA Dedicated offers truckload transportation services through a portfolio of dry van, refrigerated, flatbed, straight trucks, liftgate trailers, and tanker equipment. As one of the largest dedicated fleets in the U.S., TA Dedicated engineers optimize supply chains, enhance visibility and work to reduce CO2 through sustainability programs. They provide a highly specialized, hands-on freight service for complex supply chains that have unique requirements and custom need such as hazmat shipping. They have terminals across the U.S. and are headquartered in Eagan, Minnesota. TA Dedicated is a TFI International company. For more information on TA Dedicated, visit [www.tadedicated.com](http://www.tadedicated.com).

## SOURCES

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