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DRIVING FOR
PROFIT TALK SHOW



“Protecting your Investment/Managing in
recessionary times”

Len Anderson

Partner, KPMG Enterprise

Protecting Your Investment

Managing in troubled times

Mark Seymour, Kriska
Len Anderson, KPMG Enterprise

The Message is Simple

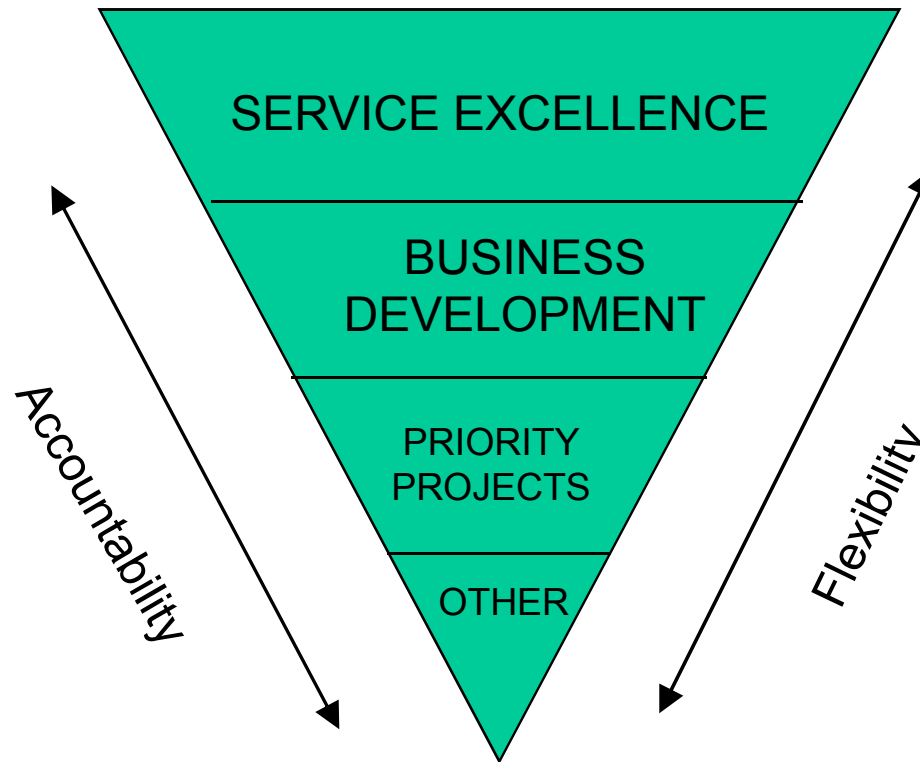
- Plan
- Maintain and enhance customer contact
- Keep employees motivated

First things first - you need a plan

- Set a direction for your company
- Align your people with clear goals
- Measure performance against those goals
- Reward for performance, deal with failure
- Stay flexible, re-evaluate the plan frequently, reassess risks continuously
- Communicate the plan

The Kriska Approach

The Kriska Plan: An Overview



Service Excellence at Kriska

- Giving customers what they want and expect
- Value
- Competitive price
- Relationships

Business Development at Kriska

New sales plan

- Business retention**
- Business development**
- Price/volume balance**

Priority Projects at Kriska

- Recruiting and Retention
- Driver availability
- Control fuel cost and consumption
- Cost reduction programs
- Town Hall meetings

Pipeline Update

Recruiting Update/Unseated Trucks-August 14							
					Next		
	Unseated	In training	Orientation	Orientation	Pending R/T	Returning Sick Leave	
Lavigne	11	0	2	1	3	1	
Prescott	5	3	4	0	2	3	
KTMIS	7	9	2	0	1	2	
Total	22	12	8	1	6	6	

You Get What You Measure

Profit is not complicated:

Miles x Rate = Revenue

Revenue – Costs = Profit

Focus on what you can control and build a dashboard to measure.

