



Four Ways to Offset Increased Driver Compensation

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About Bestpass

Bestpass provides a comprehensive payment platform with a focus on nationwide toll management for commercial fleets of all shapes and sizes. Bestpass ensures data accuracy, consolidates payments, delivers invaluable industry expertise, and saves its users time and money. Founded in 2001, Bestpass is now a trusted partner on the road and in the back office for customers, tolling authorities, and related organizations.

Challenges like driver shortages and driver retention, both of which result in the need for increased driver compensation, are nothing new for the transportation industry. It should come as no surprise that each features heavily into the most recent report on critical industry issues from the American Transportation Research Institute (ATRI).

While these issues have been around for years, the pandemic has placed greater demands on e-commerce and trucking, creating more jobs to fill. Some drivers have left the industry over health concerns as part of the “Great Resignation,” creating more competition for available drivers. COVID-related closures have also created backlogs for new entrant training and licensing.

When you’re paying more to find, train and retain qualified drivers, it’s more critical than ever to offset costs and balance your spending. But how?

Make changes inside your organization

Fuel efficiency

When you’re gearing up to face any challenge, one of the best places to begin is often the most obvious. Spending on fuel is at the top of the annual expense list for transportation companies. Although the price of fuel cannot be controlled directly, there are some ways to increase efficiency and make fuel dollars go further. These include training drivers to conserve fuel and having fleet managers perform regular inspections and timely maintenance.

Conserving fuel can be as simple as curbing the common tendency to let trucks idle during quick drop-offs and roadside breaks. According to the U.S. Department of Energy’s Alternative Fuels Data Center (AFDC), idling for more than 10 seconds uses more fuel and produces more emissions than stopping and restarting the engine does. Efficiency can also be built into route planning: considering alternate routes may allow for shorter drives with fewer stops, less wear on engines and less idling in traffic.

As for inspections and maintenance, budgeting for the small cost of preventive measures is always preferable to incurring the large and unpredictable expenses of emergency repairs. Tires are a key component to consider; proper alignment, even inflation and periodic retreading all add up to greater fuel efficiency. It should also be noted that opting for cheaper fuel, though tempting, will produce only short-term gains. Cheap fuel that lacks refining additives can send deposits through a truck’s inner workings, resulting in reduced performance, premature parts failure and increased repair costs. Similarly, short-term cost-cutting solutions such as delaying truck maintenance or vehicle upgrades carry the risks of impacting safety and increasing downtime.



Bringing tasks in-house

Fleets often employ third-party services to perform tasks — like accounting or human resources, for instance. Take stock of which services you're currently outsourcing, and whether some of these might be easily taken on by your current staff. If your staff is unskilled in any area, it might be more cost-effective to offer them online training opportunities.

Along these same lines is delegating employees to keep close tabs on budgeting. Hiring an outside accountant to create profit and loss statements on an annual basis makes sense. But it's important to remember that, as delivery-related decisions are made, certain expenses will change far more frequently than an external accountant will be monitoring them. And if there are extraneous items on the company's monthly expense list — even easy-to-overlook items, such as unused office supplies — cutting those items from the budget can significantly boost your annual profit margin.

Accept help from partners

Insourcing can be a key strategy for cost offsetting, as noted above, but there are limits. Trucking companies, especially smaller ones,



need to devote most of their energies toward driving their core business. An industry rule of thumb is to employ no more than one non-driver for every three trucks, and there is only so much multitasking those non-driver employees can do. There are also some tasks that third-party services are simply better equipped to handle. When you successfully partner with these types of organizations, you essentially strengthen your infrastructure from the outside in.

Toll management

An obvious but often overlooked method of administrative cost-cutting is toll management. The time-consuming headaches of managing toll programs and bills can be largely transferred to external organizations with both the expertise and the human resources to take them on. This typically results in cost savings both in toll fees and administrative hours managing toll, and it also ensures greater cost predictability. Implementing a toll management solution can be an easy win for fleets looking to save money in the face of rising costs elsewhere.

A recent case study by Hobson & Company, a research firm based near Boston, makes a compelling business case for toll management. The report notes that time spent working with tolling authorities, sifting through statements, managing transponders and the like is time lost from critical business operations. Using the nation's leading toll management program, Bestpass, as the subject of the case study, Hobson & Company identified multiple

benefits across two key business objective — streamlining toll operations and reducing costs.

For streamlining toll operations, in-depth interviews conducted with decision makers across all fleet sizes produced the following metrics:

- **40% reduction in time spent managing transponders**
The online management portal allows customers to upload data and perform targeted searches across toll transactions.
- **30% reduction in time spent managing payments to multiple tolling authorities:**
Monthly statement consolidates over 40 tolling authorities into a single report
- **50% reduction in time spent managing violations:** Program works directly with tolling authority to address violations uploaded to web portal

Even more impressive were the numbers generated for cost reduction:

- **80% reduction in number of violations:**
Bestpass maintains a database with tolling authorities, reducing violations from transponder misreads and plate reads
- **2.5% decrease in overall toll spend:**
Program gives access to volume discounts for which small and midsize fleets may not otherwise qualify
- **95% reduction in payment errors**
Bestpass identifies toll misreads like max tolls and duplicates and automatically creates credit requests.

The long haul

In attracting and retaining workers, the trucking industry competes with other industries offering similar pay models. These industries may have a leg up in terms of the perks they can offer, such as being home every night as a construction worker. In a tough job market so significantly shaped by competition and the importance of ensuring employee satisfaction, it's almost inevitable that transportation companies will be challenged by issues surrounding driver compensation.

Yet those in the transportation industry are no strangers to obstacles and uncertainty. By taking an approach that improves internal operations while also getting help from outside partners, the owners and managers of trucking companies can move beyond short-term solutions and build robust defenses for the long haul.

Incorporating a toll management program can be a key part of that approach. It allows administrative staff to stay focused on primary business objectives while also saving expenses. This creates greater resiliency in your business — preparing it to solve not only the challenges of today, but whatever the future may bring.

Learn more about how Bestpass can help your fleet with tolling costs at bestpass.com or call us at (888) 410-9696