Bill's Building Blocks

Moving Freight Across America

The holiday drive to visit our daughter, son-in-law, and grandchildren at their home near Indianapolis, IN takes us along one of the busiest motor freight corridors across America. Route 78 to Route 81 to Route 76 to Route 70 passes mile after mile of tractor-trailers with names like Hub Group, YRC, Knight, ABF, Walmart, and FedEx. These highways pass by hundred dock distribution centers like Nestle near Allentown, PA, cross-dock operations like Old Dominion near Carlisle, PA, and non-refrigerated distribution centers like Dollar General near Zanesville, OH. And at a MacDonald's lunch stop outside Columbus, OH we saw our first Amazon Prime truck driver.

According to the U.S. Department of Transportation, as of May 2019, the number of for-hire carriers on file with the Federal Motor Carrier Safety Administration totaled 892,078, while private carriers totaled 772,011. This industry has a huge number of carriers.

In December 2019 Celadon Group -- an Indianapolis based truckload freight company, the 38th largest North American carrier, with some 2,770 trucks employing 4,000 people -- became the largest motor carrier to ever declare Chapter 11 bankruptcy. According to references cited on *Wikipedia* the bankruptcy was caused by accounting fraud related to the sale of aging and unused trucks. Maintaining profitability in long-haul truckload freight remains a tough proposition.

At the other end of the spectrum, Amazon has been rapidly expanding its supply chain network by building a private Amazon Prime branded fleet to meet the needs of last-mile fulfillment. In August 2019 *The Wall Street Journal* reported that FedEx was ending its ground delivery contract to deliver Amazon packages. According to *SupplyChain247* Amazon represented 1.3% of FedEx sales in 2018. Then *Forbes* reported in early December 2019 that as of August Amazon Logistics was already shipping 2.5 billion packages annually in the United States. Welcome to intense last-mile competition.

One supply chain risk, easy to overlook, is the constant change in the everyday common logistics connections that surround us. Pay attention to the subtle changes in the number and names of the delivery vehicles seen on the street. Read the logistics trade press. Watch companies shift from a few, large distribution centers to many, smaller fulfillment centers. Monitor the health of long-haul inbound carriers. Change in supply chain logistics will be accelerating in the decade starting in 2020.

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