Monitor your dashboard

- Manage capacity
 - Asset utilization
 - Turnover of people
 - Driver availability/utilization
- Optimize revenue
 - Rate per mile, or better: margin per lane
 - Assessorial revenue
- Control costs
 - Net cost of fuel
 - Variable costs
 - Overhead costs

Margin

Margin = Revenue – Direct Costs



Contribution to cover
the cost of Overhead



- Base Rate from A to B
- Fuel Surcharge
- Accessorial Revenue



- Driver Pay and Benefits
- Equipment – Capital,
Trailer Banks, Maintenance
- Fuel
- Tolls
- Time (utilization of equipment)
- MT miles to position

A



For a move

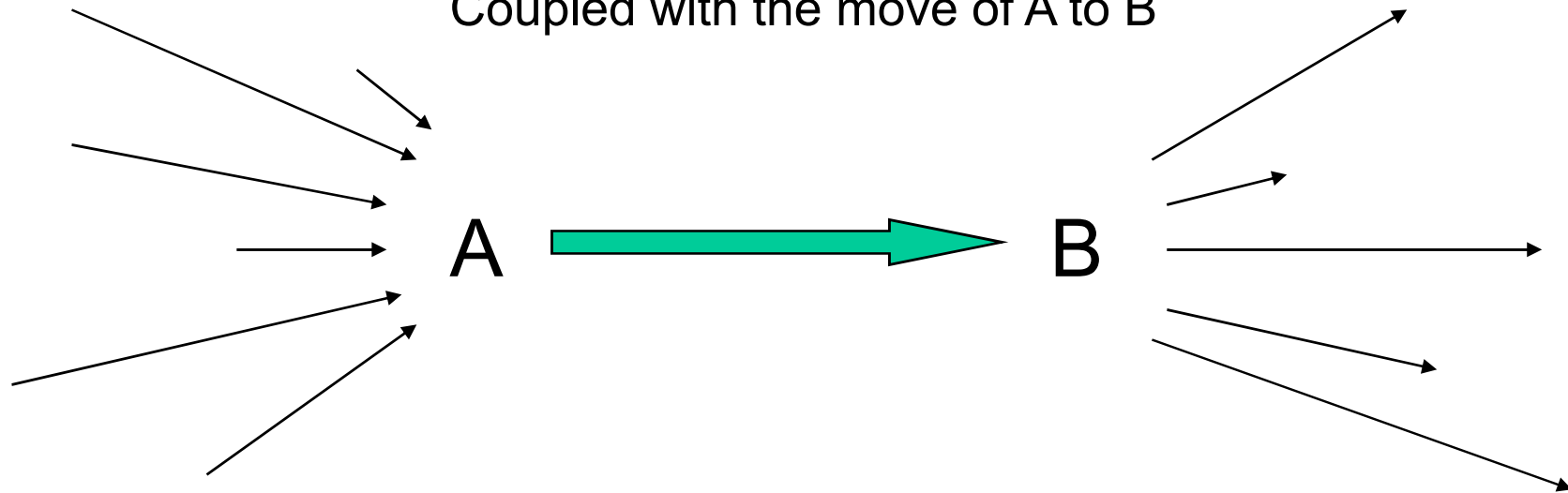
B

Yield

Adds the dimensions of:

