

Helping The World
Keep Promises



SHIPPING STABILITY IN THE AGE OF UNCERTAINTY



A LETTER FROM OLD DOMINION'S CEO

In today's rapidly changing world, where disruptions and volatility have become the norm, it is crucial for us to adapt and build resilience.

We understand the complexities you face in managing your supply chains and recognize the need for stability and reliability in your transportation partners.

The bond between the shipper and the carrier is more important now than ever. We view our partnership with you as critical as we know that we serve as an extension of your brand. We are dedicated to upholding your reputation by delivering exceptional service and your promises to your customers.

Any disruptions or failures in the supply chain can significantly impact your business, and we take that responsibility seriously. To ensure the highest level of service, we have built a team that embodies our values and shares our commitment to excellence. You have many choices to use as a carrier, so our OD Family of employees make it their mission to deliver a high-quality shipping experience.

The OD People are not just drivers or logistics professionals; each and every one is focused on customer service. They understand the importance of their role in your supply chain. We invest in training, provide the latest technology and tools, and empower them to problem-solve and deliver solutions that meet your unique needs.

In this fragmented labor market, where subcontractors and sub-subcontractors abound, we recognize the importance of knowing exactly who is carrying your freight. We prioritize transparency and provide you with the information you need to make informed decisions. Our focus on visibility and communication allows us to proactively address any issues that may arise, ensuring a smooth and efficient transportation process.

In the following pages, we provide you with expert insights and knowledge on how you and your business can build next-level resilience in a volatile world. As we navigate this current business environment together, we remain committed to delivering value beyond the simple metric of up-front price. Quality, reliability, and long-term partnerships are the cornerstones of success.

Thank you for trusting OD.



