How to Create Value for Shippers and Profit for You

THE DOTTED LINE by Timothy D. Brady

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What sets your company apart from your competitors? If the only difference between you and other truckers vying for the same tonnage is the rates you charge, you're going to find it's like starting at the top of Monteagle in Georgia overdrive. It's a quick ride with a disaster at the bottom. In other words, if you are depending on price alone to give you a competitive edge, you're in trouble from the start. No matter how low you set your hauling rate there's always someone who will offer a lower rate, and at some point you will be charging a shipper less than it costs you to provide the hauling service. The results aren't pretty—one more financial crash and burn at the bottom of your business hill. And you'll have plenty of company in this financial failure ravine. It's estimated over 85% of trucking companies which hit the road today will fail within 14 months. The reason—they failed to create value in the service they provide.

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So again: What's that special service you provide which sets you apart from other haulers? There's the $64,000 question.

The best thing you can do for your shippers and your company's bottom line is to know that ever-elusive break-even point. Once you know where expenses are covered and profit begins, you have all the knowledge you need to set profitable hauling rates. Now comes the challenge; the one which requires ingenuity, assertiveness and a bit of tenacity. Keep coming up with ideas and techniques, which provide a higher level of service to your shippers, receivers and brokers than your competition. To make this work you've got to stay ahead of the pack. Don't rest on your laurels but keep the imagination in overdrive, by constantly inventing new ways to give shippers and receivers reasons to use your trucks, even though your rates are higher than those of your competitors.

Think of it this way: if you were purchasing the newest technology for your company, and Company A has a price that is 30% lower than Company B, naturally you would check out Company A first. As you're talking with Company A, you discover their sales representative seems to know how the technology works and promises the moon when it comes to after-the-sale service. But then he explains that it's up to the manufacturer to handle all warranty problems because the factory doesn't have on-site service. The only warranty issued requires you to return the units to the manufacturer for repair, and you have to pay for shipping both ways.

Company B is 30% higher in price for the same technology. But as you're talking to their sales representative, you discover Company B has an on-site service department to take care of the small adjustments and calibrations. They offer training for all your personnel, and maintain a 24-hour tech service call-in center. They have loaner equipment if there's ever a need to send the equipment back to the manufacturer for repair, and they'll cover the shipping both ways.

Between Company A and Company B, both offering the same piece of equipment, which one has the better value? Most business people would say Company B, even though their price is 30% higher than Company A's. What gives Company B the better value? Their add-on services; their willingness to go the extra distance making sure customers are receiving what the customer wants, needs, and beyond.

Here's a list of how to create value by exceeding your customers' expectations:

- Listen to what they are looking for in a trucking company.
- Ask them what they're not receiving from other haulers; then provide it.
- Ask yourself what information or additional service would make the shippers' or receivers' job easier.
- Help your customers cut costs without having to lower your hauling rates.
- Increase your communication with shippers, receivers or brokers, which will keep them better informed about their shipments and capable of reacting to unpredictable changes.
- Be aware of what services your competition is providing, then be sure you're doing more.
- Make sure your customers can reach you or a person in your company on the first phone call. If you have to rely on voice mail, return their call as quickly as possible.
- Create a raving fan in each customer, by becoming his or her raving fan.
- Go beyond the call of duty.

When you provide a service that is unexpected, your customers will remember how you went beyond the call of duty. If you provide only what they expect, it will be forgotten. If someone provides inferior service, it will be remembered, but in a negative light. So do you want to be forgotten or remembered? And how do you want your shippers, receivers, and brokers to remember you? The choice is yours.

Creating and maintaining value in the hauling services is a challenging task. But when the alternative is to compete on price alone, the choice is simple. Competing on price equals failure. Create value in your service, and you'll be the force to reckon with, the powerhouse hauler everyone is chasing.

The most important item to remember is, the greater value your services have for your customers, the higher your hauling rates can be set. Think of it in this way: when you go shopping for a product or service, are you looking for the lowest price or the highest value for your dollar? What do you think your customers are looking for when they're shopping for a hauler? Perceived and actual value will trump price. Spend your time creating value in your service; know what it costs you to provide the services, then charge a rate that creates a fair profit above those costs. Now you've created value for your shippers and a profit for your company.

Remember, it's your company, your truck.

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