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Interview no. 1523

Rick Hernandez

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THE UNIVERSITY OF TEXAS AT EL PASO INSTITUTE OF ORAL HISTORY

Interviewee: Rick Hernandez

Interviewer: Manuel San Miguel

Project: Hispanic Entrepreneurs Oral History Project

Location: El Paso, Texas

Date of Interview: February 10, 2009

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Transcriber / Summary: Pamela Krch

Rick Hernandez overcame considerable odds to start his freighting company, Mustang Express, Inc. He relates how he capitalized on his experience as a third-generation truck driver, his sheer will and determination, and his family's unconditional support in order to build his trucking line into one of El Paso's foremost minority-owned companies. Growing up in the central and south side of El Paso, Hernandez attended Ysleta High School, graduating in 1978. Immediately after graduation he married his high school sweetheart, Laura, and began a family. Realizing that his job flipping burgers would no longer serve, Hernandez enlisted in the armed forces, serving three years with an additional three years in the active reserves. After his discharge, Hernandez first found work with the Santa Fe Trails Trucking Line, eventually moving on to other transportation businesses as he struggled to make his way up the corporate ladder from casual dockhand and driver to sales and management. Although trucking company executives initially discouraged Hernandez, claiming that his lack of a college degree barred his entry into management and that he "was not sales material," in 1986 he exploited a rare opportunity to move into the sales arena, eventually becoming a senior account manager. In 2000, Hernandez began working for West Texas Express as an owner-operator, and this experience allowed him a taste of running his own trucking company. In spite of an uphill battle to secure credit, Hernandez managed through his own savings and a loan from his parents to begin Mustang Express. Starting with just one truck, Hernandez's company now oversees approximately twenty-seven vehicles. Hernandez credits his business success to his company's policies of team service, company-client communication, and top-of-the-line equipment. In addition, he maintains his personal success has been an outgrowth of his passion for what he does, as well as due to his wife and family's solid support.

Length of interview 73 minutes

Length of Transcript 32 pages

Name of Interviewee: Rick Hernandez
Date of Interview: 10 February 2009
Name of Interviewer: Manuel Sanmiguel

This is an interview with Rick Hernandez in El Paso, Texas on February 10, 2009. The interviewer is Manuel Sanmiguel. This interview is part of the Paso del Norte Entrepreneurs Oral History Project.

MS: Mr. Hernandez, when and where were you born?

RH: I was born here in El Paso back in 1960. June 14, 1960 is when I was born.

MS: Where did you grow up?

RH: I grew up in the central side of town, as well as the majority of the time was in the lower valley. The school that I grew up near was Pasodale Elementary. I was there probably from the fourth grade up until the eighth grade and, of course, my parents still to this day live there at that same house that I grew up in.

MS: Tell me a little bit about your parents. What did they do for a living?

RH: My father was a truck driver here in El Paso. Towards the end of his trucking career, he actually was an over-the-road driver for a company here in El Paso by the name of ABF. It's a national company. My mom was a homemaker. At times, she would go out and work. I think we probably drove her up the wall so she would every six months go out and get a job for about six months and then come back and finish where she had left off, but yeah she was a homemaker.

MS: Any brothers or sisters?

RH: I'm the oldest. I have a sister that's one year younger than me, my sister Eldora (Aurora??). I have a brother by the name of Manuel Eduardo. He's four years younger. My brother David is six years younger than me. Then I have my youngest brother, Esteban. He's eleven years younger than I am.

MS: Let's talk a little bit about your education. Where did you go to school?

RH: Of course, I went to elementary. Pasodale was the last four and a half, five years of grade school and junior high. I went to Ysleta High School. I got my diploma from Ysleta High School and I never went to college. I never went to college. I immediately joined the military after I graduated.

MS: Can you tell me what language was spoken at home during your childhood?

RH: The primary language that my parents spoke to us was in English when I was growing up. Second language was Spanish, of course.

MS: Did your parents or anyone in your family operate a business?

RH: No.

MS: You mentioned that your father was a truck driver. Did this influence you to start your own business?

RH: Yes, it did.

MS: In what way?

