

Springing into action in Tucson

What one company did when they found out what it REALLY costs to run XTRA Lease trailers.

Since it opened for business in 2010, Diamondback Systems has increased its fleet five-fold; they expect to grow by another 30% in 2016.

What's behind this growth? Data and the action it triggers.

This story tells what Diamondback did after they looked at what they spent on repairs last year.

A tale of two spreadsheets

With a goal of increasing efficiency, Diamondback's managers stay on top of their data. Some recent analysis, though, led them somewhere they hadn't expected to go.

They'd been seeing a substantial increase in repair costs, so they took a hard look at the numbers to see where they could trim costs while continuing to provide excellent customer service.

They looked first at their tractors, analyzing age, repairs and miles traveled.

"We used to run our tractors into the ground to get every last ounce of worth out of them," says Scott Barnett, vice president of sales and operations. "Now, we change them

out every three to five years. As a result, we're seeing increased fuel economy and fewer repairs."

That change also contributed to Diamondback's envy-inducing driver turnover rate of less than 15%. "Because we're still a relatively small carrier, we've found new equipment is essential to compete with the big boys," says Barnett. Drivers aren't making money if their equipment's constantly in the shop. So we try to have the best equipment possible."

A case for new spring-rides

Managers then turned to their trailers, analyzing repair costs per mile and per unit, and comparing trailer vendors in the process (XTRA Lease and three others.)

The spreadsheet at the bottom of the next page shows repair costs from January 2015 through September 2015. (The XTRA Lease trailers are 2013 and newer spring-ride dry vans.)

After looking at the age of each trailer, its suspension type, and what repairs to it cost, Diamondback concluded that for trailers five years old or newer, spring-ride trailers average



Headquarters:
Tucson, AZ

Facilities:
3

Specializes in:
Expedited border freight out of southern California and Arizona

Delivery stats:
More than 700,000 miles/month throughout the U.S.

Trailers in fleet (rented/leased/owned):
150

Tractors in fleet (leased/owned):
70

Drivers (including owner-operators):
94

\$52.96 in repairs per month, whereas air-ride trailers average \$237.78 per month.

“The per unit cost per mile is unreal on air-ride,” Barnett says. “The costs accelerate after five years because air-ride’s upkeep is so high. On the 35 older air-ride suspension trailers we have from one of our vendors, our repair costs were \$140,000.

We can find more effective ways to spend that money.”

To that end, Diamondback is removing older air-ride suspension trailers, one by one, from their fleet. By the end of the year, they plan to run only spring-ride suspension trailers that are no more than two years old. “This initiative not only serves our bottom line,” says Barnett, “but it also supports our plan for growth.”

A plan for great growth

Diamondback’s growth is based on being their customers’ preferred carrier and on building strong relationships with vendors to keep costs as low as possible.

“Our performance sets us apart,” says Barnett. “We always say we’re large enough to service our customers and small enough to care. They rely on



our on-time delivery. And I’m proud of our ability to maneuver quickly and satisfy their needs.”

The company offers truckload services as well as less-than-truckload, intermodal, expedited, bulk, refrigerated and full-service logistics and warehousing to the automotive, airline and building industries.

“In the office, we call ourselves the Uber of trucking,” says Barnett. “We often get stuff dropped on us during the late afternoon, and thanks to our logistics side, we adapt, find a way and get it moving for our customers.”

The company uses a mix of owned, rented and leased trailers. “We use short-term rentals as capacity increases and decreases. If there’s a

sharp downturn in the economy, we can shed that equipment rapidly,” says Barnett. “We use our long-term leases to help keep our cost per mile down because that equipment is generally new and needs fewer repairs, which means less downtime.”

About half of Diamondback’s drivers are employees and the rest are owner-operators/small carriers that haul directly for the company. Because Diamondback’s freight is driver-friendly, it’s not difficult to seat tractors.

“The small carriers with three to five trucks are invaluable,” says Barnett. “We become their back office and can give them some shelter from large rate fluctuations that occur throughout the year. Also, about 80% of our freight is drop-and-hook loads that

LEASE TRAILER COSTS PER MILE, JAN 2015-SEPT 2015

Trailer Rental Company	# Trlrs	Months	Miles	Miles/Unit	All Repairs	Cost/Mile	Cost/Unit/Mo	Term
Company 1	6	5	89832	2994.41	\$5,438	\$0.06	\$181.27	1 year
Company 2	12	9	500274	4632.17	\$30,789	\$0.06	\$285.08	3 years
XTRA Lease	15	9	681179	5045.77	\$6,560	\$0.01	\$48.59	3 years
Company 3	25	9	850994	3782.20	\$74,941	\$0.09	\$333.07	Monthly
Average	58	32	2122279	4065.67	\$117,728	\$0.06	\$63.43	

might otherwise be hard for a carrier that size to get.”

XTRA Lease adds up

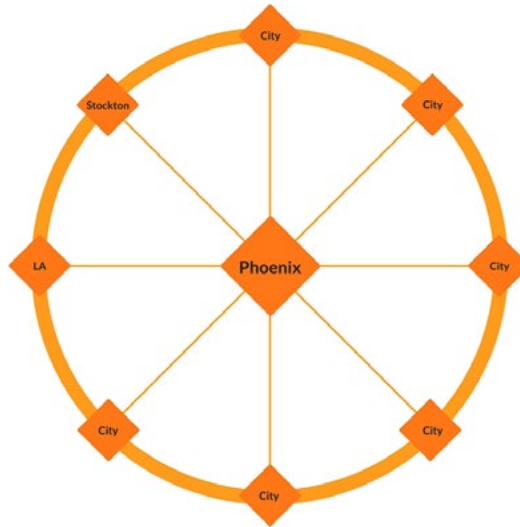
Along with XTRA’s emphasis on spring-ride suspensions, other factors make the company Diamondback’s first choice for trailers.

“XTRA Lease is everywhere,” says Barnett. “That’s very important to us because we’re expanding our footprint this year. Imagine a wheel. We’re doing a hub-and-spoke activity when we expand so we can circle back around and ensure a good saturation level. For example, we run from Phoenix to L.A. to Stockton, then back to L.A. and Phoenix. We can count on XTRA Lease to be where we are.”

“We also like XTRA because the lease includes trailer tracking. We do a lot of drop-and-hooks and expedited

Spring-ride trailers average \$52.96 in repairs per month.

Air-ride trailers average \$237.78.



freight, so it helps us track our assets quickly,” he adds.

In addition, Barnett appreciates the predictability of XTRA Lease’s billing and how they handle damages. “In the old days, you’d lease a trailer, and some vendors would nickel and dime you when you turned it back in. With XTRA’s program, you understand the up-front costs. It’s predictable and easy.”

