Notes from meeting with CHR on 1/19/2015

* Three objectives
  + Understanding the order life cycle so the code aligns with that process
  + Testing environment:
    - Paired comparison experiment (not covered)
  + Roadmap
    - Milestones
    - SOW review
* Measures of success
  + Easy to use process for identifying price
    - Consistent
    - Simple
    - My thought is to construct this using a “wizard” type build approach
  + Consistency in price quoting (quality control)
  + Improve in profitability
    - The volume versus premium story
* Outside this project: We should also think about how to leverage and explore the data we have and cross-project collaboration
  + The infrastructure developed for this example could be the model through which CHR deploys R&D concepts to the floor and analysts
* Long-term versus short-term quotes
  + The long-term quote is the primary pain point
    - For validation, a good approach might be to look at historical quotes
* One project goal that is of interest and within the nature of the model:
  + Snap shots of lane development
  + Flag those that are now developing off-prediction base and are at risk
    - Both from customer side; and
    - From CHR exposure side
  + Determine the assignable causes
  + The long-term quote aligns best with this process
* How do we validate this???
  + Greg used the tool to evaluate historical quotes… this is an idea
* Also modeling both Normalized versus All-in profit bases
  + This can give a “quality control” snap shot on the lane
* Life of the order:
  + Transactional “short quote” 1-week or less
    - Look at basic factors
    - Submit in terms of cost of hire
      * Based upon yesterdays’ rate typically
      * Maybe snow-storm adjustment
      * Non-scientific, gut check
      * Use this method for up to 1-week out, typically
      * The carrier barters based upon their own information, and some are sophisticated others are not. They also judge based upon 1-day ago rate
      * The customer also has varied sophistication and also these are usually rush orders
      * Cost-service equation sometimes applies
    - Get response on whether they accept carry cost
    - Build up in navisphere
    - If transactional, they re-submit to CHR load boards on the web
    - Individuals then contact CHR on load boards and they negotiate carrier costs
  + Transactional “Long-quote” more than 1-week
    - These are period based bids for, example, Costco wants LA to Morris IL for 12-months.
    - Volume integrated quote is the correct measure for the rate since volume can vary
    - Sometimes they get the volume pattern
    - Ability to load in a volume profile
      * Simple tools to do so
      * Some customers provide (i.e. committed, variable, surge)
      * This is to get at the volume distribution
    - Rates come from last year historical
      * This is looked at RPM is one way to estimate price
      * All in cost to carrier
      * Normalize fuel and accessorial
        + Stops
        + Detentions ()
        + Reconsignment (RCL is the flag)
      * Comment: Think about modeling accessorial charges as a function of stop counts and dwell times. Could model the assecorial charges as a function of those
  + Lanes to work with for quoting tool
    - Delano CA to Morris IL (Costco bid currently being worked on)
      * Orig cluster (75 miles around)
      * Dest cluster (50 miles or so around)
    - Salinals CA to Lake City FL
      * (Atlanta to Orlando for destination)
      * (strict Salinas for origin and 40 miles around, Salinas valley area)
    - Cashmire WA to LA market
      * Orig: state of Washington
      * Destination: LA basin within zip cluster 3-digit zip cluster

Mark Albrecht’s Questions/Thoughts to Cover:

* Lanes to work with for prototyping
  + What are the lane bundles we want to validate our models on
* Model profit based both on normalized and all in metrics
  + Identify where they diverge (some lanes this may happen, others it might be random)
* John was focused on the volume-integrated quote
  + Is this the important metric? For what bids?