Is spoon-feeding owner-operators the best approach to a successful partnership?

JOANNE RITCHIE

The Owner-Operator's Business Association of Canada is about two things: bringing the owner-operator's voice to as many of the right tables as we can and helping owner-operators help themselves. It's that second point that is bothering me: how can OBAC foster better, smarter owner-operators when some carriers insulate them from the real world?

Recently, I spoke with one of our members who runs a small fleet of four trucks. For all intents and purposes, he's an owner-operator himself, but he struggles with the same issues his much larger counterparts face. Among them is the issue of recruiting.

He fronts his owner-operators' start-up costs, including plates and insurance – much like the larger carriers do. He carries their fuel bills in a couple of cases, and advances them a sizeable percentage of the revenue on the loads – because that's what owner-ops seem to expect. He can't get his new-hires to understand they need to be able to support themselves for a time after they start working.

In many carrier/owner-op relationships, all the start-up costs are borne by the carrier, thereby hiding the obvious from the contractors. They never see the real cost of doing business, and it comes as quite a shock to many of them, my friend says. Imagine that.

After years of working for large carriers, being spoon-fed loads, being protected from fuel price hikes through capped fuel prices, and getting all the advances they ever need, how could any owner-op be expected to understand the true cost of doing business?

I'm not suggesting it's wrong for a carrier to help the owner-op out at start-up, but is isolating them completely from the real costs doing them any favors in the long run?

Take fuel, for example. It's very much to the carrier's advantage to keep the owner-op safe and secure from the big bad world of huge swings in fuel costs by capping the price, but what does that do to encourage fuel-efficient operation? Where's the incentive to improve fuel mileage when the stuff is priced artificially low to begin with?

In the shadow of the Ontario Trucking Association's call for speed limiters on trucks, it seems to me that a better way of convincing owner-ops to slow down might be to let them experience the real impact of 80-cent/litre fuel. Promote the business-savvy practice of driving for dollars and help them see the advantage of a realistic surcharge applied to a fuel-efficient operation.

My small-fleet friend says he pays about $1,400 per month per truck for insurance. A large, well-managed fleet could do considerably better than that, I'm sure, but when the price is hidden in a just-enough-to-get-by-on rate, again, the owner-op is isolated from the real-world cost of trucking.

My friend pays a percentage of the gross to the owner-ops, which on paper, is enough to make a tidy living. Problem is, few owner-ops can get past the initial start-up to benefit from the advantages of a percentage-based pay system.

If only, he says, they understood the cost of doing business and went into it with their eyes wide open they'd all be making a lot more money than they do now. Smarter owner-ops who make enough money to cover their wages, maintenance, and other expenses – as well as a modest profit – are likely to stay in business a whole lot longer than those who find getting in a lot easier than staying in.

Sadly, as long as owner-ops remain dependent on carriers who keep them in the dark and smooth out all the bumps along the way, there's little need to grow into smarter business operators. And that has to hurt the big fleets in the long run every bit as much as my small-fleet member. H

Joanne Ritchie is Executive Director of OBAC, an innovative, responsive, and results-oriented organization, dedicated to improving owner-operators' prospects for success through education, advocacy, and communication. E-mail her at jritchie@obac.ca or call toll free 888-794-9990.