

## Trucking Firm Rewards Clients' Good Behavior

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Randy Marten, who runs a trucking company, has a different take on the adage: The customer is always right. To his way of thinking, the maxim might say: The customer is always right -- but some customers are more right than others.

Mr. Marten is chairman and president of Marten Transport Ltd., a refrigerated trucker based in Mondovi, Wis. It's an industry with stiff competition, cutthroat pricing, poor asset utilization and long waits to load and unload goods at customers.

But Mr. Marten, age 50, is applying some basic management discipline to his company, as well as to his customers. He charges customers for the time his drivers have to wait and rewards those clients that help keep his equipment moving. The result is that Marten posts consistent profits. His methods also provide a lesson for other carriers.

"We keep track of everything," says Mr. Marten, who has implemented the techniques in the past five years. "The success of our business is in the details."

With the help of a satellite-tracking system, Marten notes when the company's drivers arrive at customers and how long it takes to load or unload its freight trailers. The company shares the data with customers and works with them to eliminate wasteful practices, either at their own facilities or at the receiving docks of customers' customers. If they fail to make improvements, Marten raises their rates - as much as 5% to 20% -- "to pay for the time we're wasting," Mr. Marten says.

Such delays are an issue for many truckers but more so for refrigerated carriers. Refrigerated trailers are expensive, costing about \$40,000, or twice that of regular highway trailers, and labor intensive. That's because drivers must monitor temperatures to keep goods from spoiling.

Indeed, a recent shakeout in the trucking industry -- a result of slowing freight shipments, rising fuel prices and increasing insurance premiums -- hit the refrigerated sector particularly hard. "If you were a small, long-haul refrigerated carrier, you had a bull's-eye tattooed on your forehead," says Donald Broughton, an analyst at A.G. Edwards & Sons in St. Louis.

Marten, though, thanks largely to its technology and push for greater efficiencies, weathered the downturn. The company's second-quarter earnings rose 25% from a year ago to \$3.5 million, and revenue increased 14% to \$84.2 million.

Marten trucks pick up products for about 350 clients, including frozen foods, health and beauty aids, beverages and fresh produce, and deliver them to thousands of warehouses. Mr. Marten says many of the inefficiencies have been on the receiving end. Many of the warehouses are old and cramped, have too few truck bays, order too many goods or are understaffed.

One receiver of freight used to take four to six hours to unload Marten trailers but now is doing it in two hours. For its part, Marten is improving communications with customers. When one of its trucks breaks down, it notifies the customer so it can put another truck in the slot that it had been holding for Marten. "It's a two-way street," Mr. Marten says.

Jane Redman, a vice president of Vantix Logistics, a unit of Berkshire Hathaway Inc.'s McLane Co., says Marten is "a leader in sharing performance data with customers and committing to supply-chain process improvements." For its part, McLane, a food service and grocery distributor, has taken responsibility for supplying pallets, the wooden platforms on which goods are moved, and unloading freight trailers at many of its distribution centers. That frees Marten from time-consuming tasks that would delay trucks and drivers, she says.

Some people doubt that Marten's efforts, though encouraging, will lead to widespread changes. "It's an ice cube in the ocean," says Todd Spencer, executive vice president of the Owner-Operators Independent Drivers Association, an association of small-business truckers in Grain Valley, Mo. "Among motor-carrier management there isn't any commitment to pushing for the kind of changes that need to take place."

Growing up, Mr. Marten baled hay, milked cows and cultivated corn on his grandfather's farm. Later, he went to work for his father, the late Roger Marten, who founded Marten Transport in 1946. A graduate of the University of Wisconsin in Eau Claire, Mr. Marten says, "I have an M.B.A. from my father. It's called a major boot in the a--."

Mr. Marten acknowledges that the company has "lost a few customers" because of his tactics. On the other hand, Marten has reduced rates to customers that have expedited the loading or unloading of the company's trucks.

"It's not about punishment," says Timothy Nash, Marten's executive vice president of sales and marketing. "If you can change behavior, everyone wins."