VI. Managing Your Dispatch Business for Success

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Credit Issues - If You Extend Credit to Brokers (Or Shippers)

Cash management is super critical for any motor carrier company. Using a factor helps eliminate some uncertainty but you will pay a price for that convenience.

Nothing is free but be aware of how much you are paying your factor. Negotiate a lower rate if you feel you are running a fair amount of money through them.

A rate of 2.9% is common for smaller fleets; larger fleets that run a lot of money through the factor should negotiate rates in the neighborhood of 1% or so.

Have Plan A and Plan B Ready for Potential Problems

- Mechanical and Equipment Breakdowns
- Accidents
- Traffic Congestion
- Bad Weather

Mechanical and equipment breakdowns are going to happen. This is the reality. Find repair services in those areas where your drivers plan to travel. Get set up with these potential sources of help.

Accidents may happen. Again, have a plan in place to resort to if there is an accident. As much as you may not want to think about it, consider the event where someone is injured badly or even killed. Be upfront and proactive about this issue with yourself and with everyone involved.

Traffic congestion plagues drivers with no end. Route planning is essential with potential disruptions and alternate routes may need to be sketched out. You, as a dispatcher, may be helpful here – maybe essential.

Bad weather is much like traffic congestion. Can you foresee weather patterns? Yes, you can. Can you circumvent bad weather? Maybe, maybe not.

The responsibility for each of these issues rests with the driver and his dispatcher. Shippers and receivers don't take lightly to late pick-ups or deliveries when the driver and his dispatcher don't properly deal with these.

The only thing that will "save" a driver will be what is called "acts of God". These are out of the driver's or dispatcher's control – tornadoes, hurricanes, high winds,sudden flooding, a fire in a tunnel, etc.

Operational and Legal Issues That Owner Operators Face

DOT compliance is essential to know and understand. These materials on this training, however, are not meant to provide the necessary detail on compliance issues.

Your owner operator should be well versed on compliance.

There is one particular book that is probably best in the field authored by transportation attorney Henry Seaton. It's called *Rules of the Road: A Practical Guide to Legal Issues in Truck Transportation.*

You'll find a link in the Industry Resources toward the end of this training manual.

Drivers can expect random roadside inspections. Everything is on the line here. Bad tires are BIG issues for inspectors; bad lights and brakes are other

important issues. There are other potential problems as well.

Random office audits can be expected. Have your records in order and easily accessible: Records pertaining to personnel, medical, equipment, insurance, authority, etc. Pretend every day that you might get an auditor walk through your front door.

Here is an excellent resource on what DOT inspections may involve:
https://resources.lytx.com/blog/dot-inspection-levels

Lastly, dispatchers and owner operators need to come to an understanding of how involved will the dispatcher become in regard to inspections and compliance.

The dispatcher may expect better rates from their owner operators depending upon the dispatcher's total contribution to the owner operator's success. Here below is some information on this issue.

How to Become More Valuable for Your Owner Operators

Freight dispatchers are indeed General Operations Managers for owner operators. Call them Chief Operations Officers (COO), if you like.

Good dispatchers can do it "all" except for the driving. Keep this in mind. They can save owner operators time and money.

Most drivers just want to pick up and deliver and do it all with a good degree of speed, safety and efficiency.

So,let's take a look at how you, as a dispatcher, can become valuable to your owner operator(s).

Throughout this training manual, I've mentioned more than several times about the importance of becoming more valuable to your owner operator.

Jot down any ideas or questions on how to do this. Maybe some ideas won't work – but at least be open to brainstorming this issue.

YOUR Accounting and Recordkeeping As Well As Your OWNER OPERATOR'S

You'll need to deal with YOUR accounting for income tax purposes for sure – and it will prove to be rather simple.

You will normally have self-employment income and minimal expenses – load boards, cell phone, some office expenses, etc.

Your owner operator's accounting may be much more complicated. And, he may or may not want you to get involved with his business finances.

