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The Upcoming Electronic Logging Device Mandate

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According to a recent article by the Journal of Commerce, the latest electronic logging device mandate will most likely affect more than truck capacity that is available to shippers. The mandate will take place Dec and will make inventories harder to move quickly and “stickier.” This would ultimately tighten warehousing space.

The mandate will require commercial truck drivers to use an ELD to record their working hours as opposed to a recording in a paper log. Because of this, shippers may have to reconsider the ways in which they handle overflow or exception orders that are not constructed by their regular contracts, said Ernesto Cambo, principal of CPF Investment Group in Miami, Florida.

What should matter to the shippers, most importantly if they turn to smaller trucking business to take care of that freight, Cambo said Friday “It’s the orders that can’t be accommodated by your carrier or 3PL [third-party logistics provider]”. Cambo also said “It’s the small guy who is going to get squeezed by the ELD, the big carriers already have [ELDs] in place.” He believes that the overflow of merchandise could alter to parcel carriers.

A supply chain that doesn’t work quickly and smoothly would cause new demands on major e-commerce companies such as Amazon and Walmart. The challenge of these retailers would be to move their goods faster to meet their purchasers’ demands. As a result of the sluggish supply chain, the small amount of available warehousing capacity would be threatened, especially in Miami and most U.S. markets.

The good news is that only a small amount of disruption from the mandate is expected in the short term, according to Cambo. And, the market his company serves in south Florida should not be affected. He said, “We’re not a bulk distribution market”.

Cambo said, we’re really about the size of Manhattan, and right next to the Everglades.” He also stated, “You’re not talking about a huge footprint of developable land available from industrial use.” The developer of the AVE Aviation & Commerce Center, a business park near the Opa Locka airport, is CPF. Cambo anticipates a substantial impact by the ELD mandate on bigger transshipment centers.

The burnt of the ELD mandate will be experienced by “large domestic trucking hubs such as Memphis and Fort Worth that cover a huge geographic print.” The implementation of the mandate will take effect of December 18th and will be phased through April 1st. Cambo also said, “I don’t think this is going to disrupt the season right now... I think [the mandate] will get teeth in the second quarter.”

Hopeful that the ELD mandate will force shippers to assume a larger responsibility over their supply chains, Cambo also foresees an increase in distribution processes that are already occurring. “Companies are already shortening [length of haul from DC] to serve customers better,” he stated. “They’re building [DCs] that are within three hours of their entire market.”

Cambo also notes, “I’m seeing more companies looking to outsource the whole logistics operation” in response to skepticism about the availability of capacity, in particular, in the supply chain increase. “Companies aren’t just looking for warehouse space, they’re looking for the truck and the forklift driver. They want an end-to-end solution. You’re going to get a supply chain that’s point and click.”

That is an element of an effective economy combined with e-commerce, but shippers can also add the ELD mandate to greater functions in 2018.