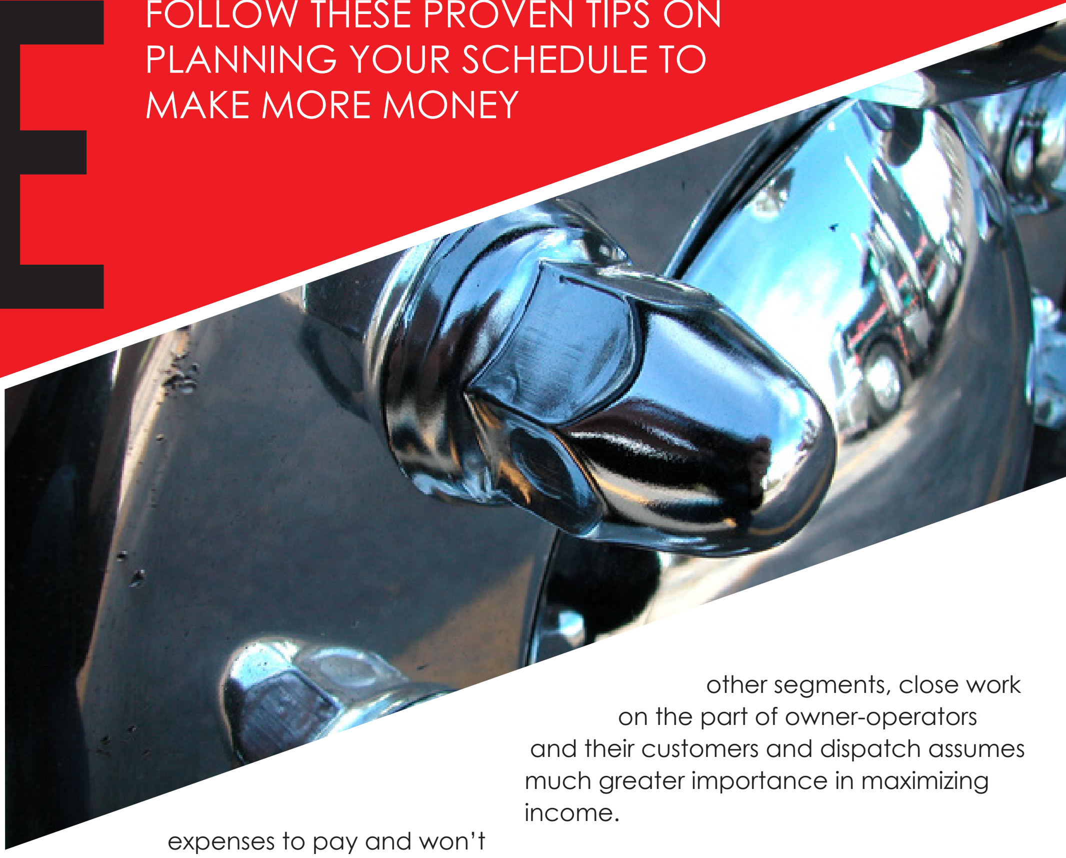
MANAGING TIME

FOLLOW THESE PROVEN TIPS ON PLANNING YOUR SCHEDULE TO MAKE MORE MONEY



Successful owner-operators know that simply running hard is not enough. If it were that easy, anyone could do the job and expect the profits to roll in. It generally pays to slow down. There is a trade-off in higher costs, not to mention the increased risk, for driving fast. If driving slower takes time away from you, you can find ways to get some of it back. For example, you can take vacation time or plan major work on your tractor during the first week or two of the quarter (early January, April, July and October). Never take time off during the last two weeks of the quarter (or the last week of the month) when freight typically is abundant.

Sometimes it works to your advantage to look for loads that take you "through" home rather than "to" home. The latter can interrupt your revenue stream and require additional time to get back up to full speed again.

