



Ten Strategies for Successful Trucking Companies

Trucking companies are in business to make money, but this can be difficult in a struggling economy. While increasing revenue helps your ledger's top line, it may not bring greater profits if operating expenses are not kept under control.

Here are ten strategies for controlling costs and improving your bottom line:

1. Prevent Losses

Losses can come in many forms: vehicle collisions, employee injuries, roadside inspections, regulatory fines, etc. These losses result in increased expenses, decreased revenue, or both.

One way to prevent losses and improve your bottom line is to integrate safety into every aspect of your operations. From hiring the right people and conducting regular shop inspections to managing Safety Measurement System (SMS) results and reporting claims promptly, safety should not be what you do, but rather how you do it.

2. Save on Fuel

The high price of fuel continues to be one of the top issues facing the trucking industry. Speeding aggravates the issue and costs motor carriers dearly. However, there are some strategies that can be used to control fuel costs:

- Use cruise control when appropriate to maintain a constant speed and avoid quick accelerations.
- Create less drag on the truck by keeping the height of the cargo lower.
- Reduce idle time by avoiding traffic congestion, and utilize truck stops that offer idle reduction systems.

3. Reduce Employee Turnover

Frequent employee turnover creates many costs such as recruiting new employees, lost productivity, training costs for replacement workers, and background checks for new applicants. Some ideas to consider in this area include:

- Select the right people. Hire qualified candidates who fit company expectations.
- Base raises on measurable performance.
- Involve employees in decisions that affect their jobs.

4. Make Daily Deposits

If receivables come in daily, deposit them as soon as you get them to help reduce the risk of lost, misplaced, or misappropriated funds. This also allows you to take advantage of the short-term interest on your deposits. Talk to your bank first to see if they'll reduce fees to attract your higher volume of deposits.

5. Provide Insurance Allowances

Not all small businesses can offer health insurance, but you can offer extra money to employees to help offset their insurance costs. It will save you money, provide a benefit to the employee, and boost morale.

6. Rent Extra Space

Many small fleets operate out of the owner's home, but if you've outgrown your current location, consider buying a building with extra room that can be leased out to others. Collecting rent will help cover the costs of your space and build equity in your assets.

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7. Improve Collections

Don't wait for a bill to be past due. Call your customer a week after sending the bill and required documents to ensure the customer has received them. If possible, send the documents electronically to better track if they have been received.

8. Reduce Fixed Expenses

Fixed expenses are a fact of life. There are some expenses that must be paid every month; examples are mortgages, cell phone bills, internet service, lease payments, etc. It is important to research every fixed expense to ensure your company is getting the best rate possible. This may mean switching providers of some services, but the investment will be well worth it in the long haul.

It should be noted, however, maintenance costs are one area in which expenses should never be considered for cost saving measures. Short-term fixes may lead to negative long-term consequences.

9. Cut the Cost of Office Supplies

Start by centralizing the purchase and location of office supplies. This will improve inventory control and reduce redundant purchases. Next, go through your past invoices and highlight the office supplies that you spend the most money on. If these are the items you always need to have on hand, shop around for the best prices. Online and mail-order companies may be cheaper than local office supply stores.

Questions to ask online/mail-order suppliers:

- Who pays the freight charges?
- What is the minimum order allowed?
- Do they have an 800 number to place orders?
- Who pays the return freight if there are problems?

10. Shop Around for Better Banking

Are you paying too much with your current banker? Banks try to recover their costs by continually adding fees. Perhaps it is time to shop around for better terms and conditions, just as you would do with other suppliers.

Note: These lists are not intended to be all-inclusive.

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