CONTROLLED GROWTH

Growing your business too fast by adding new customers, trucks, and drivers can bring additional risks that you may not be aware of. The key to creating a growth strategy is to have management controls in place to ensure growth. Adding trucks or taking on new business without a fiscally responsible growth strategy may cost you more than it's worth. Below are three techniques to help you evaluate your readiness for growth.

CONDUCT A S.W.O.T. ANALYSIS

A S.W.O.T. analysis is used to evaluate a company's internal capabilities (strengths and weaknesses) and external environment (opportunities and threats) to determine if organizational growth is realistic.

INTERNAL FACTORS	STRENGTHS	WEAKNESSES
Management	• 20 years of trucking experience • Strong leadership skills	• In business less than two years • Overwhelmed administratively
Operations	• Low driver turnover • Drivers home every night	• Majority of loads are brokered • Lack of diversified offerings/services
Safety & Compliance	• No SMS alerts • Low claim frequency and severity	• DQ files missing required documents • No driver safety training conducted
Finances	• All equipment is leased • Good credit rating	• Low profit margin • Delinquent account receivables
EXTERNAL FACTORS	**OPPORTUNITIES**	**THREATS**
Competition	• New brokerage authority possible	• Competitors are well-established
Economy	• Finance rates are at an all-time low	• Operating costs are high
Legal/Regulatory Environment	• Electronic logs • Drug & Alcohol Clearinghouse	• Hours of service restrictions • Driver shortage

[1]Retrieved from https://www.azquotes.com/quote/320835

CALCULATE OPERATING COSTS

Before jumping into the deep end and adding new business, trucks, and drivers, calculate the impact growth will have on your operating costs. Below is a list of formulas to help calculate your operating costs. Compare these costs to determine your break-even point, and decide if your S.W.O.T. analysis supports pursuing growth at this time.

OPERATING COSTS	FORMULA
Miles per gallon	(Ending mileage - Beginning mileage) ÷ Gallons used
Average price per gallon	Total cost of fuel ÷ Gallons purchased
Cost per mile (for fuel)	Average price per gallon ÷ Miles per gallon
Percentage of deadhead miles	(Unloaded miles ÷ Loaded miles) x 100
Percentage of booked to actual miles	Booked miles ÷ Total miles traveled
Break-even sales	Revenue - Fixed costs - Variable costs

Lists not intended to be all-inclusive.