As an owner-operator, you should look at time off differently from a company driver. If a company driver takes a week off, he loses only the opportunity to make a weekly paycheck. When an owner-operator takes a week off, he has fixed expenses to pay and won't be earning a paycheck. When he returns to work, he not only has to replace the lost income, he also quickly must cover the fixed expenses that were spent during his time off. For example, with fixed costs of $100 per day, seven days off would cost $700 in payments that still have to be made.

Though truly long-haul work remains the bread and butter of many an owner-operator, opportunity in regional and short-haul work continues to expand. Average length of haul has declined markedly in dry van and, increasingly, in refrigerated.

Shorter hauls take more time, and they cost more money on a per-mile per-load basis. While carrier pay packages adjust to shorter hauls with premium per-mile rates or other tactics,they're not always quick to follow the freight trends. As freight regionalization continues to hit other segments, close work on the part of owner-operators and their customers and dispatch assumes much greater importance in maximizing income.

THE SUCCESSFUL OWNER-OPERATOR'S DAY PLANNER

Smart owner-operators make every single week as profitable as possible. One trip is not enough time to be considered profitable or unprofitable, and an entire month may be too much time to manage. One week is the right amount of time to deal with efficiently. To do so, look at the advantages and disadvantages of every day of the week.

- *Match trip length to the optimum day of the week.*
- *Plan to deliver on the day you have the best opportunity of getting a load.*
- *Plan to drive under a load on days when it typically is harder to get a load.*

Your personal weekly plan will vary depending on the weekly delivery/flow cycle of your region, typical length of haul, personal requirements and other factors. The needs of customers and dispatch have to be considered and often will determine how your time is used. What's important is to have a specific weekly plan that helps you be successful. Here are some general guidelines:

SUNDAY:
It's like getting in an extra day if you can pick up or deliver on Sunday, since this typically isn't a day for either task. Being able to make the most of Sunday gives you a good head start on the week.

MONDAY:
Profitable owner-operators deliver on Monday. Why? Delivering the first load of the week on Monday lets you start your week with miles already generated and leaves time to be profitable during the rest of the week. On Monday you'll find more load opportunities than on Tuesday, too.

TUESDAY:
Unless it's a 2,000-mile trip, delivering the first load of the week on Tuesday means the week usually won't be profitable. Tuesday is the day to take a hard look at how many miles you have driven and how many more you need to have a profitable week.

WEDNESDAY:
It's hump day. By now, about half of your gross revenue for the week already should be in hand.

THURSDAY:
This can be the make-or-break day of the week. A load picked up on Thursday should either be short enough (less than 600 miles) to deliver on Friday, or provide enough miles (at least 1,600) to carry you through the weekend. Try to average 550-600 miles per day for the trip, although on Thursday it's almost always better to take a 350-mile trip and deliver it on Friday. Turning down a short run just because it would mean laying over until Friday may turn out to be an expensive mistake.

SPOT MARKET RATES PRIMER

For independents with carrier authority, managing time extends to being canny about when you plan to run with an eye toward negotiating the best rates with brokers. Past analysis has show that an operator's negotiation strength varies day to day in a given week. Typically, the highest rates across major segments – dry van, reefer, flatbed – are paid for load negotiated on **Sundays**, and the highest volume of loads for all segments is seen on **Mondays**, also the weekday that tends to be best for flatbed negotiations, yielding the best rates.