Different owner operators have different needs because they have different levels of knowledge and experience when it comes to bookkeeping or accounting and income taxes. Income taxes, for sure, may be and, perhaps, SHOULD BE outsourced to an accountant that works on taxes year-round.

Bookkeeping can also be outsourced; but some aspects of this may be done by dispatchers.

For example, two very important tasks that may be done in-house are invoicing and payables.

Once the dispatcher gets the bill of lading from the driver an invoice should be prepared and immediately sent to the broker unless the load has been factored. Dispatchers may administer collections and deposits as well as the accounts payable but these tasks need to be discussed with the owner operator.

Not all dispatchers and owner operators are well-suited to handle payroll tax recordkeeping and reporting although the government, the Internal Revenue Service (IRS), may be a helpful resource for learning. And some State agencies may help especially for the IFTA reports and taxes.

It may be a good idea for owner operators and dispatchers to turn over the responsibility of governmental reporting to an independent bookkeeping or accounting firm.

Financial Analysis for Monitoring Your Owner Operator's Business Activity (Which, Again, May or May Not Be Your Responsibility)

Every owner operator should know how he is progressing other than just looking at how much money is in the bank. There should be benchmarks that help owner operators evaluate progress in several different ways.

Sometimes these "benchmarks" are called Key Productivity Indicators" or KPIs. And there may be over 300 such indicators. But it's important to focus on just several indicators that owner operators can use AND take action on.

A few of the most common KPI's are:

- Total Miles,
- Loaded Miles,
- Revenue Per Loaded Mile,
- Revenue Per Loaded Mile, excluding Fuel Surcharge,
- Average Number of Units, Trucks,
- Revenue Per Truck,
- Shipments Per Day, Week or Month,
- Revenue Per Shipment, and so on

Owner operators or the dispatcher will prepare or receive financial statements that provide information for preparing income taxes. Financial reports are one way to get a "global" look at the business.

Financial statements are prepared monthly and annually and they provide an opportunity for owner operators to analyze income and costs. Using a good software program will allow owner operators to even view performance from prior years as compared to the current year.

Knowing what your owner operator's fuel costs, insurance costs or repair costs are in relation to income can be expressed as percentages.

If the percentage of fuel costs related to income is steadily increasing, what can the owner operator do to better control these costs?

QuickBooks is the most popular accounting software in the market.

So, again, a dispatcher should explore different ways on how to become more valuable for the owner operator they are working for.

The Increasing Use of Mobile Apps

Most, if not many, owner operators have gotten sophisticated with using apps on their cell phone. For those who don't use dispatchers, they find their own loads while on the road. They do all their scheduling and transmission of the necessary paperwork. They use apps to find available parking, rest areas and truck stops, etc.

Other owner operators may use apps to communicate with their dispatcher.

This topic is evolving and may be addressed in a separate report.

Social Media

Social media are other methods to help dispatchers and owner operators work with more productivity.

Facebook, Instagram and LinkedIn are several popular resources that can be used for increased productivity and marketing promotion.

I want to make a statement here that has powerful ramifications. IF you get into social media for any marketing efforts, be sure to learn all you can about "direct response social media marketing".

Your owner operator most likely is NOT a large conglomerate and any money spent on advertising/marketing needs to employ "direct response" tactics. These involve using a "call to action" in every ad.

You're not like General Motors, trying to build an image; you want immediate, direct response. For example …

"Click here, Download this now, Sign up now", etc. What you will do is to provide something of value – a report, ebook or video, etc. – and by their taking action to grab what you are offering, you'll be collecting names and email addresses that will be used to try and get a conversation going with potential customers.

Social media and direct response marketing are separate disciplines and you'll find a good resource toward the end of this manual.

Building a Website

Creating a presence on the World Wide Web is not a bad idea; but is it essential? For you as a dispatcher, probably not. For your owner operator, maybe so.

A website can provide other ways to increase productivity and gain more attention but this is not a priority if you and/or your owner operator are new. So keep it in the back of your mind.