MARTY FREEMAN
President & CEO

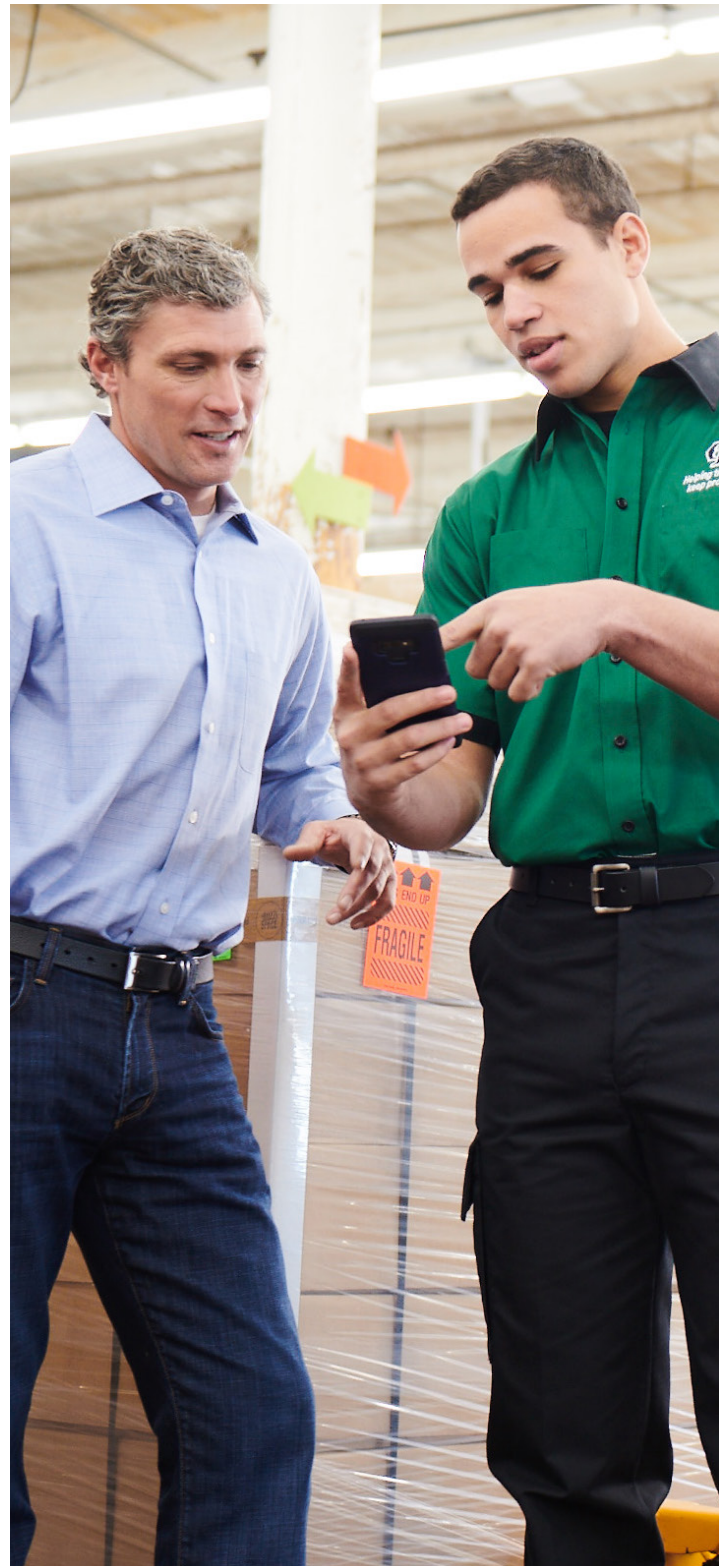


TABLE OF CONTENTS

- Building Next-Level Resilience In A Volatile World..... **4**
- The Return To Stability Must Not Be A Return To Complacency..... **8**
- True Partnerships Reduce Volatility **9**
- Evolving Relationships From Price To Value **11**
- As Far As The Customer Is Concerned, The Carrier is the Shipper..... **13**
- The Three Pillars of Long-Term Shipping Success **14**
- The Holistic Mindset Drives Reduced Volatility and Costs..... **16**





BUILDING NEXT-LEVEL RESILIENCE IN A VOLATILE WORLD

Preparation is key to meeting the demands of inevitable change.

It's easy to think of the markets and indexes of the transportation economy as a set of "moving constants," indicators that cycle back and forth, but don't change fundamentally over time.

The last five years have shown us that the situation is far more complex. The same fundamental factors that have always driven the markets—productivity, inflation, interest rates, employment levels, and consumer confidence—are still with us, but there are also macro-level trends that mean the cycles we are used to do not operate the same way they have in the past. Transportation leaders are now more aware than ever that there is no such thing as business as usual.

The true contours of the trucking economy are still emerging with the deregulation implemented by the Motor Carrier Act only a few decades old. "In economic terms, 1980 isn't that long ago," says Chris Caplice, executive director of MIT's Center for Transportation and Logistics and Chief Scientist for DAT Freight and Analytics. "While the market is doing the same thing it's always done, it's doing it faster and the cycles are more compressed. And, when we cycle back, we don't go back to the same place, we renormalize around a new baseline."

While the COVID-19 pandemic might have brought both the importance and the fragility of the supply chain into the public's consciousness, it's important to keep in mind that the same patterns and forces were operating on the market before the crisis. "In 2018, there was huge capacity crunch. Then in 2019, there was oversupply, and the bottom fell out," says Caplice. "What happened during COVID and what we're going through now was exactly the same, only faster and more compressed."



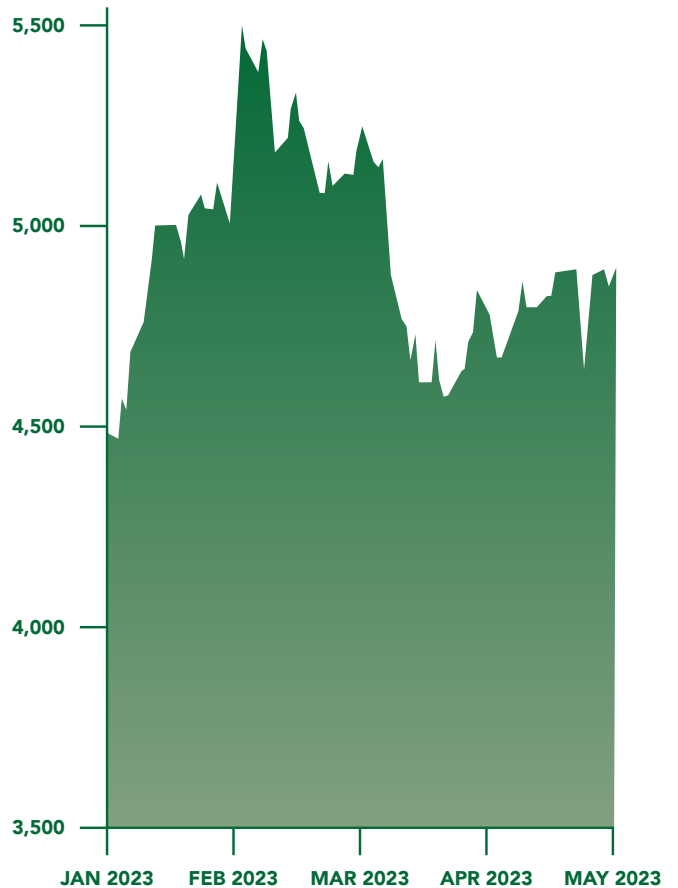
What does that mean for shippers, carriers, and everyone else who participates in the transportation market? Volatility, uncertainty, and what may be the most challenging business landscape the technological era has ever produced. In **Wired**, Richard Wilding, a professor of supply chain strategy at the Cranfield School of Management in the UK, estimated that while in the past, the global supply chain was 80% predictable and 20% dealing with surprises, those numbers have now flipped. Cathy Roberson, founder and president of Logistics Trends and Insights, echoes this sentiment. “The snarls of COVID are now in the rearview, but things remain unstable,” she says. “Retailers and manufacturers are gun-shy. Every earnings call is about the same thing: uncertainty.”

