



Going All In . . . Preparing for the Household Goods Summer Surge

Thursday, May 19 • 3:30 – 4:30 pm

Presenters:

Kim J. Chancellor, General Services Administration, ERRC

Debbie Teague, Surface Deployment & Distribution Command (DoD SDDC)

Katie Northrop, CapRelo/JK Moving & Storage



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Kim Chancellor

General Services Administration,
Employee Relocation Resource Center

Summer Season Roulette -

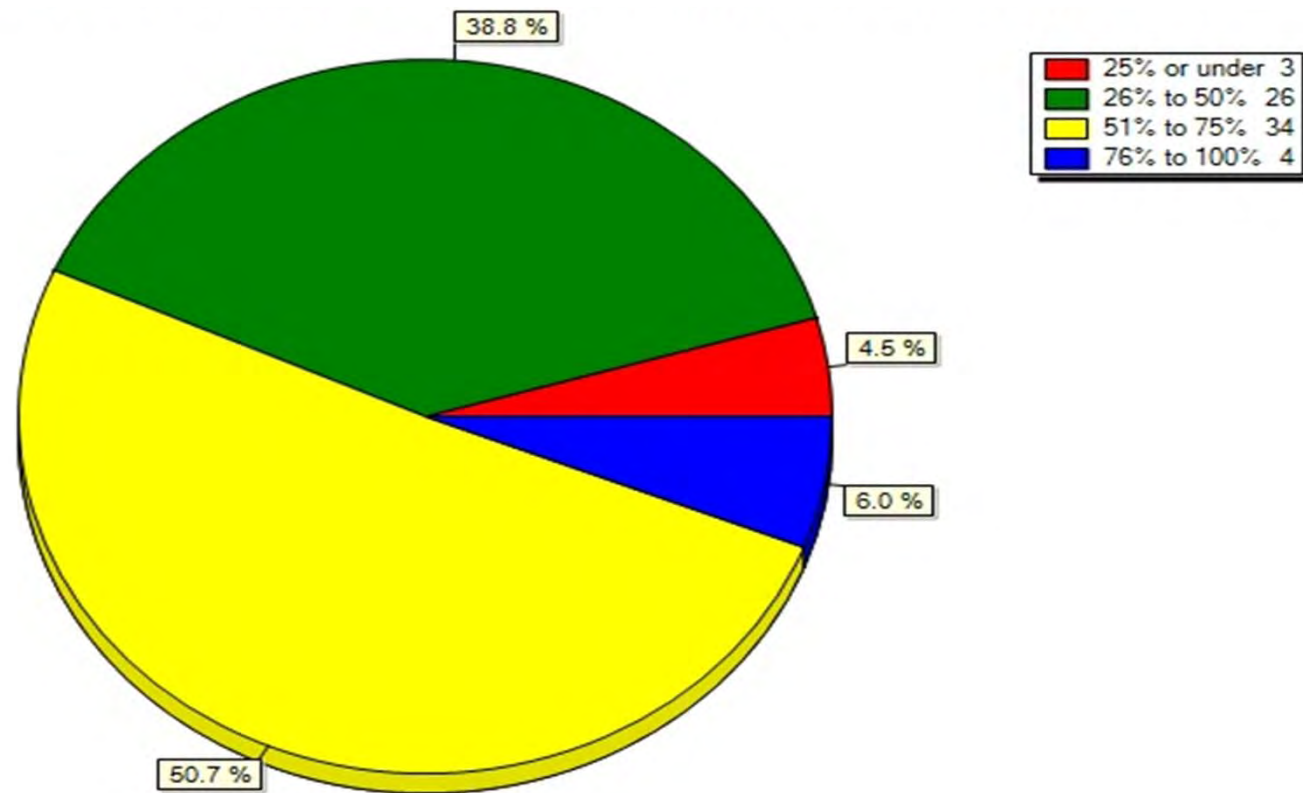
- Results of a Transportation Service Provider Survey
- Review Federal Agency and Industry Partner Comments
- Suggestions to Federal Community
- Wrap Up with the Wild Cards



