RiskWatch for Transportation

Transportation Risk

The U.S. transportation industry is amid the most risk-prone industries, which requires transportation companies to implement robust enterprise risk management strategies. Utilizing the right methods and tools, these companies can mitigate most of their risk and be in a better position to respond to adverse situations when they arise.

The risks transportation companies encounter may vary slightly, but largely include compliance to standards and regulations, fleet integrity and safety, and driver safety and retention. Some of these risks are directly impacted by outside influences, particularly weather events, other drivers, and road conditions.

Other risks include delivering shipments that customers depend on to run their businesses. Any disruptions, including accidents, cargo theft, or shipment delays, can create supply chain disruptions that harm reputations and cutback profits.

Newer risks include advancing technology, cyber security, and market fluctuations created by international trade disputes. While many of these risks are not directly controllable by transportation company, there are steps that can be taken to lower risk and increase response.

Implementing risk management software that specifically addresses transportation risk is one way to assess the specific risks and develop a strategy to mitigate those risks.

Defining Transportation Risk Management

The Federal Highway Administration defines risk management as “a process of analytical and management activities that focus on identifying and responding to the inherent uncertainties of managing a complex organization and its assets.” Since there are many uncertainties and those unknowns change frequently, this process hasn’t always been easy to define, making the U.S. transportation industry a difficult one to navigate.

In order to mitigate risk, transportation companies must seek to execute vigorous enterprise risk management strategies. These strategies put the company in a better position to effectively prevent risks and respond to risks in real-time.

Trucking accounts for 71% of freight moved in the United States.

Every company faces a multitude of risk, however for transportation companies, there are typically three areas of focus: compliance, fleet integrity and safety, and driver safety and retention.

Compliance is the most controllable of these areas as it is subject to internal influences and can be closely monitored and controlled. Regular assessments, policy implementation, and trainings will aid you in the effort of ensuring total compliance to all relevant standards and regulations.

The other areas are subject to external influences, particularly weather related events. Managing risk here is about being proactive in identifying possible risks and taking steps to mitigate those possibilities. This includes training drivers for different weather scenarios, leaving buffer room for possible delays, altering routes as needed, and so much more. These actions ensure stability and reliability as part of a supply chain.

Top 5 Transportation Risks

Regulatory Oversight

Transportation safety is regulated by various Department of Transportation agencies, as well other Federal agencies, such as the Federal Motor Carriers Safety Administration or the Federal Aviation Administration. The safety of transportation workers falls (mostly) under OSHA, with an example of the exception being the FAA has jurisdiction over workers in the airline industry. One of the largest areas of focus for compliance is driver fatigue.

Since April of 2018, it has been required that trucks be equipped with devices that track how many hours each vehicle spends traveling per day. The new “hours of service” rule prohibits truckers from driving more than 11 hours in a 14-hour period of time. The drivers must also take at least 10 hours of required rest after an 11-hour drive. Similarly, flight crews are limited to 10 hours of flying per day with 14 hours of duty, and train crew is limited to 12 hours before a required rest period. Standards and regulations will vary by organization and location, so it’s important to research specific requirements.

Weather

Transportation risk will always include weather conditions, which can affect the ability and time set to deliver. Temperature and weather conditions can vary drastically within just a hundred miles, crossing from sunny weather to blizzard-like conditions or severe rain. Flight, railroad, ship, or driving conditions can become unsafe and cause unexpected delays.While its impossible to predict exact weather, incorporating preparedness and buffer windows into practice and training for various weather will help reduce the risk that weather causes.

Deteriorating Infrastructure

Outdated and failing infrastructure is increasingly dangerous for vehicles. These problems range from road destruction (potholes, cracks), construction, and missing or incorrect signs. The American Society of Civil Engineers (ASCE) reported some startling statistics for the industry.

An expected $897 billion has been lost in Gross Domestic Product by 2020 and 1.8 billion hours will be lost to congestion on America's highways – 3 times the hours lost just 10 years ago.This adds strain to the already stretched drivers and on company resources, who spend more in fuel and transportation time.

Cyber Attacks

Cyber liability is not likely the first thing that comes to mind when looking at the transportation industry, but every industry increasingly faces exposure to cyber risks. Due to technological advancements in the transportation industry and their role in automation and supply chains, cyber attacks pose a large risk. This risk is spread through third parties and partners such as suppliers and vendors.

System failure can prevent the ability to receive or ship orders, hackers can tamper with customer travel plans or change destinations, and criminals can steal PII from third party systems. Within the field of cyber attacks, there are many risks to account for within each organization. Having a response plan in place for each scenario and knowing the security requirements for each state are crucial to minimizing risk.

Driver Shortages

Though there is dispute by the Bureau of Labor Statistics that suspects driver supply will respond to price signals, the American Trucking Association projects a shortage of more than 100,000 drivers by 2023. This is partly expected due to an aging workforce and challenges to recruit new drivers to fill the positions.

An expected increase in demand due to e-commerce growth will only serve to increase the severity of the staffing problem. Similarly in aviation, it is estimated that more than 200,000 new pilots will be needed in North America alone over the next two decades to accommodate growth and the mandatory retirement age of 65. While this shortage exists, pressure on the existing workforce will continue to increase as companies push workers to the legal limits of how many hours they drive per day to meet demand.

How We Help

Managing transportation risk is a difficult, ongoing battle that you'll need to prepare for. RiskWatch software offers a proactive approach to understanding your unique risks. Our platform calculates likelihood, vulnerability, risk level, and offers recommendations for mitigation. You'll be given a cost/benefit analysis and shown residual risk level if the recommended mitigations are applied. You can even complete your assessments in about 74% less time than a manual process, all while keeping your data organized in a central location and creating automated reports with the click of a button.

RiskWatch software uses a survey-based process in which a series of questions regarding your specified content, such as DOT regulations or training policies. A risk score is then calculated based on responses and gaps found in the survey. The software also recommends action plans, assign tasks, and tracks and manages remediation based on the results of the survey.

Use our software to accurately gauge risk, security, and compliance across a wide spectrum, including physical security, cybersecurity, compliance, and more. Our platform will allow you to manage multiple assessments concurrently, centrally look at all risks and report on all data collectively or drill down into individual data sets collected. Members of the team that would perform assessments would not need to be trained on using the platform, only an admin would need to receive training. This process is entirely customized to your needs, allowing you swap in any relevant questions from our content libraries or create your own. The system sends automated reminders for completing assessments and compiles data in the dashboard for a quick overview of each facility and overall risk.

RiskWatch software saves time by sending smart email to third party employees, introducing them to the assessment process, automatically pushing them through the assessment and offering recommendations, and assigning tasks to implement those recommendations.

Model Inputs*	Without RiskWatch	With RiskWatch
Hours needed to communicate (email) and interview client, perform survey or request documents to review	1	0
Hours required to gather assessment data**	3	1
Hours required to analyze data gathered	4	2
Hours required to perform remediation	3	1
Hours required to write report	20	4
Total Hours	31	8
Total Reduction of Time	74% (23 hours per assessment)	

*The time saved can be multiplied by the amount of people that are involved in each step of the assessment process. We have only included a single person for each step in the model inputs above.

**SecureWatch can provide data not available in current assessment program

RiskWatch offers free trials and a consulting service to assist in performing a proof of concept using any of its assessment platforms. Manage all types of risk from across your business through a single, securely accessed, web-based tool that reduces risk and improves operational effectiveness and efficiency.

Try it Now