But there is good news, namely, that we just lived through the most informative period in logistics history. If the industry can learn from these experiences, it can take real steps toward building reliable and resilient supply chains. While we may not know what’s coming, we can say with certainty that something is coming, and that gives us a head start on making sure that when it does, recovery is less of a scramble and more second-nature. “Business life has never been stationary,” says Thom Albrecht, CFO of Reliance Partners. “So, this is not fundamentally a new state. However, the pace of change is getting faster as the world gets smaller and technology speeds things up.”



S&P Transportation Select Industry Index 2023

The Index shows us overall industry performance based on stock data. Even just during Q1-Q2 2023, we saw volatility. After the pandemic, the overall market has become much larger, but is significantly unstable.



Thankfully there are clear steps that can be taken throughout the transportation value chain to mitigate risk. We may not be able to control the uncertainty of the world, but we can take measures to make sure that when things happen, we have the visibility, agility, and stability to move quickly and decisively to minimize negative effects and take advantage of new opportunities. “The businesses that survive will be the ones that understand and actively manage this uncertainty,” says Dr. Karl Manrodt, professor of logistics and transportation at Georgia College.

In the face of this ongoing volatility, the companies that thrive will be the ones that build and maintain strong, long-term relationships with their shipping partners.

In specific terms, this means a few things:

- > Resisting a return to the complacent thinking of the 2010s.
- > Reducing supply chain volatility by building true partnerships with transportation providers, and creating the stability needed to hear and understand signals from markets, partners, and customers.
- > Making decisions based on overall value instead of the simplistic metric of up-front price.
- > Operating with the mindset that the shipper and the carrier are one and the same in the eye of the customer.
- > Building relationships with transportation partners that focus on visibility, transparency, and communication.
- > Taking a holistic view of your transportation equation.

Each of these factors drives the others. Together they form an interlocking set of gears with the power to drive your business forward. The world is remaking itself before our eyes, those who do not remake themselves along with it will be left behind. At the breakneck pace of today's business cycles, that process no longer takes decades, but can happen over the course of a year or two.



MEET THE EXPERTS



THOM ALBRECHT

A transportation industry veteran for more than 30 years, Thom is CFO and Chief Revenue Officer for Reliance Partners, a leading transportation insurance agency focusing on risk management and transportation freight trends.



CHRIS CAPLICE

Chris is Executive Director of MIT's Center for Transportation and Logistics, founder of the MIT FreightLab, and chief scientist for DAT Freight and Analytics, one of the largest freight marketplaces in North America.



KARL MANRODT

Karl is the co-author of eight books on supply chain and transportation and is Professor of Logistics at Georgia College & State University.



CATHY ROBERSON

Founder and Head Analyst at Logistics Trends & Insights, LLC, a global logistics market research company, Cathy provides research and analysis for competitive analysis, new product development, mergers & acquisitions IPOs, strategic guidance and more.



SCOOTER SAYERS

Scooter is founder and president of Sayers Logistics, a strategic consultancy to the transportation industry with an emphasis on pricing, yield management, carrier relations, sales support, and costing.



THE RETURN TO STABILITY MUST NOT BE A RETURN TO COMPLACENCY

As pricing and available carrier capacity stabilize after the whirlwind of 2020 to 2022, it is important that the industry not be lulled into a return to complacency.

The COVID crisis will not be the last crisis of its magnitude and should be treated as a wake-up call, rather than a done deal. The next, unpredictable world event is always around the corner, whether it comes from a public health crisis, international conflict, economic upheaval, natural disaster, or some as-yet unknown sector. "This industry never stands still," says Albrecht. "Every time we think we have things figured out, there's something new around the corner. We always have to be on guard. If you live in Buffalo, you expect snow. If you work in transportation, you expect cycles."

The complacent thinking that left us so vulnerable to supply chain shock was an outgrowth of the unprecedented and prolonged period of stability of the early 1990s through the late 2010s.

