WHETHER YOU HAVE JUST STARTED YOUR TRUCKING COMPANY OR YOU HAVE BEEN ROLLING FOR A FEW YEARS, HAVE ONE TRUCK OR 100, A TOP CONCERN OF TRUCKING COMPANY OWNERS IS KEEPING YOUR ENTERPRISE IN BUSINESS.

Your trucking business is your livelihood, so how do you ensure that it has what it takes to survive? Between the ever-changing trucking industry regulations, and the high cost of fuel and driver retention, there are many variables that trucking companies need to take into consideration in order to be successful.

Do you know what it takes to run a successful trucking company? The team at Apex Capital is here to help. With two decades of experience, we have helped thousands of trucking companies, just like yours, keep their businesses running successfully.
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According to the U.S. Department of Transportation, there were 442,338 for-hire carriers, 700,300 private carriers and 165,239 other interstate motor carriers on file with the Federal Motor Carrier Safety Administration (FMCSA) as of January 2013. Of those companies, 90.5% operate 6 or fewer trucks and 97.2% operate fewer than 20 trucks. These numbers show that the trucking industry is mostly made up of small to medium size trucking companies just like yours. In 2011, the trucking industry employed 6.9 million people, excluding self-employed truckers. Of these, about 3.1 million were employed as truck drivers. With a strong landscape like this, it’s important for trucking companies to be strong and profitable to keep not only our industry, but also the country moving forward.

The trucking industry generates about $255.5 billion in total revenue, with $97.9 billion generated by for-hire carriers. The operating ratio for the trucking industry is 95.2, which means for every dollar in revenue a trucking company makes, it costs 95.2 cents to operate, leaving a profit of only 4.8 cents of every dollar. According to American Transportation Research Institute (ATRI), it costs trucking companies $1.73 per mile and $83.68 per hour on average to operate. With these tight margins, it’s easy to see why trucking companies can go out of business if not properly run.

One dollar of revenue generates a profit of about 4.8 cents.
TRUCKING IS A TOUGH BUSINESS

According to the National Association of Small Trucking Companies (NASTC), only 15% of newly formed trucking companies will make it to their second year of operation.

This is due in large part to truckers’ costs rising as much as 5% to 7% per mile. Add in the issues of driver shortage and retention (an additional 5% cost in incentive pay packages and bonuses), and you can easily see how difficult it can be to run a trucking company if not managed properly.

According to an investment report from Avondale Partners, trucking company failures doubled and 4,330 trucks were idled in the first quarter of 2013, the highest level in two years. The report declares that the number will continue to rise because fleets’ costs are increasing twice as fast as revenues. But industry costs are not the only thing that affect a trucking company’s success or failure. Many other factors can determine which trucking companies will succeed and which will go out of business. To ensure your company doesn’t make the same mistakes, it’s important to understand the top reasons trucking companies went out of business.

According to Avondale Partners, the five most common reasons trucking companies go out of business are the following:

- Poor information management
- Lack of support team
- Increasing regulation
- Cash flow
- No business system

Understanding the reasons that some trucking companies fail can help you avoid pitfalls. In the next section, we give you tips to help you combat these issues.
A profit and loss statement can be a great way to help you manage the financial aspect of your business and help you avoid the “no business system” and “poor information management” causes listed as a reason trucking companies fail. This statement, often called an income statement or P&L, shows profit and expenses during a particular period. It shows how profit, or revenues (money received from the sale of products and services before expenses are taken out), become the net income (the result after all revenues and expenses have been taken into account, also known as “net profit”). This statement shows the money earned in a specific period, and the cost and expenses deducted from the profit, including write-offs and taxes. The profit and loss statement will show whether you made or lost money during the period being reported.

A profit and loss statement is a great place to track insurance payments, maintenance costs, truck repairs, truck and trailer payments, fuel, office expenses, salaries, and other monthly expenses. You can even track tax deductions, which is very important to helping carriers save money. For more information on what is tax deductible, read our blog posts on common deductions and filings.

By having all of your company expenses in one place, you know exactly how much it costs you to run your business. With this knowledge, you can even set a minimum amount you must make per mile to be profitable, so you never undercharge or come up short on a load.
What is an aging report?
Why is it important?
An aging report shows unpaid invoices. It is organized by the length of time the invoices have been outstanding. This helps you identify how many days it takes each customer to pay.

What is a payment history report?
Why is it important?
Payment history reports show a breakdown of your company’s income by load. The payment history report gives you a great picture of how your company is performing.

