

TRAK Record



A Publication of the **Towing & Recovery Association of Kentucky- JANUARY - 2016 Edition**

HAPPY NEW YEAR 2016 FROM YOUR OFFICERS AND DIRECTORS

**MONTHLY MEETING WILL BE HELD JANUARY 19TH AT 6:00 PM AT:
LOGANS ROADHOUSE, 5055 SHELBYVILLE ROAD, LOUISVILLE**
Mark your Calendars!

Happy New Year to all of the members of TRAK association. I hope that 2016 brings prosperous times to each and every member. We believe 2016 will be a great year, as we have many great upcoming opportunities for members. The officers of TRAK have been busy working on effective legislation changes, scheduling and bringing back our annual picnic, and planning our monthly meetings across the state. We would like to challenge each company to remember for our association to be a success, we must have participation and companies dedicated to support our association. We ask that every member look at the upcoming events and make plans to participate. As we move forward in 2016, I would like to recognize Lee Roberts and the staff at Roberts Towing for making the December meeting such a success. We appreciate the hard work and hospitality. Please notice we have added two new sections to our newsletter. "The Beacon" will spotlight an associate company each month, that have made commitments to TRAK. The second addition is our Classifieds section, which I believe can be a valuable tool for members. If you'd like to submit a listing, you may email information to dougstowing@windstream.net. Be sure to include contact information when submitting. Thank you to everyone for a great 2015, and hoping for an even better 2016!

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The TRAK Beacon

Associate Member Spotlight



AUSTIN INSURANCE, INC

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ABOUT AUSTIN INSURANCE

Austin Insurance, Inc. specializes in Towing & Recovery insurance since 1991 and is dedicated to quality service. By working with many different companies they can offer a competitive insurance package. No matter if you own one truck or thirty, are located on the East coast or the West, Rob Austin and staff are willing to fulfill your insurance needs.

Not only does Austin Insurance provide for the Towing & Recovery field, they also deal in coverage for:

- Auto Transporters
- Trucking Insurance
- Motor Truck Cargo
- Salvage/Recyclers
- Pollution Coverage
- Umbrella
- Workers Compensation
Bonds

The Association appreciates your membership and dedication, congratulations on being our Associate Member Spotlight!

GETTING STUCK AND UNSTUCK

Whether it's snow, ice, mud, sand or anything slippery, getting your truck stuck is no fun — and even worse when you're driving a tow truck. First and foremost, the number one rule when pulling someone out of the mud is don't get stuck yourself. To prevent getting stuck in the same trap your customer fell into, it's a good idea to walk the recovery area before you commit your truck (get out and scout). Look for soft soil spots or hidden debris (such as stumps underwater). If the soil can't support you, it can't support your truck. In most cases, park your truck on solid ground and winch the disabled vehicle to you.



Getting stuck may have more to do with losing traction than you may realize. If your truck is not buried too deep, you could possibly get unstuck by simply placing something under your drive tires to gain traction. Some ideas include, sand, salt, kitty-litter, oil dry, wood, dry branches or even one of your chains. If you have rear outrigger legs, a wheel-lift or an under-reach, you may be able to use them to elevate your drive tires to place traction materials underneath the wheels. By all means do not crawl under an elevated load without jack stands or suitable wooden cribbage.

PRICING SERVICE FOR PROFIT

Towers often believe that pricing their services properly is the hardest part. Some think they have to be the low-price leader, others ride the middle, while others charge what they're worth and are able to grow their businesses.

But how does this last group do it? What is it that these guys understand that the rest don't?

They understand that charging less than what you're worth is caused by fear; and fear is a poison that will ultimately kill your business. They know that using fear as a factor in determining rates causes you to shoot too low and miss.

If fear of losing a tow causes you to price your services too low to pay the bills, you need to change your strategy. Instead of focusing on not losing, focus on winning by charging rates that get you excited to get in your truck and get going.

There are four factors that determine your success in the marketplace: supply, demand, quality and quantity.

Many towers believe they don't have any control over the first two, and each firmly believes that they've got "quality service" wrapped-up.

What many fail to understand is the last one, quantity, and how it can help you to compete while increasing your bottom line.

Here's a simple and practical pricing strategy to help you to understand. Use this only as a framework from which to begin. You must determine your rates based on the service provided. Just be sure to consider all the costs.

