

LCT

LIMOUSINE, CHARTER & TOUR

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POST INTERNATIONAL LCT SHOW ISSUE

STATE OF THE INDUSTRY MESSAGE TO READERS:
Consumers Want You To Make Booking EASY!

EXCLUSIVE!

BEST OPERATORS

Of 2017: Their Winning Secrets Revealed



45 GREATEST IDEAS GLEANED
AT THE LCT SHOW

PREDICTION:
WHY UBER'S DAYS
ARE NUMBERED

+NEWS PLUS: GETTING REAL WITH MILLENNIAL OPERATORS @ LCT FAST 40 **+**



LCT SHOW SCORES
BIG IN THE
NETWORKING GAME

TOP STORY

35 Years On: From A Smelly Taxicab To A Sleek Black Fleet

Commonwealth Worldwide Chauffeured Transportation evolved from the scrappiest of starts into a landmark luxury transporter in Boston and New York.

By **Martin Romjue**, LCT editor

BOSTON — Nine months after starting a limousine company part-time, cab driver **Dawson Rutter** faced one of his worst nights on the city streets.

He was assigned an old, dingy, smelly cab, literally to be retired the next day, on a miserable, cold, freezing rainy night in January. It just so happened one of his riders that night had been his very first client from the limousine company he started on the side on May 24, 1982. That passenger turned out to be the benefactor who pushed Rutter and Commonwealth into what in hindsight looks like an inspiring story of industry success.

Rutter, 65, now presides over a global company with \$50 million in annual revenues and 85 company-owned and operated vehicles in Boston and 105 in New York. As Rutter likes to tell it, he never really envisioned or set out to become one of the most sought after limousine companies in the U.S., among clients and affiliates.

Street Starts

Rutter started driving a cab in 1973 while attending college and then dropped out in 1975 to work full-time. During the late 1970s, he alternated between working a ski resort hotel during the winters and living on Martha's Vineyard during the summers. He drove a cab in Boston every day from Labor Day to Thanksgiving each year until 1979 when he drove year-round.

"I knew my way around better than anyone," he recalled. "I dispatched cabs for a while, and dispatched overnight. I've been in transportation my whole life."

In 1981, Rutter joined a limousine company called Coopers of Boston, run by Rita Cuker, one of the founding members of the NLA. He worked there for nine months, driving and managing a 15-car company. He left in February 1982

and drove a cab again while starting his own limousine company with a 1982 Cadillac limousine, which had a partition and forward facing jump seats. "The first stretch limousines came out in 1980-81, and there was no mass production until the early to mid-1980s," he recalled.

The first day Rutter went into the limousine business, May 24, 1982, he got a call from John Brady, the senior editor of *Boston Magazine*, who needed a car. Brady and his wife were moving from Cincinnati to Boston and wanted to look for a home in various city neighborhoods on an all-day tour. "I showed them Boston, gave them history, took them out into suburbs and places they could live. I knew they were both journalists. At the last stop of the day, I took them to Sleepy Hollow Cemetery in Concord called Authors' Ridge, where Louisa May Alcott, Nathaniel Hawthorne,



Dawson Rutter, Founder/CEO of Commonwealth Worldwide Chauffeured Transportation, addresses his employees at a company meeting in Boston in February.

Ralph Waldo Emerson, and Henry David Thoreau are buried side by side. I was an English major, so for me it was an exciting place to be. They were so overwhelmed seeing this incredible place."

Fast forward to January 1983, when Rutter was driving his cab on that hellish night in Boston: "I get a radio call to pick up in South End of Boston for John Brady, who turns out to be the same Brady. I had the worst taxi in the fleet

Business Built On Wisdom

Among the operating insights Rutter has gained over the decades:

- Hourly as-directed runs are more profitable than airport transfers, and companies should find the right balance to maximize profitability.
- Get a full-time I.T. director to handle software systems in-house. Trying to run your IT on your own is problematic when troubleshooting. Commonwealth uses the Livery Coach system, and Rutter doesn't trust the Cloud.
- If you want top salespeople, you need to pay them with six-figure salaries. They should be paid for every account they bring in, and earn commissions for as long as they have the account.
- When revenues and profits are high, set aside money for recessions. Rutter has been through four of them (1982-83, 1990-91, 2001-02, and 2007-09) since founding his company. Managing annual revenue flow can increase the chances of an operation successfully surviving a recession.
- Secure a banking relationship for your company as soon as possible. Rutter, who established one in 2001, said it helps cover cash flow shortages and yields better finance rates. Otherwise, you have to rely on credit cards and finance companies. "If an operator has accounts receivable and is carrying \$4 million to \$5 million, he is financing it," Rutter said. "If it doesn't come in quickly enough, you still need to pay your payables. When operators get short of cash, they often hold back payables to other operators. It's a big problem in this industry tied to a lack of profits and funding."