RH: I think that once you have it in your blood, you see it. You see the potential of people making money and I wanted something more. I had a dream. I had a vision of growing and providing better for not only myself, my family, but my parents also, as well.

MS: What is the present name of your company?

RH: Mustang Express.

MS: Describe your business. What's the number of employees? What is the product or service that you offer?

RH: We have roughly – we run an operation that consists of over-the-road drivers. For every truck that we have, we basically have two drivers on that truck. We have roughly about forty-eight drivers right now. Office staff, I have probably about ten office people working within the organization. So I'm running about between fifty-eight and sixty people right now is what I look at on a weekly basis as far as payroll. One of the things that we provide is, as I said, team service. I've always thought of that. I had the opportunity of working for several carriers and one of the things that I always said, "Is we need to have better service and what can I do to get from Point A to Point B and do it better than the other carrier." I think we can all run trucks up and down the freeway, but how fast am I going to get the product to my customer, and that's the secret of Mustang Express. We provide team service on just about every load that we have here in El Paso.

MS: For us that we don't know how trucking business operate, what is OTR and what is a team service? Can you go a little bit in detail about that?

RH: Sure. OTR, over-the-road truck driver. Whenever you seen an over-the-road truck driver, this guy leaves El Paso and he takes off and he's gone for maybe two or three days with Mustang Express and he'll be here—they leave on a Saturday, they're guaranteed to probably be here on Tuesday afternoon ready for their next load assignment. So that's what over-the-road stands. When we say team drivers, there's two drivers on every truck and they alternate driving based on DOT rules and regulations that we're all governed under.

MS: How many years has this company been in existence?

RH: I always tell people we actually started back in February 2000. That's when we got the name Mustang Express and incorporated the company 'Stang Express Incorporated, but to actually say that's when we got it, that's when we applied for it, yes. We actually got our USDOT number so we could run it under our own authority and that is very important when you're trying to run a true trucking company is to have your own USDOT number. We got that USDOT number back in November 2003. We actually handled our first loads in January 2004, and that's where the company has gone. So we can actually say that we've been under our true USDOT number over the last five years. We just went over five years.

MS: What kind of experience did you have in this area?

RH: I think the experience that I had is that I was willing to work and start at the bottom and work my way up from becoming a city pickup and delivery driver for various carriers. I worked for Santa Fe Trails as a driver. I worked for Roadway Express, Consolidated Freightways, Yellow Freight. I worked as a casual dockhand and driver for those companies, and what that means is I was not a regular employee. I did not have any benefits or anything like that.

MS: When did you start working for them?

RH: I started working for a lot of those carriers back in May, June 1983, more or less, and I worked for all of them. And one of the things that I had to do was put as many applications with as many people so they could at least try me out to see exactly could I do the job for them and do it well. If they didn't call you back, that means that you weren't going to work. You were the last man on the totem pole. I was very fortunate that the work ethic that I had seen growing up with my father was that, you know what? He went to work everyday. My grandfather went to work every day. So, I really believe that that work ethic has always been instilled in me to, you know what, you gotta give it 100, 100 percent all the time,

and that's why I believe I worked for three and a half years as a (casual??). I survived it.

MS: Was your grandfather a truck driver as well?

RH: Yes he was. My grandfather worked for the Santa Fe Trails for about thirty-eight years and then he retired. That's, like I said, I'm third generation. This is all I basically know.

MS: How did you determine the need for this business?

MS: You know, working for a truckload carrier here in El Paso and working for the LTL carriers that I worked for in the past, service was a big thing and I had the opportunity of working for the truckload carrier. The ratio was 10 percent. They had fourteen hundred trucks, so that means that 10 percent out of that fourteen hundred trucks was only a hundred forty teams that they had. So I said 10 percent, I wanted to flip that. I wanted to be more as far as percentage wise. What kind of service would I have with teams? At the beginning that sold off very well and it still does. We still have customers that we started with five years ago that are still with us right now. Why? Because of the vision that I had as far as team service.

MS: What's an LTL?

