

## Choosing a Trucking Company: Shortest Route!



BY ROBERT D. SCHEPER

Choosing a company to place a truck on has too often been determined over a cup of coffee. Sometimes a major deciding factor being that the operator's buddy just bought a new bass boat, so if his buddy can afford it he **MUST** be raking it in. In the last several decades this business decision has been left too much to non-scientific formats.

This is where a good consultant comes in, one that understands the industry and asks the questions that are critical to

charting your financial probability. You need to ask the same two dozen questions from each of the companies you are trying to compare. However, if their contracts vary significantly, a detailed comparison may only provide you a 60% accuracy rating (some similar contracts may be as high as 85%). It's not an exact science but 60% of an answer is better than a cup of coffee and a bass boat.

One complication to the science is not being able to compare contracts as apples to apples. There are too many variables that make it tricky, not impossible, but tricky. An example of a tricky variable is the different measurements in pay structure, specifically shortest route to practical. Depending on the loops you would travel these two settings

can cause a difference somewhere between zero and seven percent! That's translated into \$0 to \$1200+ per month.

Not many companies pay shortest route any more. From 1996 to 2008 the number of companies dropped from 8-12% down to 4-6%. Why did they drop? You are the reason, you and your five friends. More and more operators refused to drive for a company that paid shortest route. Good for you! Simple supply and demand forced company owners to change their policy. Unfortunately it took twelve years to muscle an industry standard. One can only assume that operators who "partner" with the remaining companies **CAN'T** drive at any of the "standard" companies. We may just see them, and their "partners" be dis-

solved by CSA 2010. We can only hope.

In my research, companies that pay shortest route have the highest probability of shorting operators in all other areas as well, 2009 was the worst year on record. On my desk I have a stack of examples from companies that mitigated their own losses straight from the pockets of their operators. If all you can drive for is a company that pays shortest route, maybe you should consider another career.

However, not driving for a shortest route company doesn't actually solve the entire apples to apples problem. There must be a hundred ways to skin an operator. Shortest route is just one. Maybe as a compliment to CSA 2010 you and your five friends can expose some of the business atrocities they

experienced during the 2009 black hole.

Robert D. Scheper operates an accounting and consulting firm in Steinbach, Manitoba. He has a Masters Degree in Business Administration and is the author of the Book

"Making Your Miles Count: taxes, taxes, taxes" (now available on CD). You can find him at [www.thrconsulting.ca](http://www.thrconsulting.ca) and [thrconsulting.blogspot.com](http://thrconsulting.blogspot.com) or at 877.987.9787. You can e-mail him at [robert@thrconsulting.ca](mailto:robert@thrconsulting.ca). ■