CEO Dawson Rutter, 2007, a peak year for his company.

that night. He gets in the back of the cab and says, 'What the hell? This cab stinks. Why don't you take the cab back in and change out. . . Do I know you?' I said, 'I'm Dawson, I drove you in May.' He replied, 'What the hell are you doing driving a crappy s--- box like this?' I said, 'I'm trying to get my limo company going and don't have full time work.'

Another six months later, after driving Brady home from a local function, he told him he had bought a second limousine and was slowly growing his business. That month, in the July 1983 edition of Best of Boston in *Boston Magazine*, Brady named Rutter the best chauffeur in Boston. "In August my business tripled and I bought my third, fourth, and fifth cars and never drove a cab again. The Boston award really kicked me into gear and made a big difference in my revenue stream." Rutter and Commonwealth Worldwide got another Best Of award in 1984 and to date have gotten six of them from the magazine.

Retail Growth Curve

During the 1980s and 90s, Commonwealth did mostly retail-related business, securing contracts with major hotels such as the Meridian and the Ritz-Carlton. "It was mostly weddings and proms, bachelor and bachelorette parties," Rutter said. "By 1992-93 I had 20 limousines, running them everywhere. Then in 1998, I realized if I was ever going to retire

comfortably, I would have to work harder and build a larger company. So I focused strictly on corporate because it's steadier."

Rutter refers to retail limousine business as subject to "horrendous cycles," at the mercy of seasons with vehicles often sitting in the garage during winters and summers. "If I got more corporate business, I could get more year round. You don't have big fluctuations in the business cycle."

Corporate Transition

From 1998 to 2007, that corporate chauffeured business vaulted Commonwealth to compounded annual growth of 45%. "I had no experience in business when I started and learned how to make it," Rutter said. Commonwealth consistently has ranked among the top 100 fastest growing inner city companies in the U.S., according to the Initiative for Competitive Inner City (ICIC), founded by a world renowned department head at Harvard Business School, Michael Porter. Commonwealth made it to the ICIC Hall of Fame after five growth periods in its company history.

One of those periods started in July 2004 when Commonwealth opened a company-owned operation in New York City with 10 cars. By November 2007, it had grown to 150 cars. "We had been farming work out to New York in preceding years, and it had gotten to be so much we were concerned we needed to control the quality of business that customers were receiving," Rutter said. Commonwealth now derives about 20% of its business in Boston, 20% in New York, and 60% from national and global farm-out work, doing work in 88 countries in 2016. The company does not farm-in much work, preferring to keep its fleet available for its corporate customers.

One of the most rewarding experiences for Rutter has been developing a solid, reliable management team who can run the company, which actually makes Rutter want to stay in the business longer with no immediate plans to sell, merge, or retire. "I'm not in there running the day to day operations of the company. Few [operators] can do that. It enables me to not have to work as hard at age 65. I'm in Scottsdale right now, and playing golf this afternoon, with an office in my winter house," said Rutter during an interview call with LCT. "I spend considerable time up here."

An Awards Legacy

Commonwealth Worldwide (www.commonwealthlimo.com) has received many accolades during its 35 years, including "Operator of the Year" from the Taxi, Limousine & Paratransit Association; The New York City Association of Hotel Concierges "Concierge Choice" Award; The Hartford Insurance "Pewter Stag" Safety Award; and Boston magazine's "Best of Boston," a record six times.



INDUSTRY OUTLOOK

On the big issues facing the chauffeured transportation industry, Rutter remains optimistic:

- TNCs: "I think TNCs are an unsustainable business model because they will always lose money. 80% of riders use them because they are cheaper than taxicabs. That means Uber and Lyft are subsidizing 60% of every ride. Cabs, black cars, and luxury limos are still there. For Uber to raise rates to a self-sustaining level, they will be more expensive than cabs and lose 80% of their rides. I'm not sure they can overcome that hurdle."
- On-demand service: "If you want to do on-demand work, you will hurt your bottom line. You are competing against Uber and Lyft who are losing billions every year. Near-demand is not on-demand, so you might as well get a traditional car company. You are either in on-demand or not."
- Driverless cars: "I don't think autonomous cars are anywhere near in the future for us. O.K., long distance trucking, straight line runs, yes. But for inner city trips, it's not happening. Autonomous cars cannot figure out how to take right turns at stop signs. They have not figured out what is coming from the left. They will never overcome heavy rain and snow. They can't tell what's around them. Radar systems don't work in snow or heavy rain. When someone builds an autonomous car, they will have to program it to go the speed limit. If an operator overrides the programming of the vehicle to accommodate what the customer wants, companies could be liable for any car accidents. Today, if you go over the speed limit, you will be liable because the user controls the speed. If the manufacturer of the vehicle controls the speed, there is huge liability to the manufacturer." ▶



