

Editorial

Freight Broker Failures Sky Rocket

Recently, in the September 21, 2009 issue of Transport Topics, the front page headlines – Broker Failures Sky Rocket:

- Freight broker failures have sky rocketed at least 74% in the past 12 months.
- Freight brokers are being caught in a financial squeeze between slower paying shippers and carriers who want to be paid promptly for hauling freight;
- With the recession forcing shippers to stretch payment terms beyond the typical 30 days;
- 66 freight brokers have gone bankrupt, since September of 2008, compared with 38 in the 12 months before that.

According to the Chief Executive Officer of Trans Credit, he indicates that;

- 682 third party businesses failed between July 2006 and July 2009.
- Many small operators fade away, instead of bothering to file for bankruptcy.
- The primary reason for these failures is the inability to cash flow the business due to the current recession problems.

Approximately two months ago, I discussed, in my newsletter partnership programs. I indicated that;

- The trucking market was getting worse.
- Cash flow constraints were going to affect non-asset based businesses, as well as asset based businesses, and;
- Ahern recommended several programs that could assist carriers and freight brokers through this difficult time.

In fact, on June 22, 2009, Ahern issued a specific “E-Blast” indicating;

- Are you a freight broker looking to jump start your business?
- Are your shippers extending their payment terms, which directly affect your cash flow?
- Are you having problems paying your carriers because of the aging of your receivables?
- Would you like to stay in business, become part of a larger organization, still own 100% of your business and improve your cash flow?

The answer; Ahern can help!

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Additionally, on April 3, 2009, Ahern wrote an article on partnership programs and the advantages they provide. Due to the recent staggering statistics from Transport Topics, I felt it appropriate to, once again, reach out to asset based and non-asset based carriers and discussed the various programs that are available to companies.

Ahern has developed programs that we call “partnership programs”, which provide:

- Advance on receivables – the day of dispatch.
- Receivable financing, including customer credit checks.
- **Once credit is approved, on your customers, if that customer doesn't pay or files a Chapter 11 reorganization, the partner will absorb 50% - 100% of the loss.**
- The partner provides additional truck capacity to service your clients, and;
- **Provides access to better paying freight and backhauls, plus the ability to cross sell your existing customer base.**

If you're an asset based carrier, a partnership program can extend the benefits to include:

- Automobile liability insurance.
- Cargo legal liability insurance.
- Workers compensation insurance (optional).
- Fuel cards.
- DOT log audits.
- **All of the above is included in the weekly servicing fee/settlement.**

This coupled with the fact that:

- The partner provides advances on fuel cards, and/or;
- The partner will load your master COMdata card, which provides additional cash flow.

The reality of the trucking industry is;

- It's getting worse, it's not getting better.
- **Shippers are extending their payment terms for longer periods of time.**
- Freight rates continue to decrease.
- Freight brokers profit margins are dwindling, and;
- Asset based carriers profit margins are dwindling as well.

Ahern's partnership programs allow a broker, and/or an asset based company to:

- Expand their brokerage operations.
- Access to 7,000 – 14,000 carriers in the partners system.
- Provides an extensive network of customers, as well as a staff of professionals that can assist in cross selling your business.
- Sales representatives and agents located throughout the United States that can be utilized to load empty trucks, and;
- Assistance with DOT log audits and assistance in reducing your overall operating expenses.

If you're like many freight brokers, and/or trucking companies that are struggling or are on the verge of going out of business, a partnership program can:

- **Increase** your cash flow.
- **Decrease** your operating expenses.
- **Allow you** to retain your own identity, but at the same time:
- **Allow you** to focus on improving your business.

For additional information, please contact:

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These are difficult times; look at all opportunities!

QUOTE OF THE WEEK

“Ignorance is not bliss; it is the failure to respond in a positive manner”