

**By James Menzies**  
**CAMBRIDGE, Ont.** – Citing the age-old expression “If you’re failing to plan, you’re planning to fail,” Dan Goodwill, president of transportation consulting firm Dan Goodwill and Associates, laid out the steps to surviving the recession at a recent Driving for Profit seminar.

The seminar, hosted by NAL Insurance and KRTS Transportation Specialists and sponsored by SelecTrucks, focused on how to survive the recession and emerge ready to capitalize on the recovery. Goodwill and fellow transportation consultant Barry McKee described how to put together a seven-step plan to ensure success.

### Customers

“The first thing I suggest during recessionary times is that you’ve got to stay more connected to your customers than ever before,” advised Goodwill. “Many of your customers are going through very tough times – you want to know where they’re at and how that’s going to impact your business.”

Goodwill said a recession creates opportunities to become a core carrier for shippers that may currently rely on your company as a fringe provider.

“Here’s an opportunity to maybe move in for the kill,” he pointed out. “Your competitor may be making cutbacks and now’s an opportunity for you to pick up business you didn’t have before.”

Goodwill has a unique perspective on the industry, splitting his time between consulting with carriers and working with shippers in soliciting freight bids. When he’s sitting on the shipper’s side of the table, he said the carriers that act decisively are the ones that usually win the freight. Salespeople who need time to think about every decision are often dismissed, he admitted.

“In the year 2009, I don’t think that works anymore,” he said of salespeople who request more time to decide if they can meet a shipper’s requirements. “I think we’re living in a different era. You have to know what you’re able to do and you’ve got to be able to close deals and get the business.”

In many cases, Goodwill said shippers are willing to pay a premium for a quality, reliable carrier, so he urged fleet managers to resist the temptation to cut rates. “The shippers know who their good carriers are,” he said.

In a recession, Goodwill said it may be worth taking a look at using commissioned sales agents to develop new business and to build partnerships with companies that can fill holes in your own service offerings.

### Employees

During a recession, it’s critical to know who your top-performing employees are and to ensure they’re taken care of, said Goodwill.

“Make sure you think very carefully about how to keep key employees,” he said.

When hiring, target the best people for every position and of-

# 7 Steps to creating a survival plan

*‘Cause if you’re failing to plan, you’re planning to fail’*

fer them realistic goals so they can be successful, he added.

If job cuts are necessary, Goodwill warned against making decisions based on seniority or loyalty rather than performance.

“It’s not just about seniority, it’s about running your company,” he said. Goodwill also advised against cutting incentive pay. “Some people are very motivated by that, they base their livelihood on that,” he said. “Why take that away and bring them to the same level as your poor performers? Keep your top performers happy and motivated.”

### Capacity

McKee said that a recession makes it necessary to re-evaluate the size of your fleet and the equipment it’s comprised of. If you have 10 tractors and 15 trailers, do you have the flexibility to drop a trailer at a customer’s yard and still meet the rest of your obligations?

McKee suggested reconsidering the tractor to trailer ratio and ensuring it is ideal for current demand as well as future growth.

He also said carriers should consider dropping unnecessary operating authorities in a recession, if they aren’t being well-used.

“Those operating authorities cost money,” he pointed out. “If you’re not there often enough, do you really have to be there and

have that operating authority?”

Dropping an authority to run litigious states such as California or New York can also result in insurance savings, McKee added.

When evaluating capacity during a recession, McKee also said it’s important to weigh the pros and cons of parking vehicles.

“Every operator goes through this dilemma at least once a year,” he said. “Should I park some equipment because it costs money to run it? If I do park it, does it make sense to take the registration and insurance off? Maybe. But, if that happens and an opportunity presents itself because a competitor let somebody down, can you get there on time to seize that opportunity and get the business?”

### Costs

Review your PNL statements carefully and look for fixed costs that can be combined or eliminated, advised McKee. Can an accountant help with dispatch? Can the office manager take care of purchasing rather than having a dedicated purchasing agent?

McKee pointed out the federal budget each year is constructed from scratch through a process known as “zero-based budgeting.” Many companies simply take the previous year’s budget and alter the numbers slightly, but McKee warned that “going strictly on

what you did last year will inevitably cause you to be chasing up and down.”

The return on investment for any capital purchases should be carefully measured and suppliers should be consolidated when possible, he advised.

“Consolidate suppliers and look for cost concessions,” he said. “If you’re buying fuel from one supplier and grease from another supplier, it makes sense to talk to the fuel supplier and see if you can strike a better arrangement if you buy all fuel and lubes from the one supplier.”

McKee urged fleet managers to keep on top of receivables and improve collections.

“If accounts receivables are moving over to the 45- or 60-day column, be on top of it right away,” he said. McKee said fleets should minimize their exposure by closely monitoring their customers and following up with them promptly if a payment is missed.

“Stay on top of them,” he said. “If they make a commitment to pay on a certain day and they do not, follow up.”

### Measurement

Use dashboards to measure progress and focus on the critical few key performance indicators (KPIs) that mean the most to the business, suggested Goodwill. In his blog on Trucknews.com, Goodwill said “the short list probably includes employee productivity, sales performance, contribution management, capacity utilization and cash flow management.”

### Accountability

Everybody in the company should have clear objectives and KPIs, according to Goodwill.

“To stay on track, you have to monitor your results,” he said.

Weekly conference calls with all staff involved in operations should be conducted and everyone should be held accountable for meeting their KPIs.

### Results

Finally, make sure the plan is delivering the results it was intended to achieve, noted Goodwill. If the results are lacking, determine if it’s the plan that’s flawed or the people behind it.

“If the plan is not achieving the results you want, is it the people or the plan? Figure out what the problem is and then deal with it,” he suggested. “If the plan is not right, go back and fix it. And if it’s the people side of it, you’ve got to deal with those people issues quickly and effectively.”

Eliminate the “whiners,” advised Goodwill, and send the message that as a leader you’re totally committed to the plan. □

– Goodwill and McKee will be presenting on this and other topics on surviving in difficult times during a transportation workshop sponsored by Motortruck Fleet Executive in Toronto on Apr. 15. To view the complete agenda and to register, visit: [www.trucknews.com/workshop/default.asp](http://www.trucknews.com/workshop/default.asp).