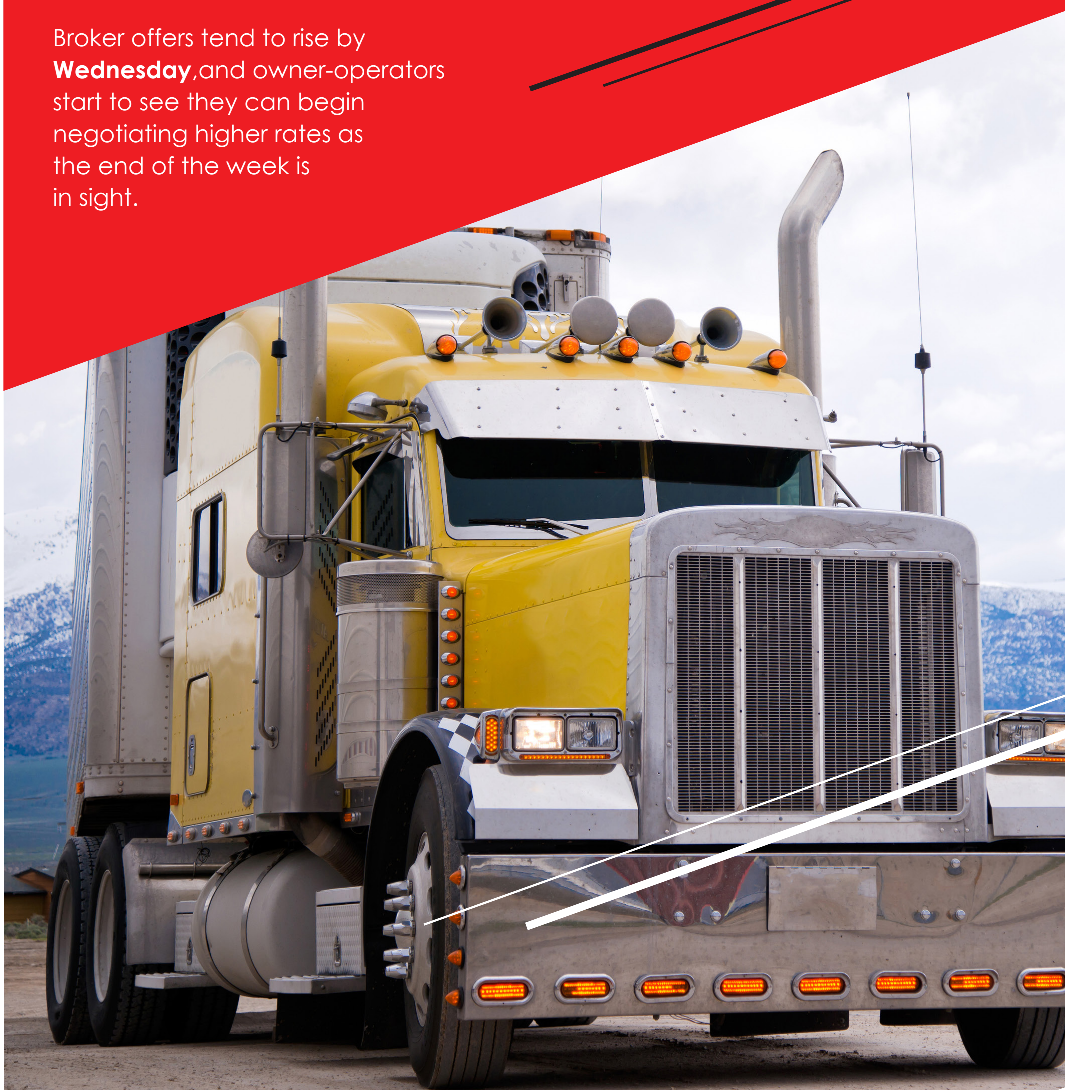
Owner-operators tend to have less negotiation strength on **Tuesday**, which shows the lowest weekday spread between brokers' offered rates and actually paid rates.

Broker offers tend to rise by **Wednesday**,and owner-operators start to see they can begin negotiating higher rates as the end of the week is in sight.

On a typical **Thursday**, brokers begin to get nervous about moving their freight before the week ends. This day is where drivers can begin to see a spread between posted rates and negotiated rates – upward of 20% for dry van.

Friday, however, is an independent carrier's best negotiating day. Depending on conditions in the wider economy, you might be able to name your price, ideal as you set up your next week with this load.

Behind Sunday, **Saturday** offers the second-highest paid rates. Rates start shooting back up on Saturday. Additionally, for any segment, Saturday sees the highest spread of any day between broker offered rates and negotiated rates.



WHAT IS YOUR TIME WORTH?