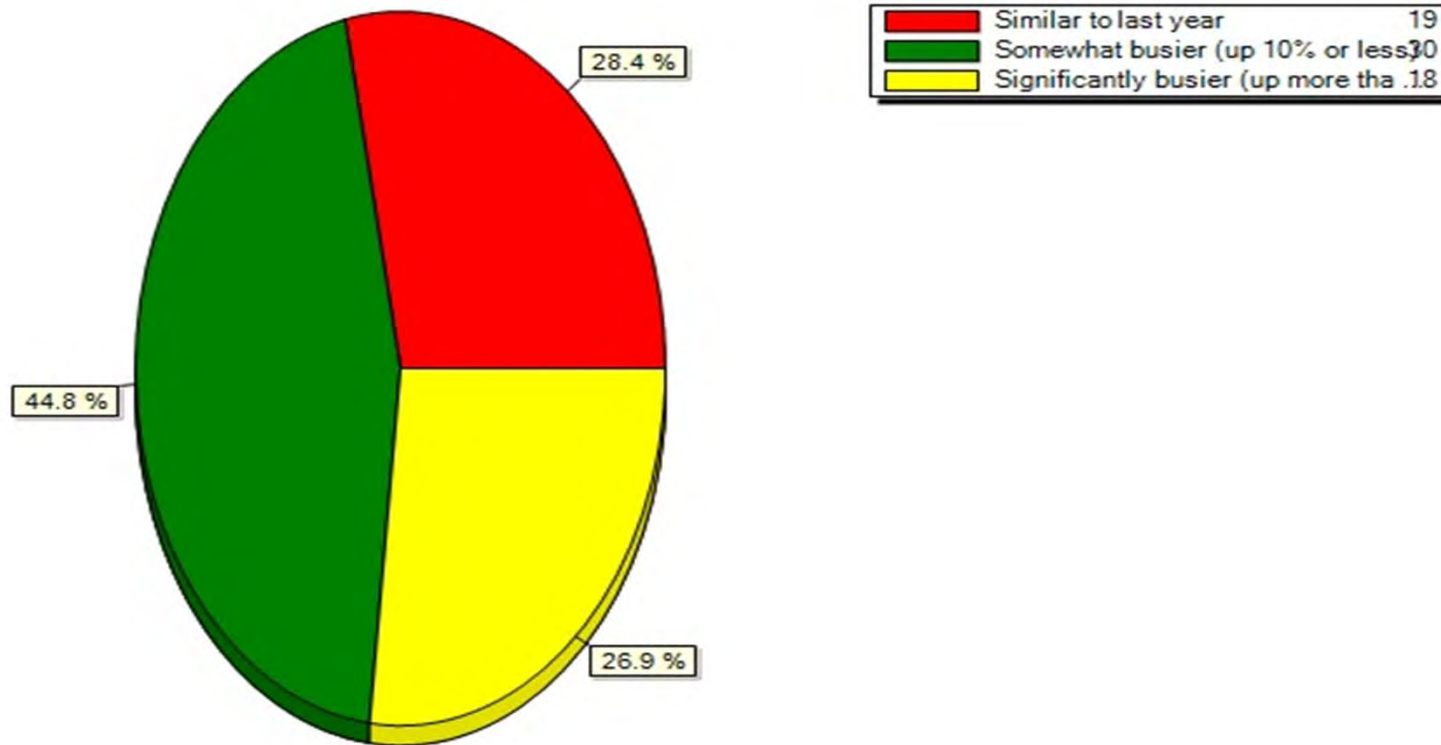
Survey Results from TSPs in CHAMP

- Transportation Service Provider (TSP) HHG Survey for GSA
- Requested Feedback on the 2011 Summer Season
- 67 Responses Received
- Results

