

# Starting Your Own Bus Company

by Larry Plachno



In the early 1980s, Editor Larry Plachno posed with a rented Eagle used on his Wisconsin Illinois Stages bus operation which was based in southern Wisconsin. The photo was taken at the Cumberland rapid transit terminal on Chicago's north side. In spite of deregulation, it has become increasingly more difficult to run a bus company today. NBT COLLECTION.

Every week or two we get inquiries from readers and others who are looking for information on starting their own bus company. I will admit that the idea can be appealing. In this era of deregulation, obtaining operating authority and a good coach is neither very expensive nor very difficult. Because of this, new bus companies are started all the time.

I will also admit that the work can be enjoyable. I worked for bus companies and owned a bus company myself that operated scheduled routes, charters and tours. To this day I still have an urge to plan schedules and drive line-haul coaches. I miss meeting different people, seeing different scenery each day, and taking people to where they have a good time.

However, making money in the bus business was difficult back then. It is worse today. I have substantial admiration for those individuals who remain in the business and turn a profit in spite of all of today's problems and pitfalls. The situation has now gotten so bad that a joke at a recent bus convention was parents turning their bus company over to their kids was another form of child abuse.

When people without experience ask me about starting a bus company, I try to dissuade them by providing some of the inescapable negative "facts of life" surrounding bus company ownership. What should be required reading for anyone thinking of starting a bus company is a book titled *We Were Dreamers* which was written by noted TV personality James Lehrer. It tells about the trials and tribulations his parents

suffered through in running a small bus operation in Kansas.

Recently, Steve Sprague from United Motorcoach Association put together a really good list covering the negatives of bus company ownership. It is titled "Want to start a coach business?" While it may sound negative, it is also very truthful. Here is the text which is reprinted with the permission of UMA.

## Want to start a coach business?

It's pretty common knowledge that the people who start new bus and motorcoach companies are already in the industry somewhere. They may be driving for you today. They may be your charter manager or your dispatcher. (They won't be your accountant.) Because of that, we suggest that you keep

copies of this page to share with the next person who tells you that they're ready to strike off on their own to start a new bus company.

In a word: don't! At least now now. Sure, it's an easy business to get into. A few bucks will get you a good, late-model coach and an interstate authority. But even in the best of times, it's a damned difficult business to stay in and do a good job. And once you're in it, it's nearly impossible to leave without emptying your wallet, your savings and your pride on the way out. Mind you, that's in the best of times and these aren't the best of times. Here's a quick summary of the issues affecting the "state of the industry," compiled from the last year's newsletters:

1) **Fuel prices** have skyrocketed and, if the EPA has its way in reducing sulphur content of diesel fuel, the price of diesel fuel may double or triple in the next two years.

2) **Insurance prices** are climbing. The insurance industry played the market well enough to keep its policy premiums low for many years. But this year, all that has changed and the pendulum is swinging back; premiums are going up, radically.

3) **Federal regulations** are getting tougher, crazier and more costly. OSHA ergonomic training and workers' compensation costs alone may eat you up. And if they don't, the fines for non-compliance of federal motor carrier safety rules will.

4) **Vehicle trade-in** value is dropping. With all the new coaches in the market, there's no certainty that the vehicle you buy today will have a predictable value when you want (need) another.

5) **Drivers are in short supply.** The industry will soon have more coaches than



January of 1981 found this Trailways Eagle seeing the sights in Washington, D.C. at night. Although the federal government deregulated the intercity bus industry in regard to operating authority the following year, other obligations in the areas of fuel, drivers and drug testing were to follow. Today's bus company has many more regulations and obligations to observe than it did two decades ago.

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drivers. If you're a driver now, you'd help yourself and the industry's reputable operators by staying where you are rather than competing with them for the limited work force. This is not a good business to "buy yourself a job."

6) **Safety** is expensive. Operating cheaply and unsafely is just plain stupid and even more expensive in both the long- and the short-term.

7) **Profits are low.** Unless your first step is a solid business plan and you're ready to start with prices high enough to cover items 1-6 plus profit, you might just as well not even hang out the sign. You're destined to fail.

#### To learn more:

Talk to the successful operators in your area and seek advice from people who know this business and who have nothing to gain by misleading you. Then talk to us. If you can answer all the challenges we've listed above and a few we haven't listed, and if you're ready for hard work, call us toll-free at (800) 424-8262 with questions and comments. □

This Greyhound MC-9 was brand new when photographed at the garage in New York City in February of 1979. Maintenance and safety have become even more important to bus operators since then. An ongoing shortage of good bus mechanics makes maintenance particularly difficult for new bus companies. ROBERT REDDEN, REDDEN ARCHIVES.



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