Abundant shipping capacity and long, seemingly unbreakable, supply lines led shippers to price-shop at will between carriers to improve their margins. The reality, however, is that over the last several decades, transportation logistics have become far more complex than anything that can be expressed in the single, simple metric of price.

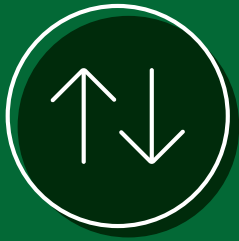
Global supply chain pressures were astronomically high in the last 3 years, but the industry is seeing some relief. Pressure has eased this year - the first time since 2019. However, it will take some time for the industry to truly, fully recover.*

KEY TAKEAWAYS

- > At any given moment, the current state of **transportation logistics cannot be expressed via a single metric or index.**
- > Those who succeed in the market **do not react to change, they expect it.**



Source: US Department of Transportation, Bureau of Transportation Statistics Truck Tonnage Index, 2023.



TRUE PARTNERSHIPS REDUCE VOLATILITY

Shippers' & carriers' fates are bound to one another.

Without shippers, carriers have no reason to exist. Without carriers, shippers cannot move their goods to market efficiently. And for either side to prosper, the terms must be balanced and mutually beneficial. When transportation is viewed as collaboration, positive outcomes are far more likely. "Much more important than any individual rate or quote is a true partnership and deep relationship," says Roberson. "Sometimes the pendulum swings toward the shipper, and sometimes toward the carrier. Over time, you can balance that out and have a fair meeting in the middle."

Spend any time around transportation and logistics and you will hear the term "shipping partner" used interchangeably with the term "carrier." But true partnership goes deeper than a number on a spreadsheet. "Shippers talk about their 'strategic partners,'" says Manrodt. "Then, you find out they are only creating quarterly or yearly contracts with them. That doesn't sound 'strategic' to me. If you're always on a short contract, it is very difficult to find efficiencies over time."

Indeed, it's all too easy for shippers to see themselves in competition with carriers or vice versa in a zero-sum game, where one company's advantage inevitably leads to the other's disadvantage. Nowhere is this more manifestly false than in the shipping market, where companies benefit the most when they dynamically work together to solve ongoing customer needs. "You have to get both parties dialed in to what's in it for them," says Scooter Sayers, president of Sayers Logistics, LLC. "You're not asking them to do it out of kindness. It's business. If you share this data with me it helps me, then I can pass the savings back on to you and it's good for both of us."



The more the relationship timeline is lengthened, the more stable the entire equation becomes. Building trust leads to longer-term contracts, which lead to longer lead times for planning, which leads to greater efficiency, which leads to a better pricing model. The alternative is to continue reacting to the latest market event as though it were the only important factor. “We all suffer from recency bias,” says Caplice. “When it’s a tight market, we think it’ll be tight forever. When it’s a loose market, we think it’ll be loose forever. History tells us that’s not the case. Things always bottom out and swing the other way. The only question is when.”

This mindset keeps the industry on a competitive roller coaster. As the markets alternately favor shippers and carriers, companies must tolerate going from smooth and steady climbs to stomach-churning plunges on a dime. Alternatively, high-value relationships built on validated data allows shippers and carriers to settle into a steady state of continuous flexibility and adjustment to create true resiliency over the long term.

If you’re always on a short contract, it is very difficult to find efficiencies over time.

Dr. Karl Manrodt, Professor of Logistics and Transportation at Georgia College

Positive, long-term collaborations start with clear communication and information flow. The more both sides know about the other, the better both parties understand one another’s cost basis, the higher the likelihood they can find a way to mutually benefit, and the better they can manage volatility or a surge when it arises. Carriers have questions shippers should be prepared to answer, including what steps they are taking to ensure regular shipments, how those can be planned for in advance, how systematized demand planning and operations are, how digitized they are, and what platform they are using.

Conversely, shippers should expect reciprocal information from carriers. Trucking is a notoriously high-maintenance, high-friction business. It’s natural for shippers to want to know the scale and quality of a carrier’s fleet, their real-estate footprint, and their employment practices. Trucking is the business of wear and tear. The older trucks get, the more frequently they need maintenance and become unavailable. Drivers leave the business. Controlling these variables requires constant focused oversight, maintenance, and investment.

This kind of collaboration starts with clear communication and information flow. The more both sides know about each other, the better both will be prepared for emergent issues or spikes and valleys in demand. The quality and speed of information flow between them is crucial.