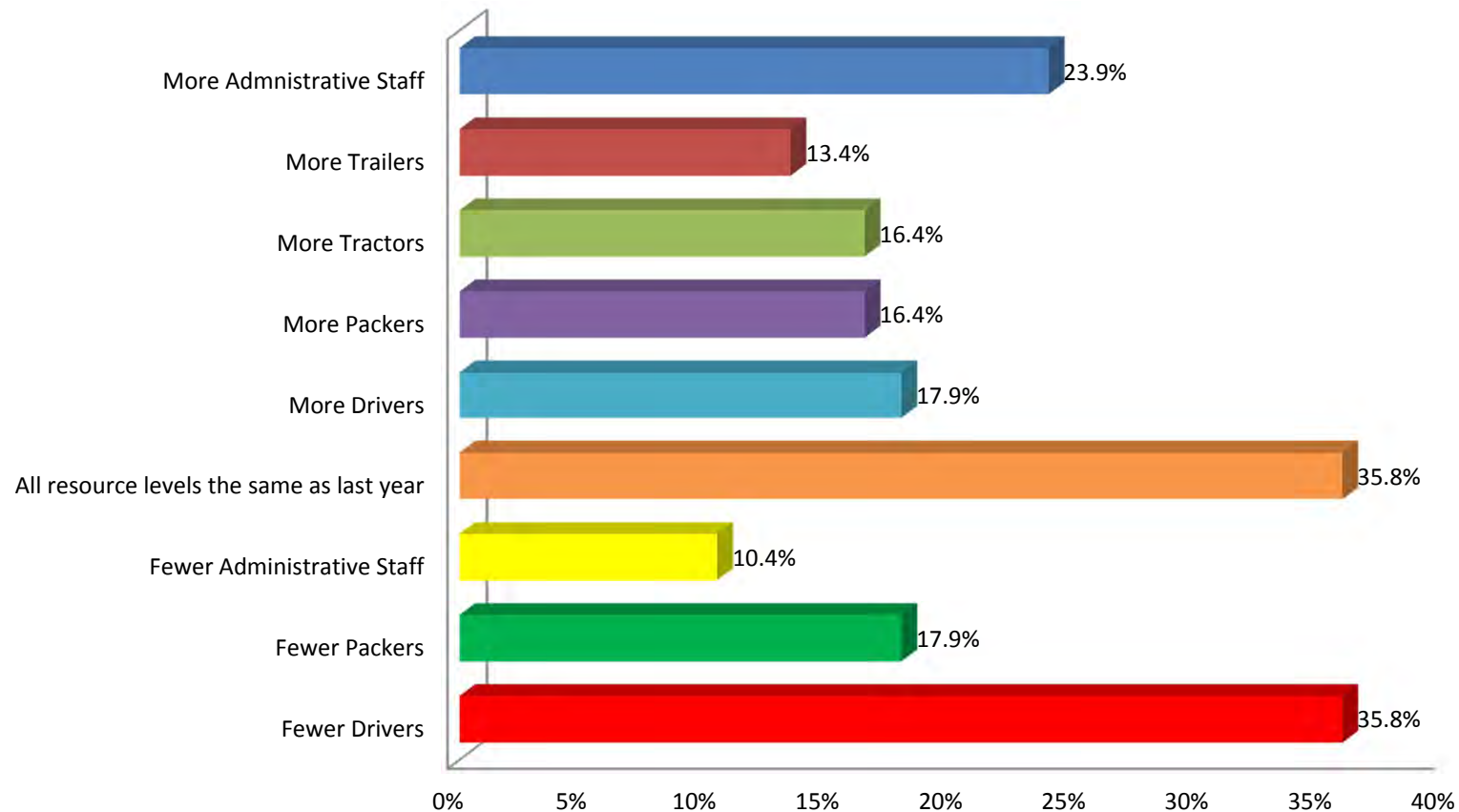
Historically, what percentage of your total HHG shipments take place during June through August?



