



February 19, 2009

This is the conclusion of the *Surviving in an Economic Downturn* article that appeared in the February 2009 issue of the TLPA *Limousine* newsletter. The article featured industry leaders reviewing their marketing, vehicle replacement, office operations and pricing strategies.

The Most Important Actions to Take Now

Sam Amato: Must be able to adjust pricing to keep vehicles on the road. Must work as a team to make it through. Must cut costs by working deals on all purchases and keep from spending on non-necessities. Get your financial information daily and at the very least, weekly. Have plans set up to move quickly—Do not wait to make cuts. Hold regular meetings with key staff members to keep revising the business plan.

David Eckstein: Market harder. Watch every penny spent, cut travel expenses, negotiate better deals. Put all reinvestments and or projects back into operations on hold.

Mike Fogarty: Prudent cost management is essential, but cost cutting can not come at the expense of service. The competitive price pressure created by the excess supply in the marketplace demands that operators focus even more on service delivery just to retain existing customers.

Look for opportunities in industries that have been less affected by the downturn, such as pharmaceutical companies, energy companies and professional service firms. Spend more time and energy on attracting and retaining customers. It is critical that frontline employees understand the impact the downturn is having on your business and make them aware of ways they can help you through this difficult time. One example would be to incentivize customer service representatives to offer local customers “out of town” service when reservations to the airport are made.

Rick Kaczmarek: Take care of people. This means NOT scrimping on the customer experience and not increasing customer costs. Don't let negative thinking scare ourselves out of recognizing real opportunities for expanding sales. These trying times increase the value of working together with other limousine service providers to find ways to partner and pool resources. We've already devoted more energy to working with some of our existing partners and have been thrilled by the positive outcomes!

Robert Mackasek: Swift action to reduce your variable expenses by an amount equal to your revenue loss. If that figure cannot be matched then you must find ways to adjust your fixed costs. Aggressively seek to improve your revenue. Think outside of the box and realize that the way that you have been doing business for the entire history of your business may no longer work. Communicate with your staff and have frank and open discussions with them about the condition of the business and what steps you are taking to deal with it. Actively solicit their opinions and suggestions. Some of your best ideas will come from staff and chauffeurs.

Mike O'Hara: Cut costs where possible. Hit the pavement to try to get new accounts. Refinance where possible.

Dave Reid: Increase advertising. Be sure everyone in the office knows what the company goals are and what their role is—exactly.

Corky Renzi: I'm glad we diversified into the wheelchair transportation contracting business. Maybe that's the answer to survival. I know it's saving us.

Jim Salinger: I feel that all owners should take charge. Letting decisions up to someone without a financial investment could close your doors. Get rid of the toys that are nice to have but can do without such as cell phones in cars as everyone has one. Saved our company \$42,000 per year. Lay off the office person who is surfing the net or shooting staples. In the past week we cut expenses by \$50,000 per year, and we are not done.

Lorraine Wilde: Review all company policies and cut back on any excess spending. Watch employee hours, and if you have a lot of overtime hours consider hiring part time employees to work the overtime hours. Look close at your advertising dollars, analyze returns and discontinue unprofitable efforts.

TLPA thanks these industry leaders for taking the time to share their ideas and strategies with their fellow limousine company operators in this challenging time. The one thing that comes through loud and clear from their comments is that you must be proactive in meeting today's challenges. Don't sit back and wait for the economy to improve. Evaluate your operations and implement the appropriate strategies now.