

Special Edition Fear and Depression

Over the last several weeks, I've received numerous telephone calls from trucking companies indicating that;

- The economy doesn't appear to be getting any better.
- There's still a tremendous lack of freight, and;
- Shippers are continuing to reduce rates and demand longer payment terms.

Many of these customers are questioning; what can they do? Over the course of my newsletters, I've stressed that;

- These are very difficult times.
- The trucking industry is in the proverbial toilet.
- We have the highest trade deficit in US history.
- China and India are rebounding quicker than the US, and;
- Unemployment is rising.

These are very depressing statistics, but what they do tell us is; we're in for a long period of financial turmoil. This doesn't mean that it's the end of the world, but what it does mean is that we need to become creative. We need to "think out of the box" and need to start changing the way in which we operate our business.

In many of my news articles, I've indicated that if you fail to plan, you plan to fail. There is always a solution to a problem, but;

- You have to have a plan.
- You have to have the desire, and;
- You can never give up!

I've received numerous telephone calls from clients indicating that when they go home at night, they're detached from their wife and kids;

- They don't want to go to the office in the morning.
- Even if they get away, there is a fear of the unknown that takes all the fun out of life, and;
- The things that they cannot find, is the thing that they need the most; relief!

For many trucking/logistics companies, a major problem is;

- Lack of freight!

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Fear and Depression



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- Also, shippers are dictating that we have to haul freight at an operating loss, and;
- Shippers are demanding longer payment cycles.

This is a huge problem, but there are solutions. However, you have to be “open minded”;

- People don't like change.
- They are afraid of losing control of their business.
- They don't want to do this.
- They don't want to do that.

The reality of the situation is;

1. **If you're not making money, you've already lost control.**
2. **There is safety in numbers, and;**
3. **You need to become part of a larger organization, to get through this financial turmoil.**

This does not mean that;

- You have to sell.
- The worst time to sell is when your back is “up against the wall”.

I've discussed Partnership Programs and I've explained how a partnership program can assist in cash flowing a business. If a partnership program is structured properly;

- **You will improve** your cash flow.
- **You will reduce** some of your empty miles.
- **You can adjust** to the marketplace much quicker.
- **The partner will advance** you on your receivables, the day of dispatch.
- **The partner will provide** the auto liability and cargo liability insurance, and in some instances, workers compensation insurance.
- **The partner will provide** fuel cards.
- **Customer credit checks,** and if the credit is approved on your customer and the customer doesn't pay, they quota share the loss.
- **They can provide** additional truck capacity so that you can cross sell your customer base.

In other words, if you're a flatbed carrier, you can offer van/refrigerated/intermodal services to your clients.

Additionally, they have sales people and agents throughout the United States that can help you load your empty trucks. In all instances;

- You do not lose control of your company, but;
- **You can outsource many of the things that are causing you problems.**

I also mentioned Professional Employer Organizations. In today's economic climate, trucking companies are looking for ways to reduce their operating cost and a properly administered PEO is a way for small to medium size trucking companies to survive.

There is a tremendous push for health insurance; if it is approved, it will impact all businesses:

- It doesn't make any difference what your political reference is;
- Somebody has to pay for that insurance cost.
- **If you're part of a large Professional Employer Organization;**
- They have group purchasing of medical coverage.
- They have 401K programs.
- Pension and profit sharing plans, and;
- **Even if you don't participate in the payments, the PEO can still offer benefits to your employees at discounted rates.**

This will allow your company to:

- **Focus on your business.**
- **A PEO is legally the W2 employer.**
- **You can still hire and fire whoever you want, but you have another party to insulate you from regulatory actions.** This does not mean that they become fully responsible for those actions, but it does mean that you have a third party that can assist you in diminishing your exposures.

A Professional Employer Organization frees your company from internal cost; the expense of processing payroll and benefits; it allows you to hire and retain high quality employees by offering benefits comparable to those of much larger companies. Additionally;

- You have a free source for tracking the local, state and national regulatory compliance requirements.
- You have access to your own human resource advisors, to assist in recruiting and terminating procedures, loss control, risk management, drug and alcohol problems, overall employee policy issues procedure and training of employees.

This in itself is such a large and intangible value. In one of my newsletters, I indicated that;

- Unemployment is on the rise.
- With higher unemployment, claims, more claims will be filed for unfair labor and gender discrimination.
- **What a better way to have access to top professional advice, than to be part of a PEO because their advice is included in your overall administrative cost.**

The PEO also assures compliance with ERISA, COBRA and OSHA and whatever regulatory burdens are enacted at state and federal levels.

In reference to claims audits, the PEO handles unemployment compensation claims, workers compensation claims, state department of labor claims, federal wage and hour claims, unfair labor practice claims, discrimination claims, IRS payroll audits, state department of revenue audits, department of employment security audits, wrongful termination action, employee regulatory compliance audits, and they keep you up to date. **They also;**

- Calculate wages and payroll deductions.
- They process the payroll and wage garnishments.
- They issue the payroll checks.
- They prepare and file all of your payroll tax reports.
- They prepare the year end W2 forms.

- They handle employee firings.

In economic climates, such as today, you want to outsource as much of your “noncore” business as possible. I also discussed a software program that Ahern has developed;

- Its state of the art.
- It’s very inexpensive, but;
- **It will track all of your cost based upon your own operating expenses.**
- Every time you dispatch a truck;
- For every customer;
- **You’re going to know whether you made a profit or not on that specific load/dispatch.**

All of the above tools are critical for a company to survive. Shippers are going to continue to “pound” our industry. Shippers are going to continue to take advantage of trucking for as long as they can. **We all know that, at some point in time, the market is going to shift.**

Additionally, several months ago, I offered a free, 30 minute consultation service celebrating our 22nd year in business. I indicated that;

- If you were interested in buying a company, selling a company, or you had operational problems, you could contact me and I would provide you with options for consideration.

I also “touched” on the financial restructuring of companies that are not servicing their cash debt;

- There are ways to alleviate the financial pressure you are dealing with.
- There are ways to restore a company to profitability, but;
- The changes require very difficult decisions to be made.

My point; this is a very difficult time for trucking. It’s an economic climate that’s continually changing. It’s a market that dictates that you must change to survive.

In closing, if you can’t sleep at night, you’re stressed out, you can’t cash flow your company, your shippers aren’t paying you on time, you can’t find freight to support your business, your insurance is coming up for renewal and there is no money for insurance deposits; if you’re behind on your equipment payments or your employees are not performing, or your receivables are factored and the advance rate is too low, or you’re simply overwhelmed, we can help you!

My grandfather had an old saying that went something like this; “if you really want to do something, you will find a way; if you don’t, you will find an excuse”. For most of us, our businesses are our livelihood and our retirement account. Don’t let your pride get in the way. If you need help, reach out. **If things aren’t working, try new methods.** If you’re not happy going to the office, change the environment.

It’s important to understand that;

- You can’t complain about the conditions of the economy because the conditions of the economy are what they are.
- **You can’t bury your head in the sand and refuse to recognize that we have challenges, and;**
- You have to recognize that the United States is the greatest country in the world, but we’re going through a very difficult time and only the strong will survive.

We all have the ability to be strong, we just have to have the ability to know when we’ve reached our limitations and need help.

QUOTE OF THE WEEK: “The real source of wealth is the human mind; the human spirit, the human imagination and our faith in the future”.