



Profitability

Welcome to Profitability, a new section in *Motortruck Fleet Executive* dedicated to providing fleet managers with the information they need to improve their fleet's financial performance during these difficult economic times

hard times, smart choices

Five Expert Tips to help get your business through the current crunch

By Dan Goodwill

During my 26 years in the transportation industry, I cannot recall a time when I have heard more moaning and groaning from carriers. There is no doubt that this is one of the most difficult times that the industry has ever faced. In fact, in a recent issue of sister publication *Truck News*, the president of the Ontario Trucking Alliance and CEO of the Canadian Trucking Alliance, David Bradley, encourages carriers to "think before you act."

In his article, Bradley comments on what he calls the "mind-boggling" rate cuts that some carriers are offering shippers which he attributes to "desperation," "a complete lack of business sense" and a "disregard for their obligations and/or people they share the road with." He highlights the fact that by taking these actions, they "are putting their businesses at great risk and many will not likely survive."

There are no easy answers to the challenges being faced by the industry. As Bradley points out, some of problems are structural (e.g. decline in the US economy, increased cost of fuel, American sub-prime housing crisis) and there is nothing any Canadian or American carrier can do about them.

However, as I speak with carriers in the industry, there are some things that they can do to help themselves. Here are some thoughts:

1. Hang on to your good sales people

There is no doubt that some sales people are more productive than others. Do you know who your good "hunters" are? Do you have the proper measurement systems in place to determine who is really working and who is really producing for your company? Does

your company's compensation program motivate them to produce? Is this the time to be cutting sales people when business is so soft and additional revenue is so important?

2. Add natural business extensions

Every trucking company that is still in business has some customers. What other business do these customers have? Can you obtain some day time cross-docking business? Can you handle some of the loads or shipments that don't move through on your equipment through a brokerage division? Can you partner with other carriers that will handle your overflow business or shipments in areas that don't work for you and provide you with shipments in lanes that don't work for them?

3. Get some help/try some new things

Some companies and people simply run out of ideas or courage or leadership. They sit there and fret about how bad things are. Get some help. Add some new blood. Shake things up. Many companies go stale. Ask your customers what they need and what they are not getting today. Find a way to provide this service for them.

4. Add value

Trying to compete solely on price is a recipe for disaster, particularly in this era. Don't give your customers a reason to switch. Provide added value, whether it is excellent customer service or very reliable on-time service. Yes, many shippers seem to be looking solely at price. Yes, some shippers are putting the same freight out for bid two or three times in a year. But many shippers do recognize the value of truly good carriers.

5. Don't assume other carriers don't know what they are doing

One of the laments I have heard throughout my career in this industry is that a trucking company's competitors don't know what they are doing. In fact, this is one of the arguments in Bradley's article. This may be true in some cases but it is often false. Some carriers are able to price low on some specific lanes because they have good paying head haul traffic. They need the backhaul and can price it lower than some other carriers. They have a different costing structure. They have a different customer base.

Are you sure your company's costing model is up to date? Can your company attract better-paying head haul freight? Are you applying the same costing model across all of your lines of business? Have you found the enemy and it is you or your costing model?

There is an old axiom that says, "Heaven helps those who help themselves." Are you and your company doing everything possible to help yourself?

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