

Staying in Business

Here are some hints to help you stay in business once you've got going.

Customer service

Make sure you keep an eye on the level of service you give to your customers. As an owner-driver and business person, you are the one who is responsible for keeping your customers happy and making sure they keep doing business with you.

If you don't know what to do, there's plenty of advice available through the internet, or in books. Here are eight tips from just one website:

Tips for good customer service

1. Answer your phone.
2. Don't make promises unless you will keep them.
3. Listen to your customers.
4. Deal with complaints.
5. Be helpful – even if there's no immediate profit in it.
6. Train your staff (if you have any) to be ALWAYS helpful, courteous and knowledgeable.
7. Take the extra step.
8. Throw in something extra.

Reducing running costs

Reduce downtime and service costs

One way to prevent costly breakdowns is to make sure that proper routine services are carried out on your truck. By sticking to a strict preventative maintenance program, you can minimise breakdowns.

An extended warranty can reduce the risk of costly repairs outside the base warranty coverage. It's something to consider if you want more certainty in calculating the likely cost of repairs.

Tyres represent anywhere between 15% and 20% of the overall cost of maintaining a truck, so tyre maintenance is crucial to keeping costs down. Ensuring that tyres are properly inflated will reduce tread wear and increase overall tyre life, and this will help lower your operating costs. Under-inflation causes excessive tyre flexing and deflection that increases rolling resistance and increases fuel consumption.

Don't forget that tyre rotation, as part of your regular preventative maintenance, will extend tyre life.

Outsourcing your maintenance program

Preventative maintenance can be costly but you'll save in the long run by having fewer breakdowns, which cost you not only in repairs but also in lost work and possibly towing.

You'll need to decide the best way to run your truck maintenance program – how much you'll do yourself, and how much you'll put in someone else's hands. If you decide to get someone else to do it, there are a number of options.

- Your daily inspection should be part of your preventative maintenance schedule. Look for problems before they become serious. Common problems include brake adjustments and re-linings, wheel bearing replacements, seal leaks, loose bolts, chafed wires and hoses, improper adjustments and worn, broken or missing parts. Even if you're not a mechanic, become familiar with your truck's mechanical operations and how different systems interact. The manufacturer of your truck can provide you with helpful information, as can oil companies and component manufacturers and industry associations.

- Keep good records. Whatever maintenance program you have, it pays to keep good records of what work is carried out and how much it costs. With accurate figures, you'll be able to keep tabs on the average kilometres per litre you're getting, what it's costing to maintain your truck on a per kilometre basis, how many kilometres you get for a litre of oil and so on. Make a note of when future work is due – things like oil changes, major inspections, coolant-system services and so on. And when you're recording your costs, don't forget to record out-of-pocket expenses when you lose time because of repairs. Record taxi fares, meals, motel stays and so on.
- Buy a maintenance contract with your new truck and pay a fixed rate per kilometre. This has the advantage of evening out service costs over, say, a five-year period rather than having them continually increase until replacement time.

More fuel economies

This guide's chapter on choosing a truck contains some information on the effects of aerodynamics and speed on fuel economy. Here are some more tips:

- Look at how you buy – can you consolidate your purchases somehow, form a cooperative to get a discount, and use a fuel card that provides other benefits? Long-range tanks will help you control where you buy fuel.
- Use the internet to find the least expensive fuel prices along your route.
- Plan your routes to reduce dead kilometres. An electronic navigation system might help.
- Decrease stress and strain on your engine by using good driving techniques and habits. Look at excess idling, how you accelerate, how you maintain speed and whether you can eliminate non-essential stops.

Replacing your truck

To help keep your cash flow and operating costs predictable, it's a good strategy to trade in your truck for a new one on a regular basis – somewhere between every five and seven years depending on the business you are in. And you can reduce your operating costs as well.

Employing another driver

If you want to buy a second vehicle, you'll need to do the same sort of sums as you have for the first one – at least for revenue, equipment and operating costs. But there will be extra costs involved. Even if you want to hire a team driver to help you utilise your current vehicle more fully, you'll be paying out more than just wages.

Here are some costs you'll need to consider:

- **Recruitment costs**

Unless you already have someone in mind, you may have to pay for advertising. And then you'll have to interview the applicants and, for short-listed candidates, conduct background checks, driving tests and medical tests. If you don't do this yourself, you'll have to pay an employment agency to do it for you.

- **Orientation**

Once you've hired the driver, he or she will need some orientation time – to become familiar with your policies and procedures, including vehicle services and daily routines, and perhaps team driving.

- **Training**

A new driver may need training – defensive driving, in-cab training on the street, on-road courses and WA Heavy Vehicle Accreditation training. If you do the training yourself, your time off the road will need to be costed. Or you could pay someone else for training.

- **Administration**

There's a cost involved in the time it will take you to file all the appropriate paperwork for a new driver – insurance, tax forms, workers' compensation etc.

- **Lost time**

You'll need to calculate revenue lost while your vehicle is idle.

- **Ongoing costs**

Your ongoing expenses will also increase. As well as wages, superannuation contributions, workers' compensation insurance and provision for long service leave, you'll have extra administration costs in keeping up with your legal obligations as an employer. Again, if you don't want to keep all the records required and file all the paperwork with the Australian Taxation Office and others, you'll have to pay someone else to do it.

- **Legal obligations**

Make sure you know what your legal obligations are as an employer, especially the minimum conditions you need to provide for your employees. Information is available from industry organisations like the Transport Workers Union as well as from government agencies.

Obligations you need to assess include workers' compensation, superannuation and various types of insurance.

You need to be aware that if you use a sub-contractor to drive for you, you may find yourself in the position of an employer if that person is not set up as a proprietary limited company. And that means the person who employs them will have to pay workers' compensation insurance and superannuation. You should get advice on this and be aware of the legal ramifications.

Some other strategies

Backup resources

You might want to think about access to a backup truck for when your vehicle is off the road for a major service or repairs. Knowing someone who's willing to work as a backup driver will also mean that you don't forego revenue when you're unable to work.

Emergency plan

It's a good idea to have emergency plans ready so that you're ready to act quickly if something goes wrong.

1. Make a list of the major things that could happen – eg a major breakdown or accident; you get too sick to drive your truck yourself; or your major customer goes into bankruptcy.
2. For each of the emergencies in list 1, list the things that you'll need to do straight away if that emergency happens – eg in the case of a major breakdown, you'll need to contact your customers, a tow truck and maybe your contractor. Keep these contact numbers in your truck.
3. List the things that you need to do next, once the immediate situation is under control – eg in the case of a major breakdown, you'll need to negotiate with repairers, contact your insurance company, make sure any loads you are carrying get to their destination, make alternative arrangements for your other bookings etc. Get together all the information you'll need, so that it's ready when you need it.
4. Include actions you'll need to take to keep your business going while you sort things out. Even if you have insurance for most of the emergencies you can think of, you should also build up an emergency fund that you can use to keep you, your family and your business going. As well as money, you may need to have an arrangement with someone who can drive your truck for you, for example, or an agreement with someone who will be able to look after your customers on a temporary basis.

Don't be caught short. Being able to react quickly in an emergency might keep you and your business from going under.