



## Document Destruction Industry Report

May 2008

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Hello,

Summer is almost here, and people cannot wait to change their voicemail greeting to "I will be on vacation from....returning to the office on....". Sales productivity naturally declines.



In this issue I go against the grain and discuss some of the finer points of the recession. Frankly, I am tired of all the doom and gloom portrayed by the media.

Now is an excellent time to make adjustments to your business. Compare your results to last year and identify areas for improvement. Overcome your fear of rate increases - the results of which drop straight to your bottom line.

Finally, if you are considering exploring the sale of your business, give us a call. All discussions are confidential.

Wishing you all much success,

Jim McGuire  
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[Click here to send me an email](#)

### Why Recessions are Great For Business...



Recessions are like forest fires - they come on suddenly, rage out of control for a period of time, and in the end, restore balance while providing a new foundation for long term growth.



We can all thank our lucky stars that document destruction services have become "necessity-based services", virtually recession-proofing our industry. Do not allow your business to become paralyzed by all the media focus on how bad the economy is. Recessions can be great for business, if you have the courage to take advantage of the opportunities they create.

First, perform a detailed review of your business and manage costs down. Take action on your least profitable customers. Better yet, issue a rate increase across the board, and blame it on the economy.

You now have access to experienced employees recently laid off by bigger firms. Now is the time to upgrade your talent pool. Everything is negotiable, from local advertising rates to commercial real estate. Lower interest rates may provide you a unique opportunity to acquire a competitor or expand into a new market. Either way, carpe diem - seize the day.

### **Facing Your Fears - Rate Increases and Fuel Surcharges**

For some reason, any suggestion of a rate increase or fuel surcharge spooks owners of shredding businesses. They envision customers leaving by the dozen to save \$2.00 down the street.



Get over it. Diesel is well over \$4.00 a gallon, energy costs are through the roof, and the media has set the stage for you. Every dollar you get from a rate increase or fuel surcharge drops right to your bottom line.

Take a look at UPS. For 2008, they issued a 5.4% rate increase on domestic shipments, plus a 7.75% fuel surcharge which is adjusted monthly. In fact, if you Google "rate increase" or "fuel surcharge" you will find thousands of helpful press releases and announcements you can use to justify your own rate increase program.

**Rate Increases** should cover general increases in costs. Some service related industries will tie their annual rate increases to the Consumer Price Index (CPI), plus a percentage point or two (CPI +1%, CPI +2%, etc.). **Fuel Surcharges** should recoup increased fuel costs, which is the reason many large companies adjust their fuel surcharges frequently.

As for notification, this is a matter of personal preference. Some companies will issue a letter as advance notice, while others will insert a note in the comments box of an invoice. You should consider contacting your top customers individually - They will appreciate the personal touch. Chances are, they have heard it before...



Shotgun Capital Advisors, LLC provides merger and acquisition advisory services to businesses in the document destruction industry.

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