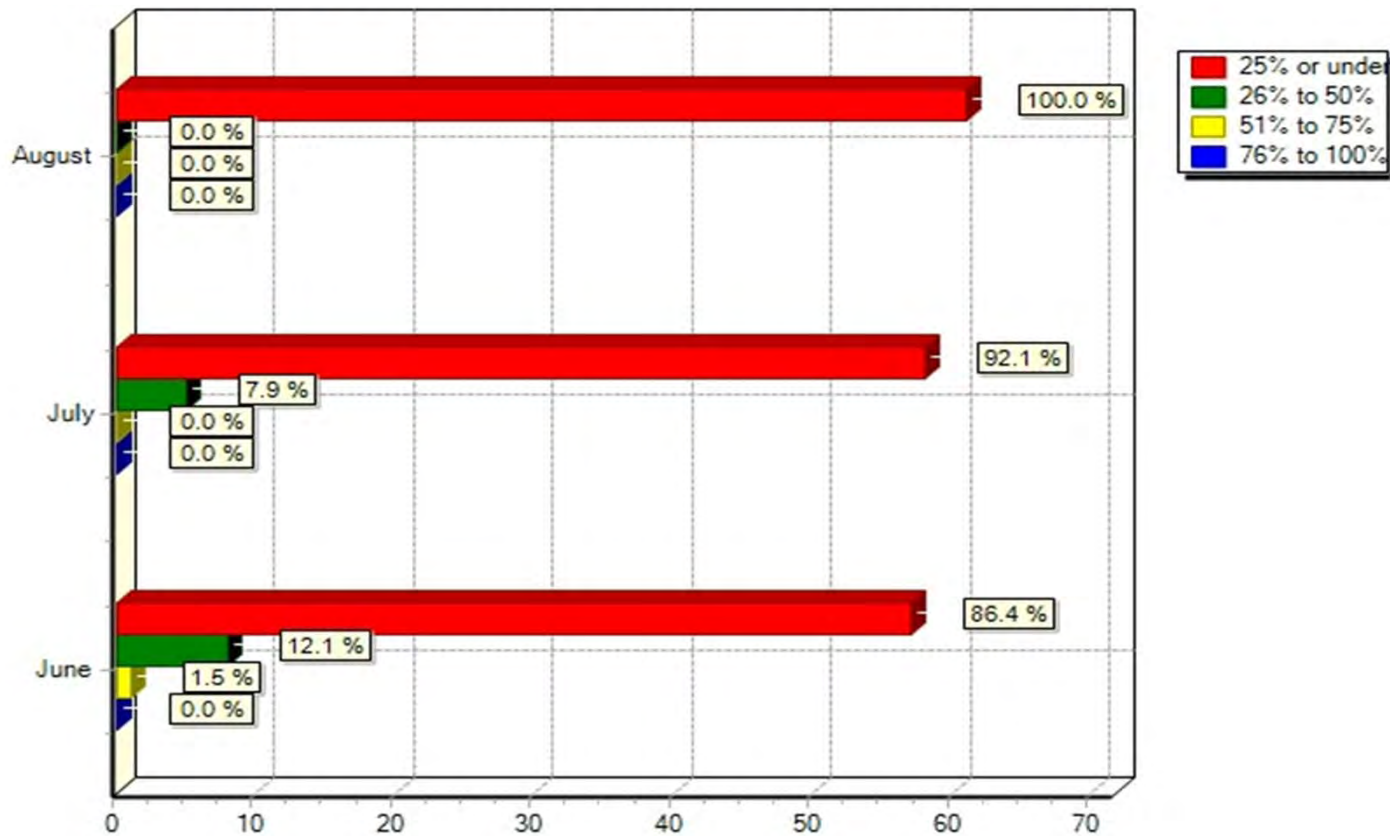
Anticipating volume for this summer versus last year, you believe the volume will be:



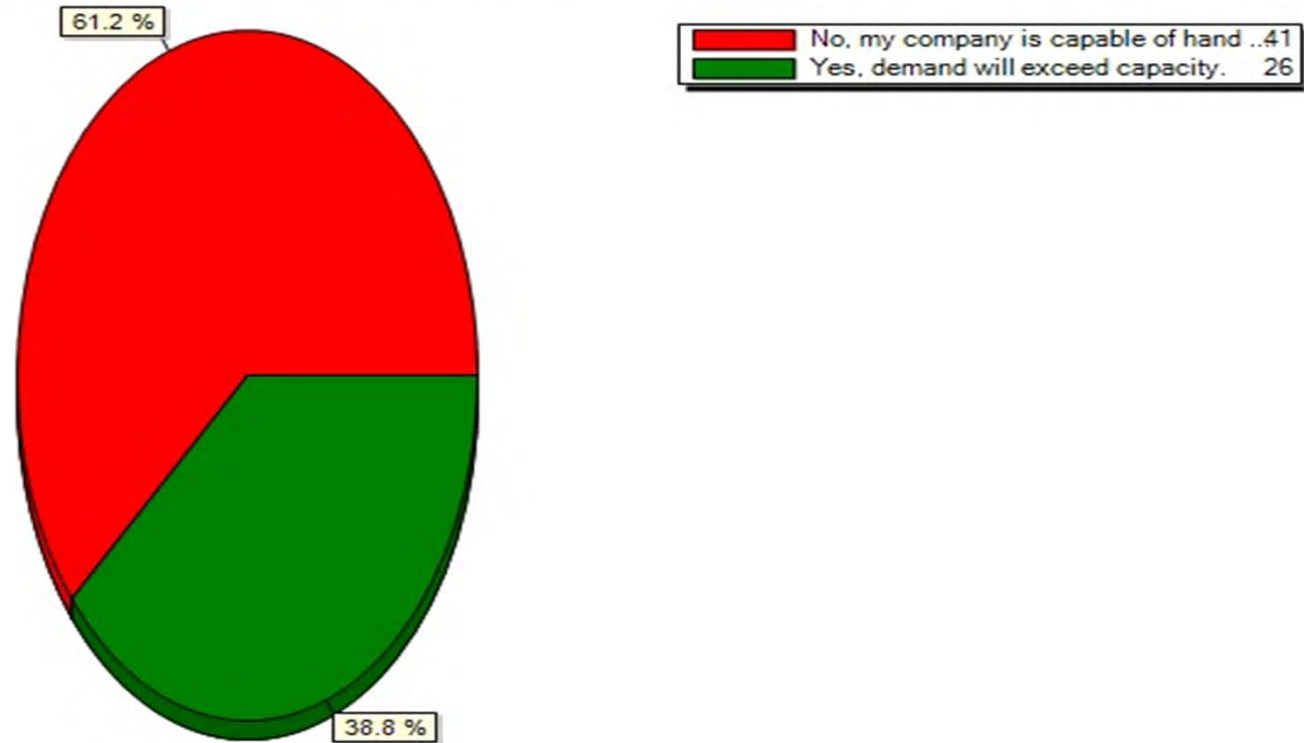
Compared with last summer, how do your resources compare with last year?