RH: LTL—in the trucking industry we have two words that we use: LTL and TL. LTL stands for less-than-truckload and that's what we call in Spanish *paquetería*. That's what it is. TL is truckload, and what I've sold is a full fifty-three foot trailer of space going up and down the freeway, whether you put one piece of paper, an envelope, or you fill it up with as many skids as you want that are within the range of transporting that stuff, which is normally forty thousand

pounds, we charge you one rate. Wherever it's going, we charge you one rate. We come to an agreement with that rate before we handle the load.

MS: You mentioned that you wanted to increase the ratio of teams per trucks. How did this happen?

RH: I, like I said, I always saw the need here in El Paso. Selling for the truckload carrier that I worked for, we didn't have enough teams in El Paso, and I said, "There's a problem here." Customers expect this service and it's not happening. It is not happening. So when I started the business, I knew that that is what I wanted to portray to every customer that did business with Mustang Express, that they knew and they were aware that they were going to get team service from the moment it left El Paso until we delivered their freight that there was going to be two drivers on that truck from Point A to Point B.

MS: How old were you when you decided to start this business?

RH: Gosh, going back to roughly ten years ago. It was [the year] 2000, so it was eight years. I was thirty-nine, forty years old when I first got my first taste of actually running the company and then five years ago I was about forty-three, forty-four years old. That's when I actually started with our own USDOT number. I've grayed a lot over the last three-and-a-half years.

MS: Why did you decide to go into business for yourself?

RH: Why did I decide to go into business for myself? You know, I've always been an entrepreneur like I had expressed to you earlier. I always want something better for my family and the legacy that I want to leave once I'm gone. I've always said this: there's two things the day that you die that you go with, your integrity and your reputation. And I want when the day happens that's the reason why that I did this for—we created this company and we got into business because we

wanted to provide a good service and we also wanted to reap the benefit and support the families that we have working with us, the opportunity as well. They're all an extension of Mustang Expression, and my family, I always try to make sure that the family is taken care of.

MS: Who encouraged you?

RH: You know what? The people that encouraged me were my parents, of course, and my wife, my wife Laura, and my son Joshua. Those three actually did a lot to encourage me to take that step, take that step of faith. It's very difficult when you're starting out to actually take that step and it's scary. It's scary to take that first step, especially if you don't have the financial resources and the financial backing and everything that it takes to run a business. You're just always thinking, What if? What if? A lot of times you have to think of what if, there's no what ifs. It has to go up and that's the reason why we're here. The what ifs is—we have to go up. There's no looking back. When I made the transition from being a truck driver, casual part-time truck driver, to taking that step forward, I asked one of the dockhands, not a dockhand but an operations manager, one day I said—his name is Porky Diaz. I said, "Porky, what do you think? What do you think about me going and taking that step into management?" He says, "You know what, you have something that just not every truck driver has. You have the will. You have it honest to make something different. I see that in you. I see that." He says, "My only advice to you is once you take that step forward, never look back." And I've taken that to heart, and that was probably 1986 when I made that decision. I never looked back. I try to move forward.

MS: So you started working right off of high school as a truck driver?

RH: No. In '78, I graduated from high school. I flipped some hamburgers with a company here in El Paso by the name of Ray's Basset Burger, worked with them for about two years through high school, and then at the end, I graduated in '78,

and I got married in October of 1978. I got married October 21. October 23, I'm en route to boot camp and my wife was expecting. She was sixteen years old. I was eighteen. But I knew that I could not support a family flipping hamburgers. I knew that. I made the decision to get into the military and I did three years of active duty. I was in the army for three years and I also served another three years active reserves. At that time, I already knew when I got out that I had to hustle it and get a job and provide for the family. I already had two kids by that time. So, when I got out in '81 I worked as a warehouse man and I would talk to the drivers as I was loading up their trucks with all the products that they would come by to pick up. I would talk to all the truck drivers. "Hey, how's it going? You enjoying what you're doing? Hey if you ever hear that they need somebody, give me a call." And it just so happened that the guys that would go over to pick up where I was working at, at this place called (Cin-City??) Warehouse, the drivers for Santa Fe Trailers where my grandfather retired from would always—I would make friends and befriend them and [say], "Hey how's it going? You know there's some water there in case you need it." [I] just befriended every truck driver that was out there. Why? Because I'm third generation; they all knew my grandfather, they all knew my dad. So I was always trying to help the guys out. One day one of them came over and says, "Hey, you know what, why don't you go and apply over there? They're looking for a couple of guys. They're casuals, but you know, a casual, you know what it is. He doesn't have any guarantees as far as working." So that's where it started out and I quit my job in May 1983 and I started with Santa Fe that following day and never really have I missed a beat. I've always worked, and that's what you have to have. You have to have, whether you start at the bottom and washing the bathroom, washing clothes, the dishwasher, you gotta do 100 percent. People notice. You may not think that they're noticing, but everybody's looking at what you're doing.