KEY TAKEAWAYS

- > The shorter-term a relationship, **the more unstable it is.**
- > The better your carrier knows you, **the more likely they will be able to meet your needs.**
- > True shipping partnerships are measured by **duration, quality of communication, and level of reciprocity.**



EVOLVING RELATIONSHIPS FROM PRICE TO VALUE

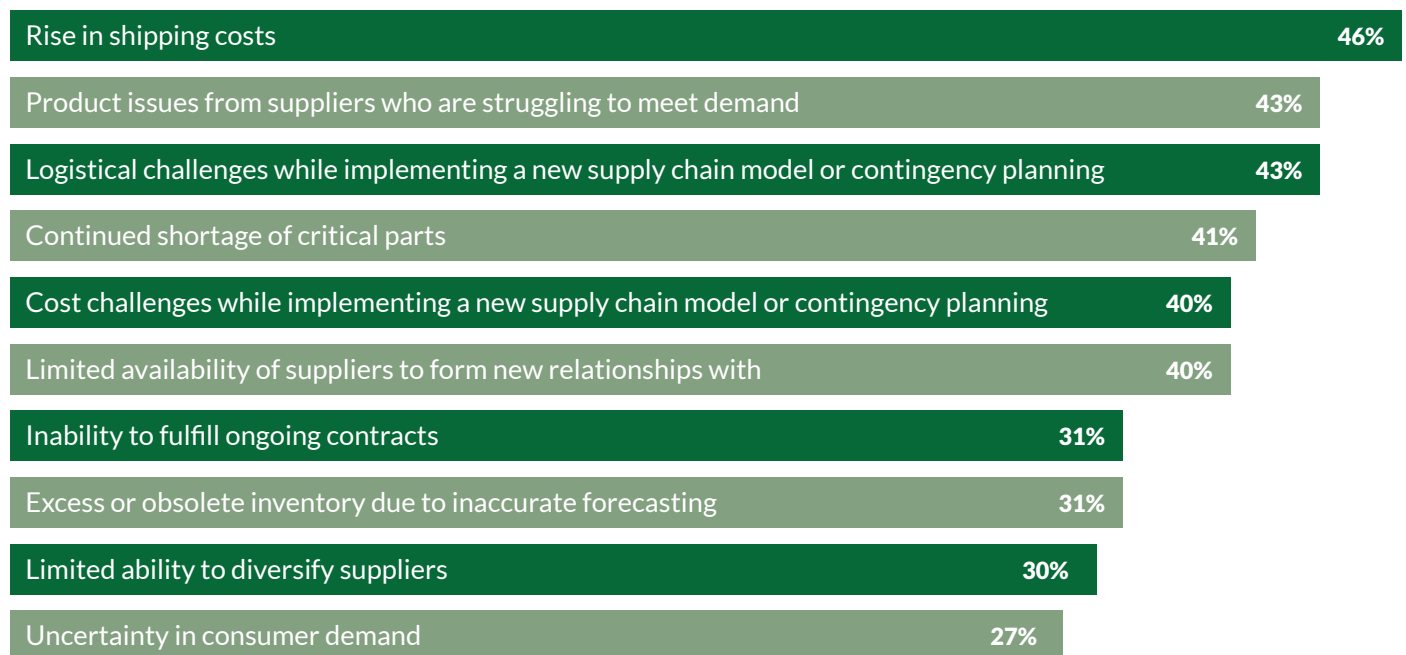
Any time a company competes solely on price, they put themselves at risk.

It's the ultimate short-term strategy: a lever that can be pulled only once. Typically, it's the last move that is made before a product is commodified, often provoking a classic race to the bottom. "If you're using price to win business, you're probably doing something wrong," says Albrecht. "Trucking is about constant reinvestment. Asking a carrier to cut their rate means asking them to cut capital spending. You might not see the impact today, but the quality of service will suffer down the line. Cutting rates cuts a carrier's ability to increase capacity, to improve equipment, and to provide efficient, reliable services."

Just as carriers are figuring a host of complexities into every transaction to arrive at a quote per load, shippers should be doing the same thing on their side, factoring not only the initial quote, but the final amount paid, including additional fees, penalties, upcharges, and damages.