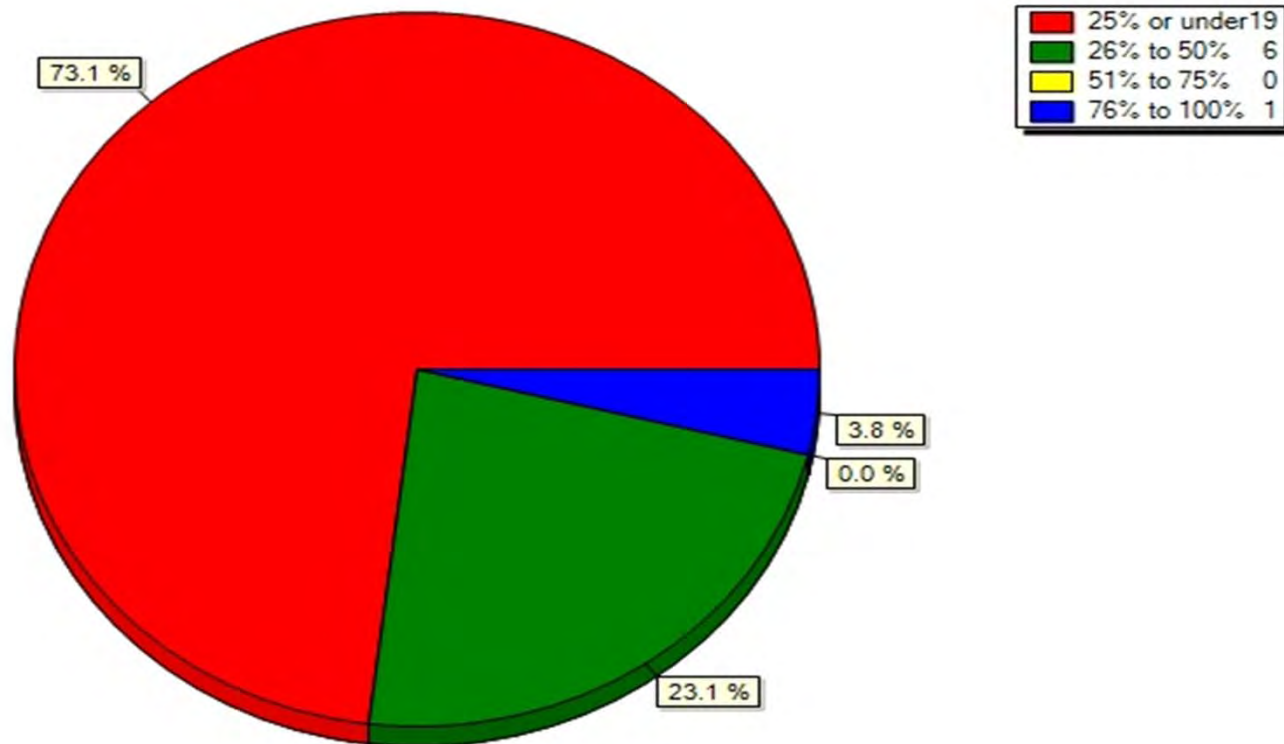
Approximately what percentage of shipment capacity has already been booked for:



Do you believe that demand will exceed the capacity for your company?