- **Cost of Doing Business:** Add up all of last year's expenses, everything that's considered a cost of doing business. Fuel, rent, advertising, insurance, repairs and maintenance, tires, employee

expense, damages, office supplies, utilities and phones. Add in the interest paid on trucks and real estate. Then divide that number by the number of calls you did that year. For example: If the total cost was \$100,000 and you ran 4,000 calls, then your cost per call would be \$25.

- **Determine your expected Return On Investment:** Add up the value of your trucks and equipment and real estate, or a percentage of real estate that's used solely for the purposes of conducting business. Include taxes paid on both. For our example we'll assume it all comes to \$500,000. After you know what your investment is you need to then decide what kind of return you want. If you want a 10-percent ROI then multiply that number by 10 percent (.10), ($\$500,000 \times .10 = \$50,000$) then divide the result by the number of calls you did last year ($\$50,000/4,000 = \12.50)

- **Trucks and Equipment Replacement:** Your truck is considered an asset and it will have value when you trade or sell, but it must also be considered an expense. This is hard for many to wrap their heads around. Each mile you put on your trucks and every time you use your equipment, you lose value. It's also slowly becoming obsolete. As better, more technologically advanced trucks and equipment become available, yours are becoming less and less sought after.

Think about it like a carpenter replacing a table saw. Eight hours per day for 500 days can take its toll. When it's time to replace it he'll be looking for something that'll hold up better, not something that's already worn out. So you must work the cost of replacing this stuff into your cost per call. To cover the cost of replacement, I suggest you go by the \$1 per mile rule. In other words if you drive 60,000 miles in one year then you need to collect \$60,000 from the 4,000 calls that you did. ($\$60,000/4,000 = \15)

- Add these three numbers together and you have a good starting point. Some calls will be higher, some will be lower; this is an average to shoot for.

(Cost of Doing Business + ROI + Truck Replacement = Starting point)

So where does quantity come into the equation?

Once you've considered all the costs and know that your rates allow you to make a profit you'll become more confident and your fear will all but disappear. The residual effect will be that you'll get more customers. No longer will you be that scared guy cold-calling repair shops begging for work. You'll be happy and helpful in all areas because you know your numbers. And because positivity attracts, you'll get more work.

But that's not even the best part.

When you increase the number of customers you're serving, you can revisit your pricing strategy. Then, if you choose to, you'll be able to lower your rates while still maintaining your desired profit. With lower rates you'll be more competitive and have the opportunity to help more people, creating a snowball effect. Of course some of your variable costs will increase, but so will your income. You'll drive more miles, but you'll still be capturing replacement costs.

Whatever method you use to determine your rates, remember to never let fear play a part.

TRAK
PO BOX 35155
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2016 Show Schedule

April 7 – 10 • Florida Tow Show[®] • Hilton Across from Disney Village, Orlando, Fla. • 407-296-3316 • floridatowshow.com

April 14 – 17 • North American Repossessors Summit hosted by American Recovery Association and Time Finance Adjusters • Omni Mandalay Hotel at Los Colinas, Irving, Tex. • reposummit.com

June 3 – 5 • Six Flags Great Escape Lodge, Queensbury, N.Y. • Melissa Perlow, 631-728-7752 • www.estratoowshow.com

June 17 – 19 • Wisconsin Towing Association Annual Convention and Truck Show • Chula Vista Resort (608-254-8366) • Wisconsin Dells, Wis. • WTA Office, 608-833-8200, ext. 17 • djohnson@witruck.org
July 17 – 24 • International Towing Museum/TRAA Alaskan Cruise • For information, call Angela Roper 423-267-3132 • For reservations, call Anita Armour at Brownes Travel, 520-664-2075

Sept. 8 – 10 • Tennessee Tow Show hosted by Tennessee Tow Truck Association and **Tow Times** • Chattanooga Convention Center • Chattanooga, Tenn. • Brenda Faulman (Tow Times) 407-936-2494, Brenda@towtimesmag.com • tennesseetowshow.com

Sept. 22 – 25 • Midwest Regional Tow Show • Great Wolf Lodge, Mason, Ohio • 877-341-3400 or 513-831-7469 • trao.org

Oct. 13 – 15 • Western States Tow Show hosted by California Tow Truck Association • San Diego, California • Karly Worl 916-617-2882, kworl@ctta.com • WesternStatesTowShow.com

\$\$\$ **CLASSIFIEDS** \$\$\$



1997 Fontaine 55-ton detach with a 26' well, 3 axle, rear axle lifts up, side wings, strobe lights, fully hydraulic. Located in Louisville, KY. Please call (502) 426-4100 or email nick@tonyswreckerservice.com