MS: Then after that, you started working for Santa Fe, and throughout the years, you started working for other freight lines as well? You mentioned Yellow Freight, ABF?

RH: Right (No??). I worked for Roadway Express, Consolidated Freightways, Yellow Freight, and I initially had started out with Santa Fe, but I was always after, always trying to ensure that—you know as a casual, like I said, you're not guaranteed any type of work. It's can you produce and if you produce (what they want you??), well they want you the next day and, of course, I always had work and if I didn't work for one carrier, I worked for another one. It was a first come, first serve basis, basically, with the trucking companies and there was several times that I was already set up with one carrier and the other carrier would call me and [say], "Well if you can't work this morning, can you work in the evening for us?" [I would reply,] "Sure." I was always available 24-7 to whoever wanted me to work for them; some long days there.

MS: Then after that, you took the leap into management. How did that come about?

RH: I had wanted to get into management, I guess. I've always said I had this something. Something was inside of me that wanted something better, wanted something better for my family, and could never sit still. So I went ahead and it was September 1986, October, sometime around that timeframe of '86 that I made the decision to go into management. As I told you, I took a step back. I took a decrease in pay of \$12,000 right off the bat to get into management.

MS: How did that happen? Why do you lose money jumping from driver to management?

RH: Because as a driver, I was working for a union carrier, at that time, and they were, to this day I can still remember, they started me out at \$13.23 an hour, and one of the things, if you worked over forty hours or you worked over eight hours on that particular day, it was considered overtime immediately. So like I said, I had to make a decision, but I knew I wanted something different so I went into management and I took that step back to go into the actual operations. I didn't

have college. At that time everybody was looking, “Hey well you know what, you need your diploma, your college degree, to even try to get in.” That was one of the biggest requirements that were out there for the other larger trucking companies, other LTL carriers that I had mentioned, but you needed a degree. I didn’t have the degree. What did I have to do to at least get my foot in the door? I took a \$12,000 pay cut, but after that, that hard work paid off.

MS: What company did you—?

RH: Start out with, in management?

MS: Yes.

RH: It was a company called A&R Freight Systems, and they were an LTL carrier and I worked for them for about three-and-a-half years, but the company shut down. But by that time, I already had my taste of being in sales. I used everything as a stepping stone, the ladder going up. I started out as a supervisor trainee. They promoted me to a supervisor. After that, the terminal manager up and left and quit on the company, so they kind of pushed me in there and I became a terminal manager for the company, and then they gave me the opportunity of going into sales. So that’s where I got my taste of sales, working for A&R Freight Systems. It was short lived, but I already had a taste of that.

MS: Why was it short lived?

RH: Because the company shut down and I was a sales rep probably between six and nine months with them, but I was able to get my foot in the door.

MS: Was there a particular reason why the company shut down?

RH: They decided to shut down the western region and from El Paso back to the west coast they shut down the western region. If I would have been on the other side of probably Pecos or Midland, my job would have been secure, but ultimately you know what, that company went out of business completely, nationwide. And then I went to work for another carrier, Merchants Fast Motor Lines for about a year as a sales rep, learning as I was going up and the carrier that I had the most fun and that I really learned a lot about the business was Central Freight Lines, in the sales side of it.

MS: What was so different between Central and your past experiences?

RH: I think that's where I kind of blossomed into being a sales rep, where I, kind of, felt like wow, this is what it is and you can start putting all the packages and everything together. I was very successful at what I did with Central Freight Lines. I was just a regular sales rep, just like everybody else. I worked hard and I made one of their first bonus checks that they had given out. So it was the hard work that I had always implemented and it paid off. When I left Central Freight Lines back in 1998, I was a senior account manager for them, so that was as high as I could get here in El Paso with them. I was a senior account manager for them.