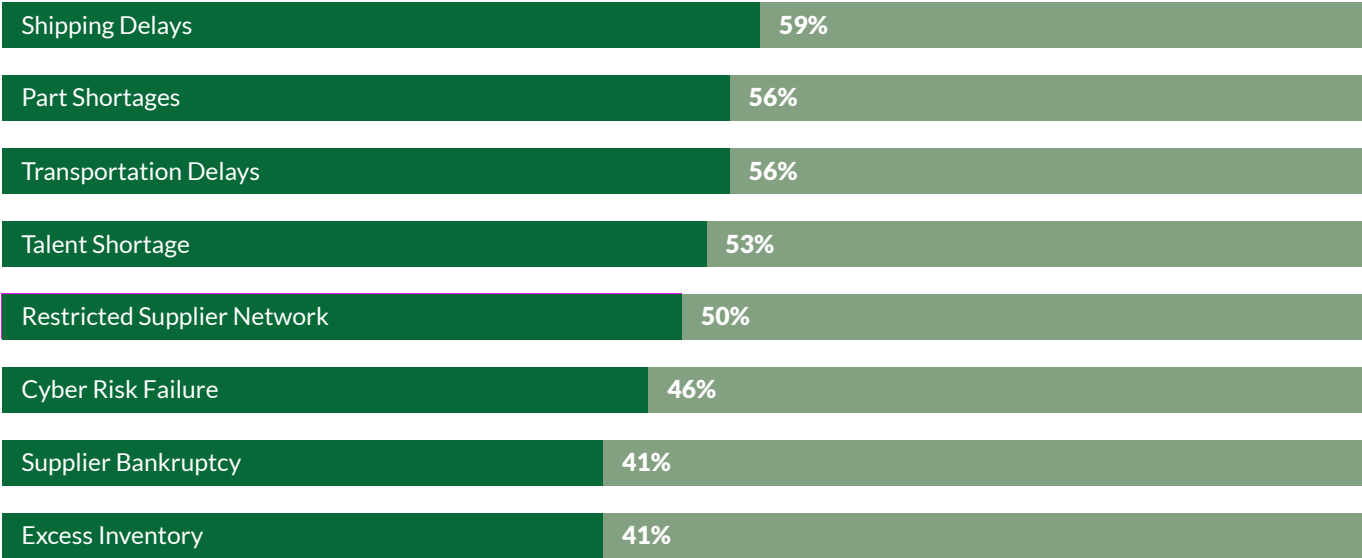
While low prices are hard to ignore, as mentioned before, they don't mean much if the margins they enable are eaten up by higher fees or penalties on the back end. The era of paper bookkeeping made it harder to see the total cost associated with shipping over the long term. Digital platforms give shippers a 360-degree view into the total cost of their transportation.

Top operational concerns range from rising costs to logistical issues in inbound supply challenges, affecting manufacturers' ability to fulfill ongoing contracts.*



Source: Stephen Laaper, et al, "[Meeting the challenge of supply chain disruption](#)," Deloitte Insights, September 2022.

Shipping delays had the biggest impact on manufacturers' supply chains in the last 12-18 months.*



Source: Stephen Laaper, et al, "[Meeting the challenge of supply chain disruption](#)," Deloitte Insights, September 2022.

Focusing on quality might feel like a luxury, but shopping for transportation isn't a trip to a wholesale store. "Buying trucking services is not the same as buying laptops for employees or negotiating healthcare or buying property," says Albrecht. "That means the conversations around it need to be more elevated and holistic." In trucking, quality and price are closely related. Myriad things can go wrong in a single journey, from late pickups to weather problems, to equipment malfunctions, to damages, to late delivery, with each one resulting in additional back-end cost.

KEY TAKEAWAYS

- > **There are no shortcuts** in trucking.
- > **Competing on price** is not a long-term strategy.
- > **Focusing on quality** typically leads to greater efficiency in the long run.



THE CARRIER IS THE SHIPPER

One of the seven most difficult intangibles of transport quality is service.

“Your carrier’s problems are your problems,” says Roberson. “And these days word gets out about those problems faster than ever. The reputational hit can come almost instantly, and it’s always the shipper’s reputation that ends up being impacted.”

In 2018, hundreds of KFC stores in the UK were forced to close due to a supply chain breakdown. As the “face” of the problem, KFC received the lion’s share of the financial and public relations damage, despite the fact that they are not a trucking or logistics company. Their mistake was not messing up their deliveries (the problem consumers experienced), but in hiring a partner that messed up their deliveries. In a world of increasingly fragile trust where consumers have a wide array of alternative options, it’s easy to see how much trouble this can cause for a brand. Hungry KFC customers didn’t search through supply chain websites to find out what happened; they simply went elsewhere for their meal that day.

When you hire a carrier, in many ways you are hiring a de facto customer service rep. Whether they are good at that job is a separate question. And in a fragmented labor market filled with contractors, subcontractors, and sub-subcontractors, when you bid out a shipping job, it can be hard to know exactly who you are hiring. As Roberson puts it, “If you cheap out on your transportation partner, you usually get what you pay for.”

