

Innovative Towing Solutions to Maintain Cash Flow

BY BENJAMIN HUNTING

Current economic conditions in the United States are challenging – to say the least – for many different types of businesses, and towing operations are no exception. Difficult times often call for innovative solutions in order to maintain cash flow, which can mean looking for new ways to cut costs, reach out to new customers or expand into new segments of the industry that are underserved or unexploited.

A number of towing companies from across the country have identified areas where their particular talents and strengths can be partnered with organizations that offer the chance to experiment with new revenue-generating ventures. These efforts vary in their scope, focus and execution, but each involves tow company owners thinking outside the confines of their standard operations in order to diversify to the point where multiple income streams complement their bread and butter business.

Service Aggregators Deliver Customers With Minimal Investment

There is no question that branding is a major obstacle facing tow operators working in regions where up to 250 or more individual towing services can be doing business within the same county or metropolitan area. Tommy Gober of Alliance Towing (Oklahoma City, Okla.)

had been pondering the difficulties of competing in such a crowded marketplace when he first met Scott Brown, founder of 1-800-TOW-FREE two years ago at a tow show. Brown pitched Gober his concept of a country-wide towing network that would offer streamlined insurance billing, guaranteed rates and a national brand that individual companies could associate themselves with at minimal cost.

After deliberating for most of the next year as to whether Alliance Towing could truly benefit from this type of network partnership, Gober took the plunge and got on board with 1-800-TOW-FREE. The results were almost instantaneous. “When we initially started out with 1-800-TOW-FREE, we received 15 to 20 calls in the first month alone,” said Gober. “Now, one year later, we are up to 185 customer calls per month exclusively from 1-800-TOW-FREE. If I had met Scott when he had first rolled out the network, there is no telling where Alliance Towing would be today.”

For Gober, the success of the 1-800-TOW-FREE service is easy to understand, and speaks to many of the unique collaborative challenges that the towing industry has been facing for years. Gober believes that the strength of 1-800-TOW-FREE comes from its ability to create a reliable network of local operators who, united under the same banner, benefit from the concentrated power of advertising provided by the national service. Essentially, each company’s advertising dollars work together to drive business to all those involved. “In an industry that changes on an almost monthly basis,” said Gober, “it’s important for towing companies to move with the changes and work together instead of against each other. This is the best way for individual operators to avoid being bought out on a

Towing Solutions On Page 22

regional scale by larger corporate concerns such as insurance companies and motor clubs.”

Linda Wilkerson, owner of L & A Wrecker which operates out of Normal, Okla., has had a similarly positive experience with 1-800-TOW-FREE. “Business has definitely increased since we began working with Scott Brown and his service,” said Wilkerson. Like Gober, Wilkerson recognizes that collaboration within the towing industry has traditionally presented unusual challenges, and she specifically singles out the operational fairness and solid organization behind 1-800-TOW-FREE as being two of the most attractive qualities that the network has to offer tow companies.

In addition to 1-800-TOW-FREE, towing companies interested in testing the waters of towing networks have several choices among branding companies such as 1-800-RESCUE 911™. Check out each company’s website in order to see what benefits they offer.

Online Advertising Stronger With a Partner

Harnessing the advertising potential offered by the Internet has also been a tricky proposition for individual tow proprietors, who are often lost in the flood of websites hawking a wide variety of roadside assistance, parking enforcement, emergency towing and auto club services. Similar to the benefits associated with having access to a national toll-free number and service network, partnering with a recognizable Internet brand such as Towing.com can have an immediate impact on the number of customers driven to an individual towing company through the Web.

Anthony Rosso, owner of Executive Towing in Hollywood, Fla., specifically cited the publicity benefits that his towing enforcement company has been able to take advantage of since becoming part of the Towing.com website. “Towing.com’s very strong Internet advertising, which typically places the site as the number one result on the Web’s most popular search engines, has really helped get our name out to local customers,” said Rosso. This prominent Web presence, in addition to complimentary tow-away signs,

helps customers in Hollywood easily find Rosso’s company and allows the company to stand apart from other operators within the same zip code.

Business-to-Business Relationships Also Offer Diversification Potential

In addition to strategies which target the public, working directly with certain types of business which regularly require vehicle hauling and recovery services can also be quite effective for tow operators. Doug Thoma of Sandy’s Towing in Dayton, Ohio, has developed a profitable sideline in partnership with the Copart vehicle sales service that reflects the potential offered by this type of opportunity.

Part of Thoma’s strategy for managing his company’s fleet of vehicle transport trucks (which consists of both flatbeds and drive-on semi-trailers) is to aggressively search for work to keep the trucks full in both directions. While hauling for Odessa Auto Auctions, Thoma noticed that Copart trucks were continually streaming in to pick up cars on a regular basis at the same facilities that Sandy’s Towing was servicing. He got in touch with Copart and discovered that the company’s routes matched up perfectly with his own, which allowed Sandy’s to partner with Copart bringing wrecked vehicles out of their facilities within a 15 to 20 mile area and then backhauling cars and trucks for the Manheim or Odessa auction houses.

In addition to working with Copart to transport accident automobiles, Thoma has won several contracts through the company to service areas hit by natural disasters such as tornadoes or floods. Recently, Sandy’s Towing worked through the organization to move 1,500 hail-damaged cars out of Sweetwater, Tenn., a service for which Copart pays a premium. “In my opinion, it’s not possible to build a viable business model working exclusively with Copart,” said Thoma, “but as a backfill or complementary service, if you’ve got trucks that are running anywhere near their facilities, it makes financial sense to investigate this type of partnership.”

In addition to Copart, Insurance Auto Auctions owns nationwide auction locations, and thousands of local auction companies operate throughout the country. To locate auctions in your area, Internet search “auto auctions [your state]”.

New Towing Frontiers

On the surface, there is nothing particularly adventurous about tow operators teaming up with 1-800-TOW-FREE, Towing.com or Copart. These solid business relationships make both fiscal and logistical sense for a variety of different towing models. However, these viable options for increasing and diversifying revenue streams and business opportunities are often ignored by companies focused exclusively on more traditional advertising and service models. By looking past the immediate horizon, and being willing to take a chance on developing networks and business partners operating in new areas of the towing industry, it is possible to not only generate substantial profits, but also diversify business to the point where it is easier to weather stormy economic conditions.

The Internet is an easy-to-use research source for finding companies to help you expand your business. You can start to explore your options by typing in search key words such as “online auto towing.” Make sure, however, to do your homework on each company prior to making a financial commitment. It’s important that you understand how each network or service works, and that you ask to be put in touch with towing companies currently participating in the program in order to get their perspective.

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