- all the Margins of moves to get to A
- all the Margins of moves out of B

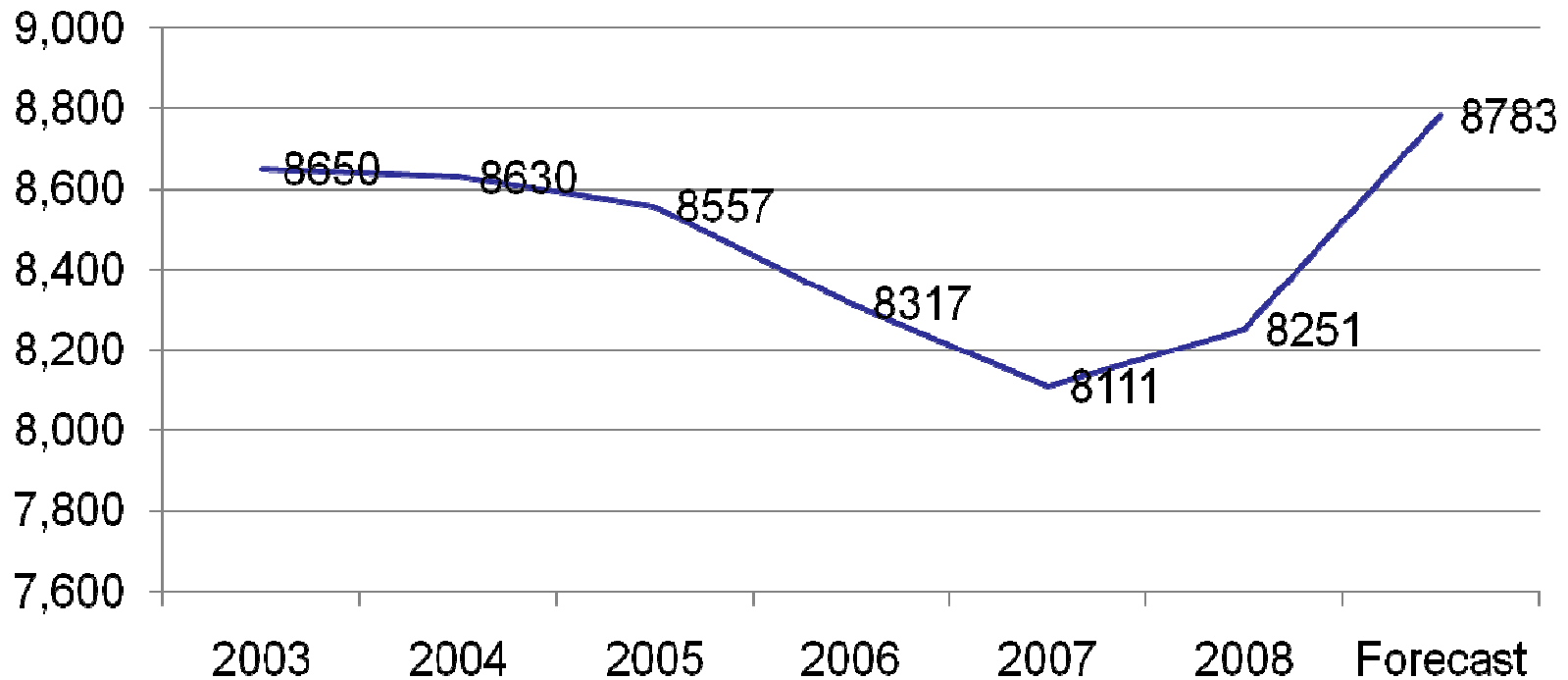
Coupled with the move of A to B



It is the Margin of the Complete Network over time

Asset Utilization 2003-2008 at Kriska

Asset Utilization



Utilization at Kriska

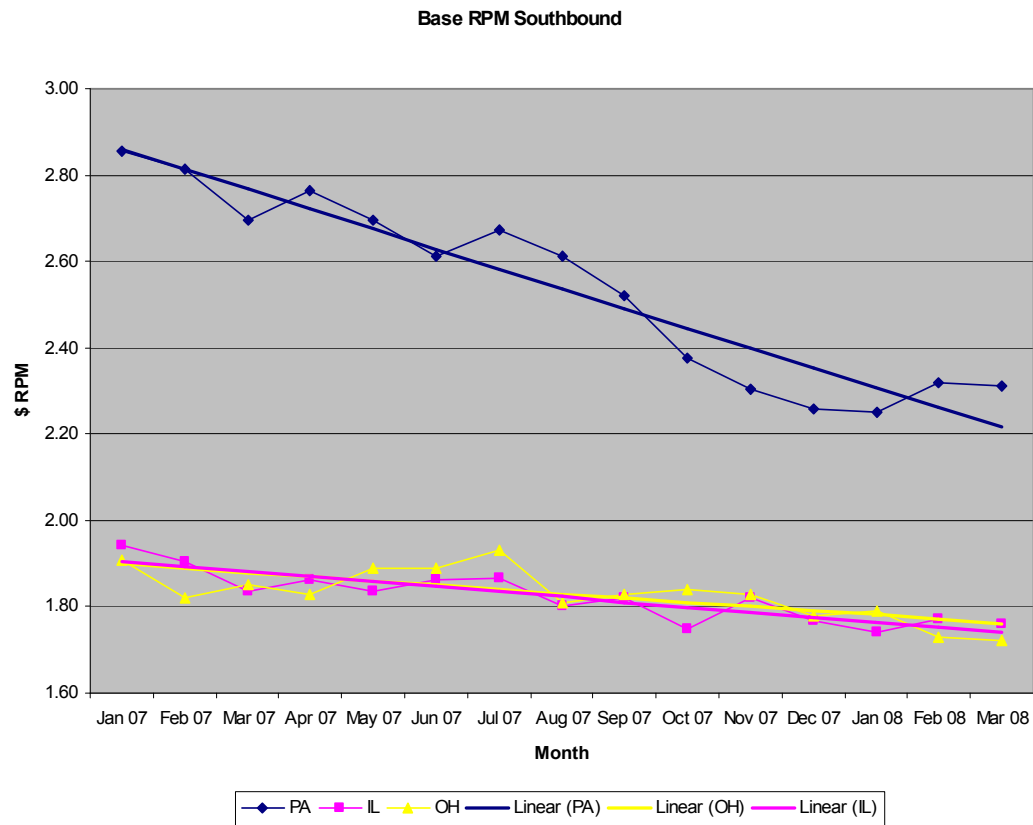
	2007		2008		
Jan 1-7	465257	1401	394694	1320	94%
Jan 8-14	639404	1870	617098	1935	103%
Jan 15-21	640638	1928	656743	2059	107%
Jan 22-28	687561	2059	636686	1965	95%
Weekly Average	608215	1815	576305	1820	100%
Feb 1-7	630481	1888	569290	1802	95%
Feb 8-14	597939	1759	616896	1952	111%
Feb 15-21	678950	1991	621323	1966	99%
Feb 22-28	694000	2023	605342	1909	94%
Weekly Average	650343	1915	603213	1907	100%
Mar 1-7	677670	1993	621507	2018	101%
Mar 8-14	712476	2077	648084	2064	99%
Mar 15-21	702212	2012	600835	1951	97%
Mar 22-28	778362	2230	590133	1916	86%
Weekly Average	717680	2078	615140	1987	96%
Apr 1-7	670332	1983	655578	2108	106%
Apr 8-14	702688	2049	614176	1956	95%
Apr 15-21	702995	2032	642952	2028	100%
Apr 22-28	737729	2151	635855	1987	92%
Weekly Average	703436	2054	637140	2020	98%
May 1-7	723609	2116	628072	1927	91%
May 8-14	726047	2105	622172	1926	91%
May 15-21	700826	2080	566704	1771	85%
May 22-28	602747	1783			
Weekly Average	688307	2021	605649	1875	93%

Driver availability monitoring

Driver Availability

	Planned	Unplanned & Not on List	Vacation	LOA	Sick Leave	Personal Days	Mechanical	Unseated Trucks
KTMIS	11	5	4	1	2		2	11
KTPRE	8	1	4		1		4	6

