Benchmarking: Why it matters and how to do it

Mark Christos, Vice President Matson Logistics
Brian Evertt, ABC, CEO, Transportation Marketing and Sales Association
Bill Vitti, Chief Sales Officer, Truckstop.com
2016 Sales & Marketing Metrics Study

Brian Everett, CEO of TMSA
CRM Remains A High Priority

Figure 2 – CRM Systems Deployed

- Salesforce.com: 39%
- Home-grown (proprietary): 14%
- Microsoft Dynamics: 13%
- Zoho: 12%
- All Other: 7%
Who’s Driving Sales Results?

Figure 3 – Sales Contribution by Source

<table>
<thead>
<tr>
<th>Source</th>
<th>Average Contribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Outside Sales - Employee</td>
<td>48%</td>
</tr>
<tr>
<td>Inside Sales</td>
<td>43%</td>
</tr>
<tr>
<td>Operations/Executive Team</td>
<td>29%</td>
</tr>
<tr>
<td>Outside Sales - Contractors</td>
<td>28%</td>
</tr>
<tr>
<td>E-commerce/Other</td>
<td>10%</td>
</tr>
<tr>
<td>3rd Party Channel Partners</td>
<td>7%</td>
</tr>
</tbody>
</table>
The Battle For Budget Dollars

Figure 9 – Marketing vs. Sales Budgets

2015 Projected Sales
- 41% Better Than PY
- 34% About the Same as PY
- 20% Lower Than PY
- 5% Significantly Better Than PY

2015 Marketing
- 45% Better Than PY
- 42% About the Same as PY
- 7% Lower Than PY
- 6% Significantly Better Than PY
The Hottest Marketing Tactics

Figure 11 – Select Marketing Budget Detail

<table>
<thead>
<tr>
<th>Marketing Method</th>
<th>Average Percent of Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Events</td>
<td>23%</td>
</tr>
<tr>
<td>Online Advertising</td>
<td>19%</td>
</tr>
<tr>
<td>Print Advertising</td>
<td>15%</td>
</tr>
<tr>
<td>Email Marketing</td>
<td>14%</td>
</tr>
<tr>
<td>Public Relations</td>
<td>12%</td>
</tr>
</tbody>
</table>
What Are Our Business Goals?

Figure 13 – % Budget Allocation

Average % of Budget

- Demand/Lead Generation: 57%
- Brand Awareness: 39%
- Other: 36%
- Customer Retention/Loyalty: 31%
How Is Marketing ROI Measured?

Figure 15 – How Marketing Metrics Are Tracked

<table>
<thead>
<tr>
<th>Answer Options</th>
<th>Do Not Track/Not Sure</th>
<th>Mostly Manual Tracking</th>
<th>Mostly Automated Tracking</th>
</tr>
</thead>
<tbody>
<tr>
<td># of Leads converted to sales opportunities</td>
<td>34%</td>
<td>38%</td>
<td>27%</td>
</tr>
<tr>
<td># of Leads sales people follow up within a reasonable period of time</td>
<td>36%</td>
<td>38%</td>
<td>25%</td>
</tr>
<tr>
<td># of Leads given or assigned to sales people</td>
<td>33%</td>
<td>43%</td>
<td>23%</td>
</tr>
<tr>
<td>Dollar value of sales opportunities created from marketing leads</td>
<td>43%</td>
<td>37%</td>
<td>21%</td>
</tr>
<tr>
<td># of inquiries or Leads generated from each marketing initiative</td>
<td>41%</td>
<td>41%</td>
<td>18%</td>
</tr>
<tr>
<td>Dollar value of sales opportunities won from marketing leads</td>
<td>44%</td>
<td>39%</td>
<td>17%</td>
</tr>
</tbody>
</table>
Benchmarking: Why it Matters and How to Do It

Mark Christos
VP, Highway Services
Matson Integrated Logistics
Benchmark Tools

• Utilize industry reports and or analyst data

• Macro trends
  • Economic data/forecast that are leading indicators for freight activity

• Industry performance metrics
  • TIA 3PL Market Report
  • Volume/Tonnage trends from industry associations
  • Capacity trends from analyst
  • Load boards evolving and rich data sets

• Public 3PL earnings report
What do we benchmark

• Compare our performance to-
  • Shipment growth
  • Margin per load and or margin percent
  • Revenue change

• Transportation Cost by lane

• Financial performance
  • Operating margin, net operating margin, earnings, revenue

• Trend line performance to Industry
Benchmark Examples

• Transportation cost per lane
  • Compare our cost per lane to market data
  • Understand why we are above or below
  • Developed process for visibility

• Customer cost performance
  • Are we losing or gaining due to our cost performance

• Utilize data to drive decisions vs perception/emotion
Financial Benchmark Examples

• Financial Performance
  • Operating ratio, gross margin %, earnings, revenue

• Public 3PLs often only source

• Determine which 3PL might be most similar to your model

• Understand the data

• Trend line performance
Benchmarking Benefits

• Benchmarking allows us to learn
• Provides perspective
• Creates internal passion
• Keep it simple
• Understand the data
• Stay committed
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