

## **Facing Tough Decisions As Fuel Continues To Increase**

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Remember when the national average for fuel was \$1.61 per gallon? That was January 2008! As of 05/17/11 the national average is \$3.91 which is a 140.8% increase from that period. From June 2009 until November 2010 fuel prices stabilized at an average of \$2.65 per gallon, an increase of 64.6% from January 2008. The increase from November 2010 to current date is a staggering 46% more.

In 1992 when Black Diamond Services was incepted the average rate for transportation in the Southeast was \$1.50 per transport mile. Currently the average rate is \$2.05 per transport mile which is an overall increase of only 36.6% in 19 years. Meanwhile costs have increased well beyond that and Black Diamond Services has been able to withstand these increases in fuel by focusing on internal costs, using technology more effectively and streamlining staff and processes. Black Diamond Services is committed to keeping costs low while continuing to arrange excellent services.

The entire country is feeling the effect of rising fuel especially in the transportation industry. Companies like Delta Airlines, FedEx and UPS face these challenges as well. An article posted on April 26, 2011 refers to Delta aggressively raising fares to overcome this challenge as well. Delta has been able to pass through the cost of fuel until now and is no longer able to do so without raising fares. The article also indicates Delta has to make decisions on the types of passengers to accommodate which is business travel or leisure travel. The transportation industry is faced with these challenges everyday as fuel continues to climb and is projected to rise well above \$4.00 per gallon nationally.

Other industries are affected by the fuel crisis as well. Companies such as FedEx which delivers to consumers and business has a current fuel surcharge of 15.5% on express delivery and 8.5% on ground shipping. UPS poses similar charges and is only 15% on express delivery and 8.5% on ground shipping. Fuel prices affect everyone from how much we pay to mail packages to the price of garbage bags and other plastics consumers use every day.

Just as Delta is faced with deciding where their service strengths are Black Diamond Services is now faced with similar decisions. Companies like Black Diamond Services advertise and arrange services nationwide. The reality is even though services can be arranged nationwide there is an increase in poor performance due to the types of network partners available to do services within the margins needed to be profitable due to the continual rise in fuel costs. Black Diamond Services has always relied on direct service providers which is more cost and service effective. This is where our strength is and the company must focus on its strengths to accommodate clients more effectively.

As fuel prices continue to increase and inch closer to \$4.00 a gallon nationally, Black Diamond Services is constantly reviewing what the company can do and be socially responsible to our people, clients and ensure profitability all at the same time. The economy is dictating how companies must conduct business each day as one of the hottest commodities in the world continues to affect everyone.

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