KEY QUESTIONS FOR YOUR TRANSPORTATION PARTNER

- > How are our systems connected?
- > How do you manage fleet reliability?
- > Who will be carrying my load?
- > Who issues their paycheck?
- > What are their alignments and incentives?
- > Do they have a reason to actively problem-solve while on the job? Or are they best served by getting as far away from a problem as possible as it’s recognized?
- > Who do I call if something goes wrong?

KEY TAKEAWAYS

- > In terms of customers, the **shipper’s brand reputation is always at more risk** than their carrier.
- > It’s important that you **always know who is hauling your product.**



THREE PILLARS OF LONG-TERM SHIPPING SUCCESS

Visibility, transparency, and communication are the lifeblood of a successful business relationship.

Without transparency, trust is impossible. Without visibility, transparency is irrelevant. Without communication, improving visibility and transparency is a wasted effort.

The last 10 years have brought about a revolution in visibility for the companies that were forward-looking enough to take advantage of them. Digitization allows an unprecedented level of speed and detail when it comes to understanding both internal and external processes. Today's transport management systems and transport procurement software allow you to see the past more quickly and clearly, watch the present as it happens, and, with cutting edge artificial intelligence and machine learning tools, increasingly accurately model and predict the future.

"When people talk about all the pain points for retailers and manufacturers these days, you hear a lot about difficulty getting products and materials, and how hard it is to get the inputs needed to produce finished goods. What you don't hear about as much is the lack of visibility into the supply chain that most shippers suffer from," says Greg Plemmons, Executive Vice President and Chief Operating Officer at Old Dominion Freight Line. "You don't just want to build a resilient supply chain, you want to build the connections that allow you to get true visibility into that supply chain."

This visibility contributes another important factor: it allows shippers to gain a deep view of every single aspect of their cost of shipping goods. They not only instantly see where and how they have incurred additional charges, but how often these incidents happen, where they occur most, and when they are most likely to happen next. No longer hidden in paper ledgers and spread out across multiple accounts and domains, these charges are captured in one place, and made actionable and optimizable.

HOLISTIC THINKING SCORECARD

How would you rate you and your transportation partners on the following statements – Always, Sometimes, or Never?

- > My transportation partner understands my core business.
- > My transportation partner is part of my quarterly planning process.
- > I have good knowledge of my transportation partner's physical footprint.
- > I have the tools I need to find and root out inefficiencies in my shipping.
- > I have the ability to quickly calculate total cost of transport for any given load.

“There are two kinds of shippers,” says Sayers. “Those in a high data environment and those that are winging it. When a shipper wants to stay on paper, things are bound to go wrong eventually.”

This knowledge only matters, however, if it is shared with the parties that can act on it from both sides of the transaction. It’s not enough for you to know everything; your shipping partner also has to know everything. This enables open discussions that address real and specific issues that can be handled collaboratively.

With this in place, trust becomes the intuitive and default mode of your relationship and communication becomes more effective. The combination of human intelligence on both sides in conjunction with instant access to every record at every point of every transaction through seamless API integration is a potent tool for transformative change.

“There’s been a slow acceptance that this market is different than most,” says Caplice. “For one thing, there aren’t really economies of scale. If I go from one load to five loads, the carrier doesn’t give me a better price. In fact, it costs them money to build that capacity. The only other product that works this way is electricity. If you want to buy more electricity, you don’t get a discount. You actually pay more if you suddenly want twice as much. That’s because you can’t store it or stockpile it. It’s not a commodity, it’s a service.”

There’s been a slow acceptance that this market is different than most.
It’s not a commodity, it’s a service.

Chris Caplice, Executive Director of MIT’s Center for Transportation and Logistics

When both parties understand one another fully, pricing becomes common sense. All factors from both sides can be tested and accounted for, from the organizational advantages of longer planning cycles to the ways investments in capacity ultimately lead to lower fees, penalties, and damage charges on the back end. Over time, with these principles in place, trust and stability — the most effective bulwarks against the uncertain world we operate within — grow.



KEY TAKEAWAYS

- > **Digitization**, for both shippers and carriers, is the most powerful way to enhance transportation visibility.
- > **Increased transparency** allows shippers and carriers to make rational decisions and act in their mutual interest.
- > **There is no substitute** for someone that will always be at the other end of the phone.



THE HOLISTIC MINDSET DRIVES REDUCED VOLATILITY AND COSTS

These changes are not purely theoretical, they are already being reflected in the market.

“One of the biggest changes we saw over 2021 was the value of freight that moved under dedicated contracts increased by 40%,” says Caplice. “Even though a truck’s a truck, how you set up the relationship between the shipper and carrier matters.”

