



ENTREPRENEURS

Rising Gas Costs Raise Concern for Small Businesses

By Christina Scotti

Published March 25, 2011 | FOXBusiness



5



16



Nobody likes watching gasoline prices start spiking again. But rising numbers at the pump can be dangerous to the health of small businesses--especially those that are mobile.

Jeff Dudan's company, [Advantaclean](#), is a service-based firm that takes its business to clients.

Founded in 1994, the

company focuses on indoor air quality and provides services for everything from mold removal to air duct cleaning; it has 70 branches in 19 states."Obviously high gas prices comes right off the bottom line," said Dudan. "Driving is an expense, and it's difficult to pass that along to your customers."

So Dudan, whose company's worldwide sales were \$15 million in 2009, is combating gas prices in creative ways.

"We got a new type of car to drive," said Dudan. "It's a four-cylinder diesel engine called a Sprinter. Many fleet-type vehicles typically get 12-14 miles per gallon, but the Sprinter gets around 25 miles [a gallon]."

RELATED VIDEO



Young Guns: Powering Down

Your Energy Bill

Christina Scotti talks with Tom Scaramellino about his energy-saving startup

He also offers discounts to customers for same-day service and uses the most up-to-date technology to keep the amount of trips to a house at a minimum.

"We have printers and wireless cards in the car so we can deliver an estimate without having to go back to close the deal," he explained.

Cutting down on travel costs is essential for many small businesses to survive and thrive in this economy. But across the country, gas prices continue to rise, and expectations are that they still may have a ways to go. In part, that is because of pressure on [oil prices](#) from the crisis in Libya and uncertainties in other oil-producing Arab nations.

John Kingston, director of news at Platts Oilgram, said he doesn't think the market has felt the impact of the lost Libyan crude just yet.

"It's OK because we have oil coming from Saudi Arabia and other places," he said. "But what you need to take into account is that Libyan crude is very high quality so as a result they are replacing barrels with lower crude oil."

RELATED VIDEO



Reenergizing Your Small Business

Christina Scotti gets tips from consultant Ron Ashkenas

CONNECT WITH SMALL BUSINESS CENTER

Get Our FREE Weekly Newsletter!

Small Business Toolkit

Enter Your Email Address

Sign Up

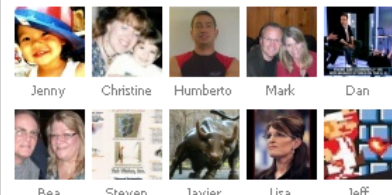
Follow Small Business Center

Facebook Twitter RSS YouTube

Fox Small Business on Facebook

Like

1,202 people like Fox Small Business.



Facebook social plugin



Solution Center

CASE STUDIES

Sprint 4G Keeps Annapolis PD On The Move at Blazing-Fast Speeds

WHITE PAPERS

Sprint 4G Powered by WiMax - The 4G Revolution Has Begun

FEATURED DEVICES



W801 Overdrive 3G/4G Mobile Hotspot



3G/4G USB Modem 250U Mobile Broadband Card

FOX BUSINESS

- **New Amazon Service Stores Music, Files in the 'Cloud'**
- **The Kill Switch: 'Death Panels of Cyber Security'**
- **FOX50 Gets a Makeover**
- **Nokia Once Again Suing Apple for Patent Infringement**
- **The Worst Job I Had in College**

RELATED LINKS

- [No Cookie Cutting Around High Gas Prices](#)
- [6 Ways to Use Less Gas](#)

Kingston went on to explain that because of this need to compensate for the loss of higher-quality oil, more barrels will have to be produced, which makes investors bullish on gas prices.

The U.S. Energy Information Administration projects gasoline prices will average \$3.70 per gallon during peak driving season this year. But it went on to say that because of the uncertainty in oil markets, "the current market value of futures and options contracts for gasoline was suggesting about a one-in-four chance that the national monthly average retail price for regular gasoline could exceed \$4.00 per gallon during summer 2011."

Every Thursday, Dan Hoffman drives 30 minutes from his home in Sandy, Ore., to the downtown Portland area. Hoffman is the franchisee owner of a branch of [Fibrenew](#), a mobile business that specializes in restoring leathers, plastics, fabrics, and carpets.

In an effort to retain clients and keep his gasoline bill at a minimum, logistics have become an important part of his work routine.

"I have customers who call and ask me to do work for them. Then I ask them their location and from there I tell them, 'I will be in that area on this day.' So right now we're not passing on the cost to the customer," he said.

Franchisee Wayne Sarrow owns [Senior Helpers](#), a homecare provider for senior citizens in Madison, NJ. He says his caregivers are given the most optimal routes and have recommended consolidating trips for some of their clients.

"So maybe one trip a week or twice a week opposed to five days a week," said Sarrow. He said his clients, many of whom are on tight budgets, are aware of the price increases and try cutting back.

"They may think twice about going out for a drive and getting some fresh air," he said.

Advantaclean's Dudan said he has been getting calls from many of his franchisees who are also worried about rising gas prices and asking the best way to approach smaller jobs.

"It's not worth it for everyone to drive all the way across town for a \$100 job because of gas prices, so people are wondering what to do in that situation," he said.

Dudan said Advantaclean's largest franchisee is incorporating a fuel surcharge of \$15-\$30 per job, and Sarrow said if fuel climbs over \$4 a gallon, his company might start imposing a \$5-\$10 per day travel fee.

But he hopes it doesn't come to that.

"We are trying not to have to pass that on to them with their fixed incomes," Sarrow said. "And so wherever possible for as long as possible we will try to maintain the current rates."



5



16

RECOMMENDED STORIES

- [Common Mistakes Entrepreneurs Make](#)
- [In Business, Color Does Matter](#)
- [No Cookie Cutting Around High Gas Prices](#)
- [Helping Entrepreneurs With Funding](#)
- [Snowsports Offer Opportunity to the Mom-and-Pops](#)

ALSO ON THE WEB

- [Jackpot! A plan for winning the lottery](#) *(BankRate.com)*
- [6 banking changes you'll see in 2011](#) *(BankRate.com)*
- [So You Wanna Drop Your T-Mobile Contract?](#) *(GeekSugar)*
- [AT&T-T-Mobile Merger Widely Panned](#) *(PCWorld)*
- [Endangered Professions: 25 Declining Jobs](#) *(Mainstreet)*