Companies that operate in particularly volatile industries such as Oil & Gas must employ fleet strategies that can feed their bottom line even during challenging times. These strategies are crucial to both their short and long term goals, and provide the flexibility needed to quickly adapt to changing business needs. This report shows how Ryder SelectCare Preventive allows GulfMark’s fleet to stay on the road 24/7.

GULFMARK’S UNIQUE SOLUTION FOR DECREASED MAINTENANCE COSTS
Since partnering with Ryder, GulfMark has achieved:

- Maintenance performance tracking through a single source
- Predictable and transparent costs
- 91% vehicle uptime

Transporting 38 million barrels of oil a year from the fields to refineries is challenging work. Oil fields are often in remote rural locations, and trucks that take the oil from its origin to pipes and barges have to navigate rough gravel and dirt roads. Timing is everything: Retrieving crude oil and getting it to the refinery at the right moment can mean the difference between profit and loss in the volatile Oil & Gas industry. Margins are tight. Safety and efficiency are top concerns. To succeed, companies like GulfMark Energy in Houston, Texas must have a transportation strategy that takes all of these challenges into consideration and exceed them.

Founded in 1982 as ADA Crude Oil Company, GulfMark is a wholly owned subsidiary of Adams Resources and Energy (ASE: AE), which was created as a private company in 1947 by former Houston Oilers/Tennessee Titans owner K.S. “Bud” Adams, Jr. Within that prominent corporation, GulfMark’s mission is clear: To enhance shareholder value by providing competitive crude oil marketing and transportation services from petroleum producing companies to the refining community.
To accomplish its goals, GulfMark supports field operations via nine regional offices in Texas, Louisiana, and Michigan. The company, which has 350 employees, operates 358 tractor-trailer trucks, trailers, and four barge terminals. Because safety is GulfMark’s first priority in achieving its mission, all of its vehicles have to be fail proof.

“We can’t risk accidents, injuries, or spills,” says Ronald L. Broussard, Vice President of Operations for GulfMark Energy. “There’s a lot of risk associated with the process of transporting oil and we carefully engineer this risk. Failure is not an option.”

About 15 years ago, GulfMark executives weren’t pleased with how their vehicle maintenance strategy was measuring up, says Kraig Averette, Director of Key Accounts for Ryder, who first discussed GulfMark’s needs with them.

“GulfMark was using several vendors for the maintenance of its fleet, and its built-for-purpose trucks had more downtime than they felt was necessary,” he recalls.

When trucks went out of service, finding replacements for them was difficult and expensive. Maintenance performance was also hard to track through the company’s various vendors, which became particularly problematic: Showing proof of compliance with Federal Motor Carrier Safety Administration (FMCSA) regulations is critical, especially for transporters of hazardous materials.

“Our business is oil; it’s not maintenance,” says Geoffrey Griffith, President of GulfMark Energy. “We clearly needed a company that specializes in maintenance to do that for us, but it had to be one that supports our mission.”

GulfMark chose a Ryder SelectCare Preventive solution for its vehicles, which are constantly on the move. The vehicles do pick-ups and drop-offs 24-hours a day, seven days a week, in two shifts per day. Their schedule supports GulfMark’s access to 3,800 diverse oil-producing properties as the company sells more than 2.25 million barrels per month to both local and regional refiners. During several months in 2016, GulfMark was transporting 71,000 barrels per day.

“There’s always less downtime and more revenue. Ryder’s inspections are very helpful because they catch problems before they happen, which has greatly reduced breakdowns.” – Ronald L. Broussard, Vice President of Operations for GulfMark Energy

To facilitate this schedule, Ryder sets maintenance appointments for the vehicles during the first two weeks of every month when the schedule is lighter. Because the vehicles are on a specific and often predictable schedule, they can be rotated to always accommodate business needs so that when one is being serviced, another can take its place without requiring an external replacement.
Ryder performs maintenance for GulfMark wherever it is convenient for the company: at a Ryder shop or via mobile shop if the vehicles are in a remote location.

Maintenance pricing is consistent, and GulfMark benefits from Ryder’s purchasing power when it comes to parts. The tracking of all maintenance performed verifies that GulfMark’s vehicles are compliant with U.S. Department of Transportation’s (DOT) and the Federal Motor Carrier Safety Administration’s (FMCSA) Compliance, Safety, and Accountability (CSA) regulations.

