

XPOLogistics

SEARS CONFERENCE
SAVANNAH, GA
MICHAEL COOPER

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RESULTS MATTER.SM

TRUCKING CAPACITY AND RETENTION



TRUCKING CAPACITY

#1 Rule – There is no better way to improve capacity then improving retention. The retention of Independent contractors and retention of current customer accounts.

➤ Importance to XPO South Region

- Everything we budget is based on truck count
- Growth, Revenue, GM
- 2019 Goals all based off of increased truck counts

➤ How to Grow Capacity?

- Retention of current I/Cs
 - 35% of I/Cs turnover occurs in the first 90 days
- Retain and grow customer base
 - Maintain current customer base to retain those drivers within that market
 - Need capacity to onboard new business, but also need new business to grow capacity
- Running OPS as 1 region.
 - Largest Terminal in South Region has 160 Independent Contractors
 - Growth is looking at all terminals within a given lane
 - Triangulation of driver capacities to flex into multiple markets
 - GA has over 300 Independent Contractors
 - Carolinas have 200 Independent Contractors.
- Focused Recruiting
 - Social Media
 - Market Specific
 - Lane Specific

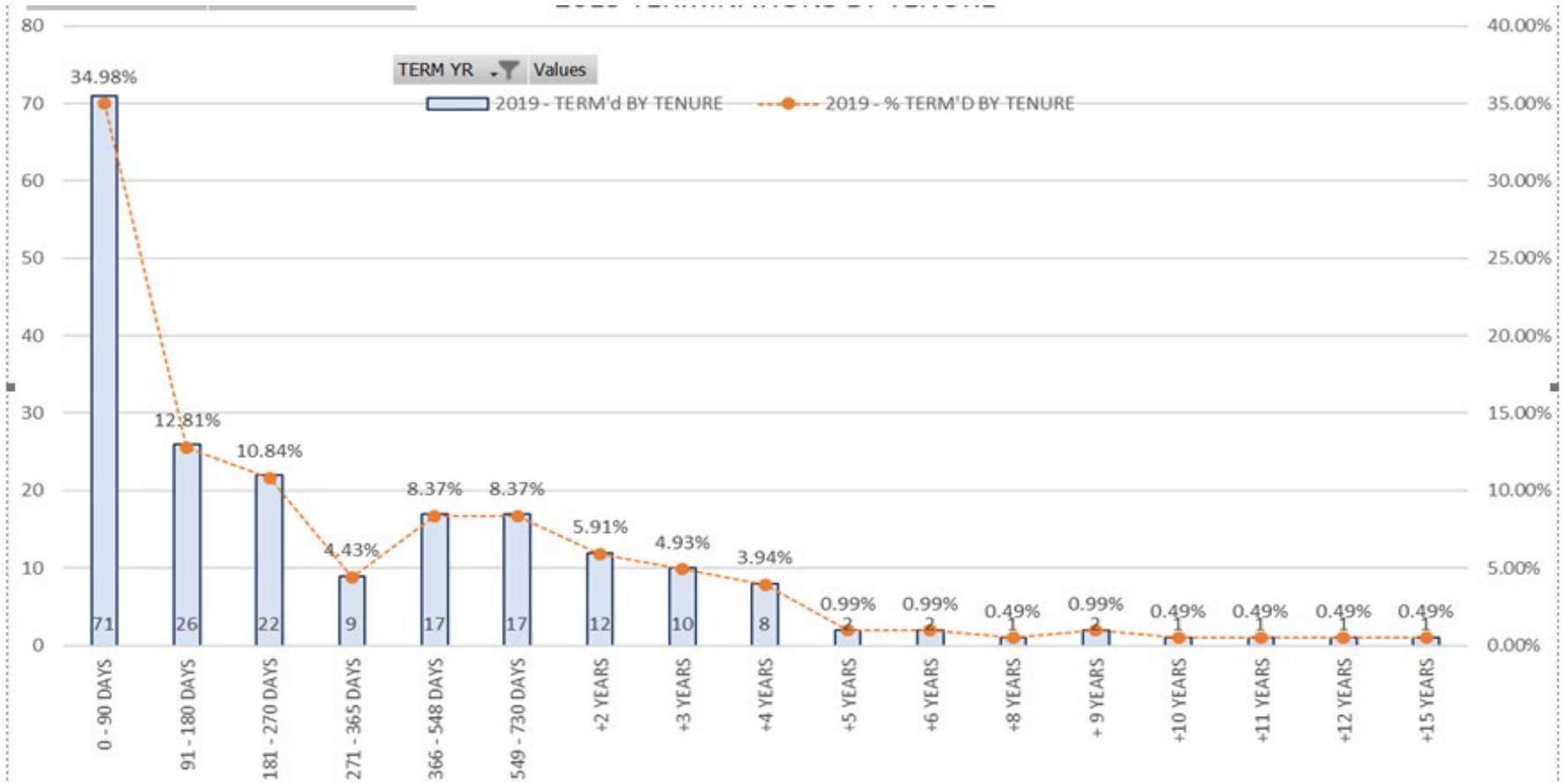
INDEPENDENT CONTRACTOR RETENTION

- Retention of key customer accounts has a direct correlation to retention of those I/Cs within that market.

Those I/Cs are:

- Operationally driven to provide best service
- Business mindset

- Retention Stats



RETENTION

- How to break the first 90 days?
 - I/C Onboarding
 - Discuss earnings expectations (i.e. per week, per month)
 - Discuss hours per day (home daily or possible overnight hauls)
 - Discuss routes (local, long haul)
 - Discuss the mix of port vs rail freight
 - Discuss type of freight (overweight, reefers)
 - Constant Communication
 - Daily talks with Dispatch and Ops team
 - Monthly touch points with Terminal Directors

- Retention beyond 90 days
 - Terminal Appearance
 - I/Cs Areas/Lounges
 - Constant Communication
 - Daily review and conversations with Inactive I/Cs
 - Independent Contractor Recognition
 - Safe Driver of the Month Awards
 - Driver of the Year Awards
 - Customer Service awards
 - Driver Banquets
 - Discount program offerings (fuel, tires, maintenance)



INNOVATION AND PRODUCTIVITY

- Innovation is key to eliminating wastes in our internal processes to improve customer service.

- Innovation Areas of Focus
 - Internal Operational Focus
 - Eliminate wastes and manual touches
 - Robotics
 - Screen Scraping
 - Standardize Process with new Technologies
 - Communications
 - Centralized communications from top level down

 - Customer Interface Focus
 - Tracking of equipment (containers and chassis) and time stamping
 - GEO-Fencing around ports, rails, and customer
 - Proof of Deliveries and Esignatures
 - Automated Invoicing

 - Driver Interface and Safety Focus
 - ELDs
 - Automated Pay
 - Esignatures
 - Driver Assistance Technologies

PRODUCTIVITY

- Productivity improves when you can improve driver capacity and use innovation to eliminate wastes.
 - Standardization and Lean Management
 - Standard Operating Procedures
 - Process Mapping
 - Gap Analysis
 - Cross training
 - Drive VOC
 - Understand what customer's goals are
 - Align operations to help them exceed them
 - Continuous Self Improvement