Overdrive readers have indicated appropriate benchmarks for detention rates to be charged to shippers and receivers for loading delays and negotiated with freight brokers by independents. They suggested adding fixed cost per mile to either total revenue per mile or profit/net income per mile. This example shows what the latter of those could look like based on the average numbers of independent ATBS clients in 2018. Such one-truck independents made more than $64,000 in net income on 92,600 miles on average. Those clients' average fixed costs (including truck and trailer payments, insurances and the like) are added in the second part of the calculation to be covered under the final rate. Just matching profit, or net income, in detention rates doesn't always cover owner-operators' costs; including fixed costs makes for a more accurate compensation. In addition, but not part of the calculation below, you can add your average variable hourly costs to idle or run alternative climate-control devices. WHAT

PROFIT PER MILE:

$64,000 ÷ 92,600 annual miles = 69 cents per mile

+

FIXED COST PER MILE:

$47,250 ÷ 92,600 annual miles = 51 cents per mile

=

(INCOME + FIXED COSTS) PER MILE

$1.20

X

AVERAGE HIGHWAY SPEED:

65 mph

=

HOURLY DETENTION RATE:

$78 per hour

FRIDAY:
This usually is the best day of the week for freight. Being under a load with the longest possible miles over the weekend will
make the best use of your time.

SATURDAY:
The week is over, and your work and planning should have resulted in a profitable operation. But like Sunday, Saturday is an extra day if you can pick up or deliver a load.

Many an independent owner-operator has realized high freight rates by being the 911 service on the weekend for a trusted broker. If you're using load boards on the spot market and can make yourself available on Saturday or Sunday by posting your truck, you might be surprised by the good results.

INCREASING EFFICIENCY

Make the most of your waiting time, such as while loading or unloading, getting your truck washed, stopping at the scale house, etc.

Take care of your rig. Check your tires and lights, and clean windows. Review maintenance records.

Take care of yourself. Take a walk if you can leave the rig. If you aren't able to leave, do stretches or exercises in the cab. Answer mail, write emails and pay bills. Cook a healthy meal in your microwave, or read a book.

Plan. Wipe off reflective tape while waiting or while doing a pre-trip; you'll be more visible and invite fewer inspections. Organize any clutter, especially on top of the dashboard; a cluttered dash is an open invitation to be inspected by law enforcement.

Review your log status with regard to expected pickups and deliveries, and where and when your next stops are likely to be. Ask for directions to every stop, or use mapping software, whether an app on a mobile device or software such as ProMiles or the many truck-specific GPS units from Rand McNally, ALK Technologies, TomTom, Garmin and others. Also use the fuel/route-optimization tools at fuelsurchargeindex.org.

Otherwise, follow these steps for maximum efficiency:

Deliver on time. If you deliver late, the consignee may assign your dock door to another driver and put you last on the list. Delivering 15 minutes late can cost a whole day or even an entire weekend.

Deliver as early in the day as possible so that you have a time cushion to get dispatched to your next load. On appointment loads, deliver 30 minutes early. An empty trailer gives you plenty of options, but a load sitting on your trailer gives you only one option — waiting to deliver.

Early departure also helps when winter weather poses potential delays. Leaving late is the major reason for service failures — such as running out of hours on the morning of a delivery.

Manage fuel-related expenses. You have to manage the cost of fuel and fuel taxes, as well as the cost of time to fuel, which usually is about 45 minutes per stop. The typical owner-operator carries 200 gallons of fuel or more but buys only 100 gallons at a time. Often it saves time to put 175 gallons in the tanks instead of continually topping off with 100 gallons or less.

Be prepared to deadhead instead of laying over. The time and money lost to a layover almost never can be made up. If the deadhead can get you to a good load within 24 hours, it might make sense.

If you're leased, don't surprise your fleet manager. Keep him or her informed of every detail that affects service and your schedule. Set a personal and reasonable goal each week for the miles you want to run, and tell your fleet manager or dispatcher. Work with him or her to improve your miles and revenue.