Demand will exceed capacity by:



Federal Agency Perspective on 2011 Summer Season

- Random sampling of Federal agencies
- Solicited comments from Associations
- High summer volume expectations



Agency / Association Comments

- Good relationships with TSPs
- Similar volume of civilian moves as last year
- Not concerned about BRAC moves
- Communicate to TSPs & book early
- Book mid-week (Tues-Wed-Thurs)
mid-month



Additional Comments - TSPs

- Expect industry will turn down short notice business at the end of the month in June, July and August.
- Bookings are up 22% and drivers are down 30% over the last couple years.
- Agencies need to be aware that, due to the effects of the deep recession, HHGs pricing hit a low last year. Agencies should be anticipating increased rates and costs this season.
- There are a number of agent closures that have happened already and more are anticipated. Agent and TSP capacity is likely to be reserved for the highest paying customers during the peak of the peak season.

What advice do you offer agencies and other customers planning to book summer HHG shipments?

- Book as early as possible to give carriers maximum capacity planning time.
- Be flexible on your dates.
- Try to not move during the 25th-30th of the month. Think about movement on Saturday or Sunday as needed.
- Educate transferees as much as possible on shipping restrictions in advance.
- For International, book containers as soon as you have the survey results.
- Be prepared for FSC to continue to rise. Prepare for challenges in North Africa due to current changes.

What advice do you offer agencies and other customers planning to book summer HHG shipments?

- Do not be afraid to use the services of a new TSP. Utilize those with financial stability and the ability to service what they "sell".



The Wild Cards



- Corporate moves
 - Rebounding to double digits – up nearly *22% (*source AMSA)
 - COD is new competition
- DOD BRAC shipments
 - By 9/15/2011
 - Up to an estimated 16,000 additional moves
- International shipments
 - Labor intensive
 - CONUS agents pulled in different directions
 - Capacity issues to handle large shipments



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Debbie Teague

Surface Deployment & Distribution Command
(DoD SDDC)

Defense Personal Property Program (DP3)

- SDDC partnered with the Military Services, moving industry, and USTRANSCOM to develop business rules and system requirements for the movement of DOD Personal Property Shipments
- DP3 provides:
 - Web-based Counseling and Shipment Management
 - Procurement of Best Value Transportation Services
 - Electronic Billing and Payment
 - Full Replacement Value (FRV) Carrier Liability
 - On-line Claims Processing
- Defense Personal Property System (**DPS**) is the supporting system for DP3

Historical Timeline

- Nov 2008 = Initial 18 Sites started moving shipments in DPS
- Mar - Nov 2009 = Remaining Sites Phased-in
- Mar 2010 = 35% of DOD Shipments Processed in DPS
- Apr 2010 = 65% of DOD Shipments Processed in DPS (added PPM/DITY)
- Apr 2011 = 85% of DOD Shipments Processed in DPS
- Remaining 15% (FY12) = One-Time-Only (remote locations), Mobile Homes, Boats, Special Solicitation Shipments and Volume Moves



Shipment Distribution

- DP3 Awards Shipments Based on Best Value Score (BVS) Criteria
 - Customer Satisfaction Survey (50%)
 - Rates (30%)
 - Claims (20%)
- Transportation Service Providers (TSP) are assigned to Traffic Distribution Lists (TDL) in one of four quality bands, within each channel, based on their BVS
 - TDL Racked-and-Stacked 4 times per year (based on latest BVS/CSS data)
 - Distribution starts over

dHHG/iHHG Shipments

Quality Band	Shipment #s
1	5
2	3
3	2
4	1

iUB Shipments

Quality Band	Shipment #s
1	50
2	30
3	20
4	10

2011 Peak Season

- TSP's with Rates On File
 - Domestic Household Goods - 859
 - International Household Goods – 178
 - International Unaccompanied Baggage - 62
- Projected Peak Season volume
 - 2010 was 237,000 shipments
- Additional Shipments
 - BRAC and other Volume Moves = 6,500 (est)



