Owner-Operator's Business Association of Canada
Association professionnelle des routiers autonomes du Canada

…from the director's chair

The six-point plan to achieving success

For better or worse, there are fewer owner/operators with us today than just a few years ago. The recession claimed its share of poorly capitalized independents.

Regulatory pressures pushed many others over the cliff, while credit troubles and high operating costs took care of a bunch more. But if you think the recent cull is going to make it easier for those left standing, you had better think again.

It's tougher than ever for single-truck operators to stay in business, which means if you hope to survive you have to be better than just good. And you have to choose your carrier partner more carefully than ever. There are a growing number of carriers who are beginning to realize that the business-as-usual mindset just isn't going to cut it anymore, and they're struggling to adapt to the so-called "new normal" for trucking: slower and steadier economic growth, greater emphasis on cost reduction, demand for greater productivity, and a continued emphasis on safety.

If the winds of change are blowing in a new breed of carrier, it's more important than ever that owner/operators are up to the challenge and ready to bring their best business practices to the table.

When I ask the most successful owner/operators I know what those best practices are, these are six that top the list:

Know your costs

This is fundamental to running a successful business. Gone are the days when you could wing it, when it comes to knowing the real cost of keeping your truck on the road, paying yourself a decent wage, and ending the year in the black. Well-run businesses should operate at a profit, and that begins with knowing and doing everything possible to control and manage costs.

Lower costs translate into higher profit margins; charge enough to cover your costs and to earn a profit on each load.

There's no such thing as a backhaul rate, so don't haul freight that doesn't pay what you need.

That said, make sure your costs are realistic. Nobody's going to pay more to compensate for inefficiencies like poor fuel economy.

Don't haul cheap freight

Run your truck like a business, with profitability and sustainability as your goals.

Make a business plan and stick to it; just make sure you've built in the flexibility to make the oft-required mid-course corrections and adjustments. But go only so far – rate cuts and clawbacks of fuel surcharges, for example, are not in the plan, especially today.

If the shipper or your carrier partner isn't prepared to pay, you have to be prepared to walk away.

But remember, it's only when you know your costs that you'll know for sure what freight is too cheap to haul.

Get it in writing

You'd be surprised how many calls I get every month from owner/operators at the apparent tail-end of their relationships with carriers. The calls usually go something like, "Is it legal for the carrier to deduct damage to a trailer from my statement even if I didn't cause the damage?" or, "Can the carrier reduce the rate I was getting when I hired on?" Always, my first question is, "What does it say in your contract?"

All too often owner/operators get burned for agreeing to work under terms and conditions of contracts they either do not understand or have never read.

A good contract is one of your key business tools. The terms of the business relationship should always be spelled out in the contract, whether it's with a shipper or a carrier.

Outside of a contract, there are no laws protecting you from unscrupulous business associates, so don't leave anything to chance in terms of unplanned changes or impromptu deductions from a settlement. Owner/ops don't have the same rights under labour law that company drivers have, so make sure the contract covers all the bases and protects your interests too.

Run compliant

It's safer, cheaper, and less stressful in the long run. And with HoS in particular, it just doesn't make sense to keep reinforcing the reprehensible habit of giving away your time.

Joanne Ritchie: OBAC executive director

And that's exactly what you're doing every time you adjust your logbook to compensate for screw-ups or poor planning.

You can't complain about unpaid delays at the same time you're hiding the hours. It's only when those hours gets logged where they should that carriers and their customers will have no choice but to ante up. Smart drivers take advantage of electronic logs and EOBRs and make them work to their advantage. 'Nuf said.

Know the sector you work in

There's freight out there paying two, three bucks a mile, sometimes as high as five bucks or better, if you know where to find it. The real pros know the markets they work in and they follow the good-paying freight.

Say you're heading west with your flatbed. Is the freight moving in the other direction scarce or really low-paying? If so, your outbound rate had better be sufficient to cover the empty miles back to greener pastures. All that comes from knowing and understanding the sector you work in. Watch, listen, read – keeping on top of things is a continuous learning process.

Look before you leap

You've got to know when it's time to move on. There's lots of freight to move, and there are lots of good carriers out there moving it. Compare apples with apples when you're looking at carrier operations and pay packages. Interview them with a list of questions that will help you make an informed choice – and don't sign on until you have the answers you need.

We can debate the definition of 'good' and 'bad' when we're talking about carriers and owner/operators, but 'bad' in my books certainly includes those who don't take the business part of trucking seriously enough. So set your standards high, aim for success, and don't settle for less.

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