

## CASE 13-1

### Nittany Products

Tracie Shannon, fleet manager for Nittany Products in Pleasant Gap, Pennsylvania, can recall the time when they could dispatch 20 units for delivery, have the equipment return empty, and still be profitable. However, that was 30 years ago and much had changed in the interim. In those days, fuel was inexpensive, even cheap; driver wages were relatively low; and the motor carrier industry was much less competitive because of regulation.

Nittany Products produces a variety of outdoor grills for private household as well as commercial use. The business was started by Tracie's father as almost a hobby. Nick Shannon liked to cook and particularly liked to do outdoor cooking on a grill. The size of the groups that he entertained kept growing as his barbecues became almost legendary. During this period, Nick became very dissatisfied with his standard K-mart grill. Being a metal fabricator by trade, he decided to build his own grill, which he did, and it was followed closely by 15 to 20 additional models with different features including fuel sources. Then his neighbors asked to buy grills, and he could not produce them fast enough in his garage. So, Nick borrowed some money for working capital, rented an abandoned gas station, and expanded from there. The rest is history.

Tracie took over their private fleet five years ago. Her older brother, Pete, managed the plant and her father, Nick, was the reigning CEO but expected to retire soon. Nick, Pete, and Tracie were concerned about their private fleet. They considered it a value-added feature of their business because the drivers would help commercial customers set up the larger customized grills and would even help noncommercial customers who purchased the larger, more elaborate grills. However, with escalating fuel costs, higher driver wages, and other challenges, they wondered whether they could continue providing private carrier delivery.

Nittany Products still had its empty backhaul problem, but they believed that current federal legislation regarding private fleets provided enough flexibility for Nittany Products to solicit backhaul traffic. If they could develop for-hire backhaul business, they believed that they could sustain their private fleet.

#### CASE QUESTION

1. You have been hired by Nittany Products to write a report presenting them with their options for developing backhaul traffic. Their fleet contains standard 40-foot trailers pulled by Volvo tractors.