



# Trucker Reality

By OOFI • Dec 08, 2023

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Welcome back. Today we're going to talk about the hub and spoke model and why truckers are so important to the supply chain. But oh wait, I guess they're not important enough to invite to supply chain meetings.

## Hub and Spoke, making a comeback?



A distribution with the hub in the middle and all spokes meet at the hub

**I am tired of hearing** about the problems and concerns of shippers, receivers, and federal agencies worried about the efficiency of the supply chain. They complain about inefficiencies in freight movement/deliveries while simultaneously passing regulations that hinder those very same freight movements.

**The Reality** is we can only blame ourselves: We are just too good at meeting those regulations and still delivering over 11.6 billion tons of freight in 2022, without a bailout or subsidies to support us. Most of small town America is totally depended on trucking, and we come through.

**Hub and Spoke Transportation Management System:** When I started in trucking this was the most common method used to distribute freight.

- Freight was taken to a central terminal in a specific geographic area and all trucks operating in a defined area under the carrier operated out of that terminal.
- The terminals were placed in areas as central to customers as possible.
- Lots of transloading of freight occurred and it was considered efficient and practical.

**Just-in-Time delivery** changed all of that. Customers wanted their products delivered as needed.

- The most demanding were the automobile manufacturers who could save millions, or even billions, of dollars by closing warehouses and cutting back on warehouse and dock workers, as well as equipment.
- This efficiency became the norm and all of America expected what they needed to be available in a short period of time.
- Today with ecommerce consumers expect immediate deliveries where one to two days seems to be an eternity.
- This has returned us to the Hub-Spoke where warehouse space has become a premium.
- Now defunct Yellow Freight is a good example. Their deserted terminals have net more than \$1.8B at auction. I am sure I have more garage space!
- This will lead to a combination of Hub-and-Spoke +Just-in-Time.

## Could it be there is an answer on the horizon?



**In spite of 11.6 billion tons** of freight delivered in 2022, the administration in D.C. wants to fix the supply chain issues. The creation of a Supply Chain Resilience Council however seems to leave out the most important people, the trucker.

**Reality check:** The idea that another cabinet-level council, composed of nearly all of the Presidents cabinet and co-chaired by the National Security Advisor and the National Economic Advisor, seems to be missing those that really know the problems.

- How many truckers were invited to these “executive level” meetings and offices dedicated to coordinating supply chain policy across multiple agencies, as the White House touts?
- In fairness to the administration, there are issues that impact the supply chain that do not involve trucking. However, there was another initiative created in 2021 called the Supply Chain Disruption Task Force.
- That was led by the Secretaries of Commerce, Transportation, and Agriculture.
- OOIDA which represents over 140,000 truckers, and fields thousands of calls weekly on issues within the supply chain, is still waiting for an invitation.

Here's a random wild idea why not go to where the truckers are and ask them about the supply chain issues? If not OOIDA, the IOWA I-80 truck stop, the Mid-American Truck Show, or pick from any of a thousand locations where truckers gather and **listen** and learn.

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