Base Realignment and Closure/Volume Moves

- BRAC is the process of consolidating/closing military installations. Most HHG's shipments are handled under the SDDC Volume Move (VM) Program. VM's are normally large number of shipments moving from one origin to one destination over a 90 day period.
- **Peak Season BRAC/VM Moves**
 - Ft. Bragg, NC - Eglin AFB, FL
 - Ft. McCoy, WI – Ft. Knox, KY
 - Ft. Knox, KY – Ft. Benning, GA
 - Atlanta, GA - Ft. Bragg, NC
 - Ft. Hood, TX-Ft. Bliss, TX
 - Ft. Belvoir, VA - Redstone Arsenal, AL
 - Fort Leavenworth, KS – Various Stateside Locations
 - Fort Leavenworth, KS – Germany
 - Fort Leavenworth, KS – Hawaii

DOD Peak Season Efforts

- **Education**
 - Webinars on 14 Topics to Educate over 2200 Stakeholders
 - Monthly Newsletters
 - Staff Assistance Visits
 - Peak Season Message with Recommendations for PPSO/TSP
 - Bi-weekly telecon with Industry Associations and Military Services
- **Additional Actions**
 - Adjusted Rate Filing Schedule
 - Allowed for earlier shipment bookings
 - Added Containerized Domestic Household Goods Service (Code 2)
 - Allows use of Portable Movement Storage Containers
 - Updated TSP DPS Blackout Capability
 - Allows industry to identify areas with short-falls in capacity (Due 21 May)
 - Developed DPS Analytics Report
 - Allows PPSO to monitor booked shipment volume and adjust daily pickups



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Industry Perspective – 2011 Peak Season

Outlook - All indications this summer will be have higher volumes than 2010

- **Overall**

- Slight improvement in economic conditions
- Strategic and critical relocations which have been frustrated due to budget/financial restraints are being pushed forward

- **Corporate** – 10% - 15% increase in volumes

- Growth as well as downsizing resulting in more relocations



- **Military** – 15% increase in volume

- Troop re-allocation
- Troops returning from Iraq and Afghanistan
- Separation moves
- BRAC moves that must be completed before 09/2011.

- **Government agencies** – same volume as last year

- Downturn in the number of relocations due to budget restraints and cut-backs.
- Delayed allocations due to congressional budget negotiations
- More focused upon accessorial service costs to minimize expenses.

Industry Perspective – 2011 Peak Season



Challenges

- Continued shortage of quality drivers for various reasons –
 - Culturally, blue collar jobs are harder to fill. This position requires extensive time away from family.
 - Seasonality – financial stability issues due to the three (3) month slam, then nine (9) month off season. This was a greater factor during the recent recession .
- Industry adaptations in response to the military shipment management process change resulted in smaller *quality* moving companies, that were not able to compete with the larger companies, going out of business.

Industry Perspective – 2011 Peak Season

Challenges, continued

- The loss of quality agents and their respective drivers further diminished industry resources.
- In severe situations, companies may not keep full coverage insurance policies in force or keep coverage to meet industry/government requirements in order to cover payroll.
- Increased security restrictions on personnel to perform all moves both increases labor costs as well as smaller pool of qualified labor.
- Cash flow restrictions due to current economic situation limit some carriers/agents ability to continue operations or stress their supplier network relationships.



Internal Company Strategies in preparation for Peak Season/Surge Moves

Resources –companies must have the quality drivers and equipment to perform the best services for their customers in place by May to be prepared for increased summer volumes . In order to achieve these goals extraordinary steps must be taken to include;

- Examine internal processes (beyond normal internal audit/evaluation) improving administrative efficiencies and productivity to minimize operational general and administrative (G&A) and maximize profitability.
 - Increased profitability funds increased recruiting budgets and benefits to attract/retain experienced quality drivers as well as purchase/lease quality equipment.
 - Companies must have strong profit/loss sheets (P&L's) to receive bank/credit lines to support summer growth and expenses.
- Companies must be more creative in managing shipments, developing industry relationships, and transportation solutions.

Industry Solutions to Summer Capacity Concerns

New methods of transport must be considered, developed and implemented to compensate for resource shortage.

- Code 2 /“Crate & Freight” systems
 - Allows for efficient logistical movement of smaller shipments
- Use of portable storage containers
 - If managed properly affords cargo transportation as well as long term on-site storage. Only true issue is managing the labor and location of container – does the location meet SDDC/GSA/Corporate standards.

Increased use of origin storage-in-transit (Origin SIT)

- Allows for transportation of the shipment at a later date where more resources are available.

Increased inter-van line relationships/dependency

- Traditionally closed agent networks are relaxed to allow introduction of other company’s shipments
- Increases resources and capacity

Questions?

