



## ***Owner Operators Face A Host of Issues in Trying Times***

I thought I would give you an insight into a couple of calls I received last week and how they relate to what I have been preaching to Owner Operators for the past number of years. I was asked to assist two different owner operators, both of whom had different issues but they related to the same problem.

The first was from a fellow who was having a difficult time with a brand new truck he had purchased and he had experienced three specific warranty items. The vehicle had been purchased new, had 105,000 kilometers on it, two of the warranty issues were minor and fixed quickly but the most critical problem was with tires that were wearing irregularly. As the story goes, the dealer couldn't discover what the problem was and after much investigation, the dealer had decided to abdicate responsibility and tell the individual that there really wasn't anything wrong with the truck. In fact, the dealer basically told the purchaser that there had never been anything wrong with any of their trucks until they sold one to him. As you can imagine the relationship had deteriorated to a point where neither party believed what the other one was saying.

My investigation into all the issues and the total maintenance cost of the new vehicle revealed that less than 2 cents per mile had been spent on

vehicle maintenance since it was purchased. Realistically this is not out of line. It is a new vehicle and some down time had been incurred so budgeting \$.02 cents on a new vehicle is realistic and history suggest that this is a good number. The key word in the above sentence of course is budgeted; this individual did not know where he stood in comparison to the industry benchmarks on the money he had spent on the vehicle. In fact a little investigation revealed that he was in fact ahead of the game on what he had spent so far, by half a cent per mile. Once this was discovered and the reality of the numbers showed that the sky was not falling, calmer heads prevailed and a solution was sourced and is working itself out as you read this. Knowing what your cost per mile is on every expense related to your business is critical to success; if you don't measure you will not be able to manage your business in real time.

The second call related to an individual who had bought a three year old, used vehicle from a dealership. The truck was specked well for the application it was being used for and two years after the purchase things were moving along quite well. That is of course until the automatic transmission started kicking out of gear when the vehicle was cruising down the road for no apparent reason. The call came to

me to enquire if I knew anyone at the dealership that I could talk to because the individual, who had signed a work order for repairs was insistent that he was being taken advantage of. When I asked if the individual had purchased or received an extended warranty when he purchased the vehicle, there was silence on the phone for a minute. He then thought that he might have. My instruction then was to find the warranty contract and read it. My next question was what major repairs had been performed on the vehicle since it had been purchased? He replied that other than normal service, there really hadn't been anything significant done, I then asked what amount of money had been placed in his maintenance escrow for the repairs and maintenance of this vehicle. At 10,000 miles a month on a 3 year old vehicle \$.05 per mile is a good number. A 4 year old vehicle should budget \$.07 cent per mile so in this case this Owner Operator should have reserved approximately \$6,000.00 per year for the first year of his ownership of the vehicle and \$8,400.00 for the second year for a total of \$14,400.00. Unfortunately, this owner operator had done no preplanning for the inevitable repairs that comes with owning a truck in this industry.

The numbers I am using here aren't pulled from the sky. They are reflective of the actual maintenance cost associated with operating a highway tractor. The industry all know this so why not plan for them? This confuses me let alone the fact that there were extensive comprehensive warranties on both the new and used vehicles that

were paid for when they purchased their truck. But neither one of these fellas had taken the time to read them. In the transmissions case the warranty had expired, but think about the parameters of warranties. They either expire on a date or by mileage or in some cases by both. If you read and understand your warranty, before it expires wouldn't you run it by a shop to have the entire drive train inspected before the warranty expired? Makes sense right?

Person one in this case is going to be fine and is on the road trucking up a storm out west. They have also decided to take the plunge and create a budget and follow a business plan to ensure that they stay on track. Person two still believes that their problem was created at the dealership; they do not have the money to pay for the repair and asked me if I knew a lawyer who specialized in suing shops for misconduct. He also thought that creating a relationship with a good business service provider was not going to help and so he was going to get the bad guys who were at the root of all evil and all his problems and in the process spend more money that he does not have.

I am often asked if the Owner Operators' model will survive in this industry and I believe that it will, but to be blunt, if you belong to the group who believe that business plans, budgeting and cash flows do not apply to your business, you will likely find it very difficult to survive as we struggle to the end of this recession.

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