One of Our Revenue Challenges at Kriska – Southbound Rate Decreases



Managing Costs at Kriska

Speed & MPG

Unit	Pedal speed	Cruise speed	MPG	Idle %	Trip Miles	cruise %	MPG	
155	63	62						
527	63	62	6.06	20.8%	323526	39.3%	7.27	
532	63	62	6.20	6.3%	78685	38.2%	7.44	
534	63	62	6.20	9.0%	77283	22.0%	7.44	
538	63	62	5.80	7.6%	357994	75.7%	6.96	
546	63	62	6.46	9.0%	440574	18.5%	7.75	
549	63	62	4.63	8.0%	96024	72.1%	5.56	
551	63	62	6.47	3.5%	57784	0.0%	7.76	
556	63	62	6.38	13.7%	472858	5.4%	7.66	
558	63	62	6.82	6.0%	57655	8.9%	8.18	
578	63	62	6.75	10.0%	62003	17.0%	8.10	
579	63	62	5.86	5.1%	162135	4.7%	7.03	
582	63	62	5.95	9.9%	51111	16.9%	7.14	
583	63	62	6.87	8.9%	149596	5.0%	8.24	
588	63	62	6.14	6.8%	97081	12.9%	7.37	
591	63	62	6.93	4.8%	5085.36	27.8%	8.32	
592	63	62	5.44	8.1%	32704	1.0%	6.53	
595	63	62	6.38	4.8%	79566	58.1%	7.66	
596	63	62	5.88	3.8%	145641	53.4%	7.06	
604	63	62	6.65	6.9%	203576	34.6%	7.98	
605	63	62	6.73	24.5%	198443	4.0%	8.08	
606	63	62	6.69	6.8%	301813	34.2%	8.03	
608	63	62	6.64	5.8%	241393	5.0%	7.97	
L612	63	62	6.55	6.0%	281710	3.3%	7.86	
617	63	62	7.06	6.0%	7251	45.9%	8.47	
618	63	62	6.38	3.3%	218183	8.0%	7.66	
620	63	62	6.55	9.3%	72235	7.0%	7.86	
627	63	62	6.67	6.5%	186637	20.7%	8.00	
631	63	62	6.33	6.1%	160390	10.7%	7.60	
638	63	62	7.18	5.4%	24496	7.4%	8.62	
639	63	62	6.91	2.4%	315364	31.2%	8.29	
640	63	62	6.85	2.6%	345584	21.0%	8.22	
643	63	62	6.76	3.7%	4430	53.2%	8.11	9900i
645	63	62	6.33	9.9%	25579	0.0%	7.60	9900i
647	63	62	5.59	6.5%	63594	16.8%	6.71	9900i
L715	62	62	7.04	13.6%	209003	0.0%	8.45	
L755	62	62	6.77	13.4%	184399	3.9%	8.12	
5100	63	62	6.96	10.80%	124613	13.2%	8.35	
5104	63	62	6.43	11.70%	40847	0.0%	7.72	
6158	63	62						
				8.09%		21.0%	7.71	

APU equipped

Team Truck

trip meter had never been reset in the past or to much time has past since last down load Cummins claims report is not accurate if not down loaded on regular basis.

Injector recall has been performed.

Break

Some General Guidelines

Key Areas of Management Focus

Manage

- Revenue Base
- Equipment Capacity
- People Capacity
- Cash Flow
- Waste

Manage Revenue Base

- Safeguard good customers
 - Make sure you know how to tell who they are
- Seek new ones – you need diversification
 - But watch credit risk
 - Don't buy volume
- Get everyone aligned around a sales plan
 - Have a plan
 - Measure performance
 - Keep score
 - Maintain accountability

Manage Equipment Capacity

- Maintain sufficient capacity to serve good customers
 - Make sure you know who your good customers are (do you measure who's good?)
- Don't tie up capacity with poor customers

Manage People Capacity

- In a tough market, good people get anxious and today they are at a premium
 - Work your plan, be positive
 - Motivate, retain, breed optimism
- Think performance management
 - Goal setting, coaching, evaluation, training, rewards and recognition
- Stay competitive on pay but recognize that many of those that leave will do so for other reasons

Manage Cash Flow

- Manage it or it manages you
 - Maintain rolling cash flow projections
 - Compare to budget frequently
- Credit risks – beware age creep and new customers looking for easier credit
- Keep the bank on your side (if you have one)
- Sell redundant assets
- Cut costs selectively – align spend with priorities

There's Waste there, Find it

- Re-engineer processes to cut redundancies, eliminate duplication
- If you have to cut costs, cut where it's easiest to replace capacity when conditions improve
- Make cost reduction part of individual managers' goals – keep score

In Summary

- Plan
- Maintain and enhance customer contact
- Keep employees motivated

Mark's Final Thoughts

- Stick to your core values and principles
- Don't stop investing in the business or your people (just be selective about it)
- Think strategically and position for recovery
- If you believe you have the right plan, be patient