The most profitable way forward is in true partnership with your carriers using a holistic mindset that benefits both parties equally. “Some planners think switching carriers is as simple as swapping a number in a spreadsheet, but those changes come at a cost,” says Caplice. “There are huge ripple effects. It’s not just contracting. Looking at the situation purely transactionally is not a good long-term strategy.”

Visibility, transparency, and communication make rigorous analysis possible to find inefficiencies. At the end of the day, the shipper and the carrier are on the same team, with the carrier acting as an extension of the shipper’s brand. The single best way to realize these efficiencies is to fully migrate your processes onto a digital platform. Doing this speeds everything up, while reducing errors and increasing visibility. It also makes it possible to perform large-scale data analysis and take advantage of the latest in modeling and simulation through artificial intelligence and machine learning. There is a straight-line relationship that runs from improved communication and transparency to your carriers’ ability to efficiently execute the routes your products and materials take.



A holistic mindset that foregrounds communication, visibility and transparency using digital tools is ultimately a benefit for all involved. What is good for you is good for your customers and your carriers. An efficient and properly functioning transportation market allows all parties to gain from every transaction. Which means everyone is on the same team, from manufacturers to retailers to carriers to customers.

At the end of the day, every element of shipping is fundamentally inseparable from all the others, just as shippers are fundamentally inseparable from carriers. This holistic mindset prioritizes long-term thinking, uses digital tools to create visibility and transparency, creates the conditions to supercharge communications, and continually fine-tunes the logistics process to drive efficiency, lower costs, and create better outcomes.



CONCLUSION



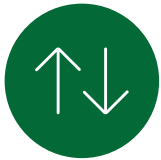
BUILDING NEXT-LEVEL RESILIENCE IN A VOLATILE WORLD

Uncertainty is a constant in the transportation industry. Companies need to have the visibility, agility, and stability to move quickly and decisively to minimize negative effects and take advantage of new opportunities to survive.



THE RETURN TO STABILITY MUST NOT BE A RETURN TO COMPLACENCY

Even as the market begins to stabilize, companies shouldn't fall back into complacency. Proactively expecting and planning for changes will position companies to succeed.



TRUE PARTNERSHIPS REDUCE VOLATILITY

Deeper and longer-term partnerships between shippers and carriers lead to more stable and higher-quality service, creating efficiencies and improving pricing for customers.



DEEPENING THE RELATIONSHIPS: GOING FROM PRICE TO VALUE

Focusing solely on price is not a long-term strategy. The total cost of transportation and quality of service can create more stable relationships with customers.



AS FAR AS THE CUSTOMER IS CONCERNED: THE CARRIER IS THE SHIPPER

Remember, in the view of your customers, the shipper and carrier are one in the same. Your reputations are intertwined, so choosing the right partner is important.



VISIBILITY, TRANSPARENCY AND COMMUNICATION: THE THREE PILLARS OF LONG-TERM SHIPPING SUCCESS

Visibility through digitization, increased transparency and open lines of communication improve efficiency, build trust and can help ensure a successful business relationship for both shippers and carriers.



THE HOLISTIC MINDSET DRIVES REDUCED VOLATILITY AND COSTS

True partnership is the most profitable way forward. A partnership that benefits both parties equally in the long term can lead to more reliable and efficient shipping – and ultimately a reduction of overall costs.

THE OLD DOMINION DIFFERENCE



Helping The World
Keep Promises

For more than 85 years, Old Dominion has been helping the world keep its promises. Be ready to meet any opportunity with an LTL shipping partner who can meet any demand.

With an industry-leading on-time record and low claims rate, our premier LTL shipping service ensures your shipment is delivered on time and damage free. Solving your complex shipping problems is what we live for. At Old Dominion, your business is our business, and we make ourselves readily available as true shipping partners.

Our broad range of services and dedicated team members are backed by state-of-the-art technology, and we're ready to build custom solutions to meet any challenge you face and precisely match your business needs.

Rush shipping? No problem.

Vendor scorecard compliance? We can help.

Just-In-Time inventory management? OD will help you keep your promises to customers.

OD ranks #1 in flexibility of operations among all national LTL carriers*: From standard LTL to expedited shipping and everything in between, we offer a range of freight solutions to meet any business need across every region of the United States and North America.

Contact us today to start working with the #1 National LTL Carrier as awarded by Mastio & Company for 13 years running. We'll create a custom LTL freight solution to match your exact business needs. Our solutions specialists are ready to help.

Email us, contact customer service at **800-235-5569**, or call our corporate office directly at **800-432-6335**.



*According to [2022 Mastio & Company annual study of national LTL carriers](#).