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Trucking Industry Hurting In 2016 – Do You Feel It?

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2016 looks like it is going to be a tough year for freight and those that move it. This will be especially true if the US economy falls into recession as many economists now expect.

If you are reading this, your job probably relies on you or your customers shipping things; whether it be truckload, less than truckload, or parcel shipments. Less shipping means less revenue which leads to less pay or even the loss of your job; or worse, your assets.

Currently, the only positive for the trucking and logistics industry is that oil prices continue to fall. In early January, 2016 oil fell to \$33 per barrel. That is the lowest price in 14 years. But, falling oil prices only help if people are consuming, manufacturers are manufacturing and freight is shipping. If the trucks aren't loading and their wheels aren't turning, it doesn't matter if oil is \$0 per barrel.

Most industry participants are telling us that it is time to batten down the hatches and prepare to weather the storm. So, what can freight brokers, trucking companies and freight shippers do? Here are 5 best practices to start today so you are sure to be left standing to see 2017 and beyond.

- **Look At EVERY Expense Line In Your Accounting System:** You can probably save 5% to 15% from your annual expenses just by cutting out things you've forgotten about or no longer need. You will see recurring charges on credit cards for services that are no longer needed and items that you can do without. This takes as little as an hour and can save thousands.
- **Switch Vendors And Service Providers:** I guarantee that you are using systems and services that you can switch to another provider for less money. You just need to look at your systems and decide if cheaper systems and services exist today that do the same thing.
- **Put Staff Pay On A "Performance" Plan:** By linking pay to company performance, your staff gets paid more when business is up. When business is down, they get paid less (or they will work harder for you to maintain their pay). Most companies pay their staff a standard salary or on an hourly scale, so if business goes down it eats into your profits.

- **Convert Assets To Cash**: Look around you. What are you not using? Do you have old office equipment, PC's, printers, trucks, trailers? Are they collecting dust? Well, sell them and convert them to cash today because they will be worth less next year anyway. You can even sell office equipment to your staff or family members with the double benefit of extra cash in the bank and happy employees that got a good deal.
- **Outsource As Much As You can**: Today you can outsource almost everything, which reduces costs and increases cash flow. Here are some of the items that are "no-brainers" to consider and some leading providers that can help;
 - *Hardware systems* (try "Geek Squad" or a local PC repair store)
 - *TMS software systems* (AscendTMS - www.TheFreeTMS.com)
 - *Payroll* (ADP or Paychex)
 - *HR* (try a local PEO Company)
 - *Insurance* (use one agent that handles all lines of coverage)
 - *Carrier or driver qualification* (try JJ Keller)
 - *Accounting* (outsource it all to a good factoring company)
 - *Accounting software* (try QuickBooks Online)

Unless you are truly big and you are using 100% of your internal resources for each function, it just makes more sense to outsource it. The right outsource partner will do a better job than you and they will do it for less money. A true win-win.

The above practices could cut 25% from your annual expenses. That is \$25,000 in savings for every \$100,000 you spend each year running your company. It will also increase your cash-flow and cash-on-hand. Better still, I have never (ever) seen a company not save money when going through this exercise. It takes just a few hours and it will put *guaranteed* money into your pocket with minimal effort.

Tim Higham is the CEO of InMotion Global, Inc., developer of AscendTMS (www.TheFreeTMS.com), the world's only free transportation management system (freight broker software, trucking software, and shipping software).