“Ryder’s electronic invoices that detail repair costs and each activity performed have been a huge benefit to us. We used to try to do this by hand,” says Broussard. “They allow us to track exactly how much it costs to operate each vehicle and we can see which ones are high maintenance.”

GulfMark’s overall cost of maintenance has decreased consistently over time since Ryder has worked with the company, say Broussard and Griffith.

“Ryder is extremely competitive on costs and we don’t have the cost of mechanics or maintenance support staff to worry about. Ryder’s technicians are excellent,” says Griffith. “We also don’t have the uncertainty of working with shops in various areas.”

Ryder’s maintenance infrastructure is considered unparalleled in the industry. It includes 5,300 professionally trained technicians certified to provide best-in-class service. They are experienced with all major brands and technologies, and continually update their skills.

Best of all, GulfMark’s fleet uptime has greatly increased to 91 percent. This is partly due to the exceptional communication Ryder staff has with GulfMark’s field staff, and the fact that Ryder knows just when to pick up vehicles, Broussard says.

“Our downtime has decreased tremendously. Every month we track how we are doing and we are always improving,” says Broussard. “There’s always less downtime and more revenue. Ryder’s inspections are very helpful because they catch problems before they happen, which has greatly reduced breakdowns.”

The complimentary vehicle inspections that Ryder attendants complete every time GulfMark uses Ryder fueling stations have also helped achieve this goal, he adds. At all Ryder fueling sites, a Ryder attendant will clean windows, windshields, and mirrors; check headlights, brake lights, marker lights, and turn signals; check tire condition and pressure; remove trash from cabs; visually inspect vehicle exterior; check oil level; inspect engine compartment for coolant and wiper fluid level; and initiate corrective action for identified problems.

GulfMark’s partnership with Ryder also extends beyond everyday fleet maintenance. Broussard is a member of Ryder’s Oil & Gas Customer Advisory Board, which brings together an exclusive group of thought leaders from a cross-section of the sector to network and consider key current and future trend impacts.

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“It’s been very interesting to communicate with others in the oil and gas community and to discuss the challenges that we all face,” says Broussard. “We compare strategies and the exchange of ideas is very helpful.”

For companies considering outsourcing their maintenance, Broussard advises completing an aggressive cost comparison that takes into consideration all of the maintenance costs they are currently incurring compared to what it would cost if they contracted with a company like Ryder.
It is particularly important to consider the unpredictability of maintenance costs, such as those related to breakdowns. These include lost labor hours, delivery disruption, and customer service issues. “When we did this, we definitely found that overall repair costs were less with Ryder,” he says.

With a successful transportation strategy in place, GulfMark is looking forward to expanding with the next oil boom. “There are always growing pains anytime you expand,” says Griffith. “Ryder helped us with the last boom and we are sure they can help us get trucks where they need to be even faster with the next one.”

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– Geoffrey Griffith, President of GulfMark Energy

About GulfMark Energy, Inc.
GulfMark Energy is a wholly owned subsidiary of Adams Resources and Energy, Inc. The company was founded in 1982 as ADA Crude Oil Company. In 1992 GulfMark Energy Acquisition, Inc. was acquired by GulfMark Energy, Inc. and then merged with ADA Crude Oil Company in 1997, now operating under the GulfMark name. GulfMark Energy’s parent company, Adams Resources & Energy, Inc., is traded on the American Stock Exchange under the symbol AE. With over 850 employees, Adams Resources & Energy, Inc. explores for, sells and delivers hydrocarbons through its three subsidiaries: GulfMark Energy, Inc., Service Transport Company, and Adams Resources Exploration Corporation.

About Ryder System, Inc.
Ryder is a FORTUNE 500® commercial fleet management, dedicated transportation, and supply chain solutions company. Ryder’s stock (NYSE:R) is a component of the Dow Jones Transportation Average and the Standard & Poor’s 500 Index. Ryder has been named among FORTUNE’s World’s Most Admired Companies, and has been recognized for its industry-leading practices in third-party logistics, environmentally-friendly fleet and supply chain solutions, and world-class safety and security programs. The Company is a proud member of the American Red Cross Disaster Responder Program, supporting national and local disaster preparedness and response efforts. For more information, visit www.ryder.com, and follow us on our Online Newsroom and social media pages: Facebook, LinkedIn, Twitter, Instagram, and YouTube.