MOBILE FACTORING™
from your smartphone.

• Capture images of your load’s paperwork
• Create and submit invoices and schedules
• See the best prices on fuel based on your location
• Run credit checks on brokers and shippers
• Receive notifications about your account

Available for iPhone and Android.

BACK OFFICE SUPPORT
It’s equally important to have your back office support organized and in one place. Companies like Apex make it easy. We take care of the collections and organize your important documents on our exclusive online Apex Account Management Portal (AMP) and the Apex Capital Mobile Factoring™ app. By having a reputable company like Apex collecting payments from your customers, you can focus your attention on managing your business.

By utilizing a document management system, like AMP or our mobile app, you can access insurance documents, UCC filings, authority information and more online, giving you immediate access to your company information, any time from anywhere. You can even pull reports to help you see snapshots of your business, such as an aging report or payment history report, which shows you the big picture of your company.

Mobile Factoring™ (exclusively offered by Apex Capital) allows you to receive the fastest funding possible. You can take photos of your load’s paperwork with your smartphone, then quickly create and submit invoices and schedules to get paid faster.

An Account Executive can also be a big help in providing quality business support for your trucking company. When you work with Apex, an Account Executive is assigned to your company and he or she helps you navigate your business as your company grows. From providing encouragement, to helping you manage cash flow and teaching you fuel savings techniques, an Account Executive can be a be a valuable asset to your company.

By utilizing these tools, you can avoid the “no business system” or “lack of support” failure issues that plague other trucking companies and lead to failure.
GET THE BEST CUSTOMERS
It's important to haul for quality brokers and shippers to ensure you have a strong cash flow. One way to begin looking for customers is to sign up for a load board, such as Apex’s exclusive load board, NextLOAD.com (which is free for Apex clients). Here you can search for loads by pick-up and drop-off locations, equipment type, dates and more. This can help you get your first loads booked and assist you in establishing relationships with your customers. When searching for loads, it's important to work with reputable brokers and shippers. Here is a list of things to look for when you are searching for your next load to haul.

- Pays more, not faster
- Pays on time
- Has a good reputation and credit

(Apex clients can run credit checks 24/7 on AMP, our mobile app, or NextLOAD.)

Once you have a solid start to hauling loads, you can begin to build and refine your customer list to work with brokers and shippers who have the right characteristics. Through repeat business, you can strengthen your relationship and retain a reliable source of business.

REGULATIONS
With the ever-changing landscape of trucking rules and regulations, it can be difficult to stay informed. However, adhering to rules and regulations are crucial to staying compliant, so it's important to stay up-to-date. Organizations like Owner-Operator Independent Drivers Association (OOIDA) frequently feature regulation changes and explain how they impact small- to medium-sized carriers. There are also countless other websites and publications to keep you updated. However, Apex makes it simple. Our blog, www.apexcapitalcorp.com/blog, features a weekly industry update that highlights the top stories and changes from each week in the trucking industry, so you are always updated on changes.
FACTORING

“Lack of support system” and “cash flow” were two major issues cited as reasons trucking companies fail. If you find that you need assistance with cash flow, our factoring program may be just what you need. As a new business, you may be unable to initially obtain a bank line of credit to help you invest in your company and keep your trucks running. As an alternative to bank financing, factoring companies, like Apex, can provide you with operating cash flow through the purchase of your freight bills. Freight bill factoring is an easy way for small to medium-sized trucking companies to manage cash flow and keep their trucks on the road.

FUEL EXPENSE

Fuel accounts for up to 40% of your business expenses, so a great way to save money and keep your business running successfully is to get setup on a fuel card. The Apex Fuel Card provides deep discounts on fuel at the truck stops you visit most. The Apex Fuel Card also offers fuel management tools, designed to help you get the most out of your fuel card and keep more money in your company.

Apex even offers a Fuel Finder available on AMP, our mobile app, and our exclusive load board, NextLOAD.com. You can save a large amount of money on fuel if you use the Fuel Finder efficiently. When you add your origination and destination, the Fuel Finder show you the fuel prices along your route so you can plan ahead and enjoy maximum savings on fuel. Some Apex clients are even able to offset their factoring fees because they save so much with our fuel card.

Learn more about how factoring works at www.apexcapitalcorp.com/factoring. For more information on how Apex Capital can help your trucking company save money, work smarter, and grow, call us today at 1-855-211-0927.
SOURCES

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