Boston Benefactor

May 24, 2017 marks the 10th anniversary of Dawson Rutter's guest conductor appearance before the Boston Pops Orchestra, done to celebrate Commonwealth's 25th anniversary. The company has been a grand benefactor of the Boston Symphony and Pops Orchestras since 2000, donating upwards of \$2 million in transportation for BSO-related events. On the evening of the company's anniversary night 10 years ago, Rutter conducted the orchestra in its closing performance of "Stars And Stripes Forever" on stage in Boston's Symphony Hall. For someone with basic musical ability, the gig proved exhilarating. "I just stood up and did my best impression of my band conductor in high school," said Rutter, who played the tuba growing up in Westchester, N.Y. "I had never conducted before, so I just carried the beat. One third of the orchestra said, 'Bravo.'" ■

OPERATORS OUT & ABOUT



(L to R) Chosen Payments check presentation: MLOA leaders Ana Regina Goff, Reggie Tymus, Travis Latham, and Maurice Brewster with Jim Luff of Chosen Payments and MLOA executive director Philip Jagiela.

MINORITY OPERATOR GROUP

LAS VEGAS — The Minority Limousine Operators of America held its annual business meeting March 12, demonstrating how it has become a valued industry resource for best practices.

Maurice Brewster, founder and President of MLOA and CEO of Mosaic Global Transportation in San Francisco, told members the primary goal of the association is to "share best business practices and help each other grow." To that end, the meeting featured two speakers, Barbara Oliver, president of MBE Magazine, a minority- and woman-owned

publication, and Shaundell Newsome, president of Samnu Marketing. They led an educational session outlining the difference between sales and marketing as well as how to prepare and submit press releases to media outlets. The session included using social media for marketing.

The MLOA meeting, kicked off by executive director **Philip Jagiela**, drew about 45 attendees. Jagiela acknowledged and thanked sponsors including Grech Motors, Diamond Transportation of Tucson, Ariz., Advantage Funding, Access Commercial Capital, Create-A-Card, Geny Insurance Group, PALM Association Management, MUFU, and TIB Insurance.

The six year-old organization, founded at the LCT Show in 2011, reported it has \$12,275 in the bank. **Jim Luff**, marketing manager of Chosen Payments, presented the MLOA with a check for \$2,003 as a rebate from profit earned processing credit cards for MLOA members.

Information: www.mloa.wildapricot.org



SUBURBAN CUSTOMERS VOTE L.A. OPERATION BEST ONE

SANTA CLARITA, Calif. — Limousine Connection in February was voted Best Transportation Service by the readers of The Signal (signalcv.com). The contest spanned three weeks and drew 9,000 votes in 150 different categories. Owned by **Chris Hundley**, North Hollywood-based Limousine Connection has been serving the Los Angeles region since 1978. "The award is great because it is actually a people's choice type award and you can only vote once," Hundley said. "So it is really customer-based upon people liking your service. The award is oriented to the Santa Clarita Valley, a suburban community north of Los Angeles, where the company has an office with a strong presence.

Information: www.limoserviceconnection.com ■

PEOPLE, POSITIONS & PROMOTIONS



Daniel Spyralatos

OPERATION GROWS WITH HELP OF NEW MARKETING MANAGER

COLUMBIA, S.C. — Carl Wilson, owner of Limo Sales & Service, recently hired Daniel Spyralatos as the company's new marketing manager and immediately saw a return on his investment. Since LCT published Wilson's story in the January 2017 issue, the Columbia-based business has expanded and is looking to branch out into Greenville.

"Before Daniel got involved with doing my website, I was thinking about retiring. He's rejuvenated the company and we've actually had to hire four new chauffeurs, so things have improved quite a bit," Wilson said.

The city will provide them with more corporate work, since the area is home to many manufacturing jobs. The company has five vehicles, and plans to add a seven passenger Mercedes-Benz Metris van, as well as alter a used Mercedes chassis to create an ADA compliant party bus with a wheelchair lift. The duo hopes to start advertising handicap limo service, which is sorely lacking in its service area.

Information: www.limoservicesc.com LCT