Owner-Operator's Business Association of Canada
Association professionnelle des routiers autonomes du Canada

...from the director's chair

Finding the right fit (Part 2)

Joanne Ritchie: OBAC executive director

Last month's column began with the most FAQ I get: Do you know any good carriers? There are good carriers out there – opportunities to make decent money with a safe and amicable company – but you have to wade through the unsuitable carriers by asking the right questions. There's no definition of "good" except as it applies to your needs. You have to know what you're looking for so you can ask the right questions.

I suggested you first do a little soul-searching to identify what you want in a work and business relationship – money aside – and match up the carrier's type of service with your preferences. Even if the money is great, if you don't like the work, you won't last long. Once you've established what you want, and found a few carriers that fit the bill, it's time to start interviewing. Owner/ops should begin by asking for a copy of the contract or lease agreement. If the answer is no, the interview is over. Drivers can ask to have a look at the company's policy and procedures manual to make sure you know the company's rules up front.

Then, the money. Although there is a growing awareness that we're overdue for a serious discussion about the way drivers are compensated, most carriers still pay by the mile. Mileage promises have to be realistic today with increased scrutiny and electronic logs. You're probably not going to get, consistently, 3,000 miles a week anymore, and anyone who tells you different is blowing smoke.

Electronic logs will undoubtedly reduce productivity, especially in multi-drop applications. Beware of overly optimistic mileage projections at carriers with ELDs.

Owner/operators may need to probe a bit deeper to get a handle on their potential revenue: what was the carrier's average payout to owner-ops last year, or last month? The carrier should be willing to show you a current owner-op's pay statement – with the identity of the owner/op concealed, of course, to protect privacy.

You should ask next about the opportunities to earn extra revenue. What are the rates for loading and unloading, delay time, border crossing, and various accessorial surcharges like after-hours service, special handling, and so on? Most carriers are billing customers for these items, so you ought to see at least some of that revenue, based on your contribution to the effort. Drivers should keep in mind, though, that income from these activities must be equal to or better than what you'd make in a similar amount of time driving. Fifty miles of driving in an hour at 40 cents will make you $20, so there's no point accepting $15 per hour for loading or unloading.

Owner/ops need miles too, but they want fewer miles at higher revenue. Running miles is pure cost, so you want to minimize the cost while maximizing revenue. In other words, look for revenue opportunities where the truck makes money while incurring low or no cost, ie., while sitting at a loading dock or making multiple stops – paid, of course.

Employee drivers will also want to ask about health/wellness and other benefit packages a carrier may offer. You can place a value on these benefits that will help when you're comparing pay packages. And owner/ops can't leave out the costs of doing business with a carrier. For all you earn with one hand, the other hand could be paying it out just as quickly. Ask what you pay for and how much: insurance, plates and permits, administration fees, service charges and mark-ups, and other special equipment requirements will all affect your net revenue. And please, don't leave out a discussion of fuel surcharges. Contrary to popular belief, there is no regulation governing the collection and pass-through of fuel surcharges. As a business owner, it's up to you to ensure your rate covers your costs, including fluctuating fuel prices. If the carrier is forthcoming about compensation, you're on the right track. If you're getting vague or convoluted answers, move on to the next carrier on your list.

Your preliminary questions for a carrier should also include a discussion of the carrier's turnover rate. If the rate is high, there's probably a reason.

Check out the carrier's financial performance and safety record. Tying your cart to a particular horse means you're going where it pulls you. If the carrier is on a DoT hit-list for safety violations, so are you. If it's days or weeks away from foreclosure, so are you.

If the carrier operates in the US there is a wealth of data available through FMCSA's Safety Measurement System (SMS), which gives you the skinny on a carrier's safety performance – past and present (ai.fmcsa.dot.gov/sms/Data/Search.aspx). The Ontario transportation ministry's Carrier Safety Ratings service allows you to check a carrier's current Safety Rating using its CVOR or name (carriersafetyrating.com). MTO tracks safety data for every carrier that operates in Ontario, even those based outside the province.

Other jurisdictions are getting onboard with similar systems; check out Manitoba's carrier snapshots program, C-SNAP, example. For financial information and credit checks try Equifax or Dun & Bradstreet (equifax.com or dnbexpress.ca). There's a modest fee for some of these services.

Armed with at least this much information, you'll be in a better position to make apples-to-apples comparisons of several carriers and find one that fits. These days, if you're a competent driver with a clean record, and can cross the border to boot, you're golden. Don't settle for a carrier that's anything less.

This article first appeared in the July 2014 edition of *Truck News* and *Truck West* magazines