
The State of Trucking

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Welcome to the first installment of Fleet Owner's Small Business Review for 2008, a monthly series designed specifically to help small trucking companies grow and prosper.

Let me introduce myself. I am a consultant for several small trucking companies on topics ranging from driver retention to operations, sales, marketing, safety and general business practices. I've authored or co-authored several trucking business books and spent over 20 years on the road as a small trucking business owner. You'll find more of my trucking business columns in two other Penton Publications: DriversMag.com and *American Trucker Magazine*. I'm also the Truckers' Business Advisor on Sirius Road Dog Trucking Radio.

Throughout 2008 we'll look at the challenges and solutions for creating greater success in your trucking operation, and target issues important to the smaller, leaner, more nimble motor carrier. We will be concentrating on finding and landing direct-ship customers, and the best practices for recruiting and retaining qualified drivers. We'll also look at better ways to manage your cash flow, and help you develop rate structures that integrate specific revenue needs, creating a more profitable bottom line.

As we look back at 2007, it was full of challenges. What can we look forward to in 2008? According to the economic forecasters, 2008 is going to be a repeat of 2007 — only a bit worse. They're saying freight isn't going to pick up until the beginning of the third quarter (that's July for all of us non-economics majors) and fuel is expected to go over \$4 per gallon by February.

What do we need to do to be prepared for all this doom and gloom? Set a plan that takes all this forecasting and call it worst-case-scenario — prepare for the worst to make the best of it. Keep in mind that these forecasts are usually for an entire segment of the economy and only particular segments of the trucking industry. The advantage of being a small, lean, nimble trucking machine is that you're able to adjust much more quickly to economic shifts.

To start the planning process, we need to investigate what's going on with your current customer base. What are their projections? What are their plans for the anticipated increase in the cost of fuel? What's their worst-case-scenario for the next 12 months?

Now put your heads together and develop a plan that will benefit both of you. Maybe there's a better way to handle the fuel surcharge or detention time — or other situations that can have a devastating effect on your bottom line.

Be prepared to demonstrate what your current break-even point is and how the increase in fuel, for example, affects this point. Be ready to ask your customers for the same information on how shipping costs affect their break-even points.

Next you need to get down to the nitty-gritty. Look at the chasm between your customers' needs and what they can pay, and your ability to service those needs at a profit. Now is the time to think spherically. The idea here is to keep the ball rolling, but in a manner that is beneficial to both shipper/receiver and hauler. Both have to look and see where fat can be trimmed by cutting costs and where profit expectations can be reduced without being detrimental to either company. The idea here is to work as a team with your customers to develop workable solutions.

The next step is to develop a specific value-added strategy to improve your customer service. Your willingness to go the extra distance to make sure your customers receive what they want and need is what keeps them coming back.

Working on creating higher value in your services will provide you with some much-needed insurance as business becomes tougher due to increasing costs and decreasing freight.

Here's a list of how to create value by exceeding your customers' expectations:

- Listen to what they are looking for in a trucking company.
- Ask them what they're not receiving from others; then provide it.
- Ask yourself what information or additional service would make the shipper's life easier.
- Help your customers cut costs without lowering your rates.
- Improve your communication with shippers, keeping them better informed about their shipments.
- Be aware of what services your competition is providing and do more.
- Make sure your customers can reach you or a person in your company on the first phone call.
- Create a raving fan in each customer by becoming his or her raving fan.
- Don't rest on your laurels; scout for innovative ways to improve your services.
- Survey your shippers on how the haul went and what improvements could be made.

These are just a few ideas on how to make 2008 a better year. Remember, you've got to look in your rear view mirrors to determine what risks to your business are gaining on you. Doing what you've always done and expecting different results is the fastest way to find a permanent place to park your trucks.

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