MS: Then you left Central Freight Lines and from then what happened until February 2000 when you started this company.

RH: When I left Central Freight Lines, it was July 1998. I started out with a company called Paschall Truck Lines. PTL is what everybody knows it [as] here in El Paso and they are a full truckload carrier. I worked with them and I had always had also another desire of working for the next step up, the next step up. And the next step up was PTL, Paschall Truck Lines, to get into full truckload sales. I had wanted to work for a truckload carrier, and I had that opportunity, and I took it. And I left Central Freight Lines back in 1998 and that was the main reason that I

left, but it's been also an uphill battle, learning more for a different carrier, a different type of service that I learned when I was with PTL.

MS: What was the turning point between you working for companies and starting your own company?

RH: I think the actual turning point was probably in 2000 when I had the opportunity of actually starting out with Mustang Express. I worked for West Texas Express as a full truckload carrier that was here in El Paso. They still are. That was a true turning point for me. I was an owner-operator, and I leased the truck from Mr. Roberts with West Texas Express, from him. And I got my first taste of actually running the trucking company at that point, seeing exactly the ins and outs of everything. And every experience that I have gained over the years from flipping that hamburger on the grill to being in the military and having that discipline to continue those six years of active duty and inactive, as well as implementing everything that I've learned over the years. You have to do everything you can 100 percent.

MS: Let's go back a little bit to when you opened your company. Did you need any funding to start?

RH: We started out Mustang Express and right away—when you say funding, are you talking about, did I need help from a factoring company?

MS: Capital investments.

RH: Capital investments. I only had probably \$10,000, \$12,000 when we started out the company and my parents also loaned me some money and that was very instrumental in when I started the company with our own USDOT number. It was very instrumental. Getting the financing for the company was also an uphill battle as well. I had a vision and I wanted to grow the company immediately, but it

seemed like people said, You're growing too fast. You're growing too fast. It was called rapid expansion immediately when I started out. So I had some money but also my parents kind of helped me out also to fulfill that dream and that vision.

MS: You had \$12,000 and then your family, your parents—how much did they give you?

RH: My parents loaned me \$60,000 and within a matter of twenty-four months we paid them back immediately and any type of interest that was on that note.

MS: Did you begin your business with any kind of business plan?

RH: No.

MS: No, just your dream?

RH: Just a dream, a vision, let's go.

MS: Now did you have any technological issues to deal with at the beginning?

RH: I think some of the technical issues that we had is I was old school. I didn't know any better. It was all writing everything down. Just writing everything down, making sure that it was on paper. I think if you were to see our operation now, where we're at, we invest heavily into our computers, the software that we have, just everything that we have we believe in investing in it because it is a major investment for the success of the company to move forward.

MS: What were the complications of getting your DOT number? How long of a process was that or what was required from you?

RH: Well, immediately when you go and you apply for your USDOT number, you have to give up so much money for the application and it normally takes about thirty days. At the same time you're having to double pay on certain insurances that you have because you're still as an owner-operator with another carrier but you have your license that's trying to get activated, and one of the things that the federal motor carrier does is they look at all of this. Are you paying your insurances? Is it on time? Is it up to date? The red flag goes out to everybody that you have not paid your payment and that you're delinquent. So they could shut you down for that. That was one of the bigger obstacles, I think, that we had to pay extra money every month or everyday until we were an active carrier. That was the biggest obstacle. It was money that we were spending that we weren't getting a return on the investment.

MS: Besides that obstacle, the investment on the DOT number, [were there] any other obstacles that you encountered during the startup phase of your company?

RH: It was a financing of the equipment, the tractors, the trailers. Nobody really gave us an opportunity to finance us. The bank kind of didn't see it. You know, I didn't have a business plan. I just had a dream and a vision that, you know what, we needed to do something. We actually had a guy that his company stepped up to the plate and they started us, and basically, he's financed just about every piece of equipment that we have.

MS: Who is this person?

RH: His name is Richard (Juan??), Ricardo (Juan??). He's with a company called Financial Federal.

MS: Is he here in El Paso?

RH: He's here in El Paso, but his corporate office is in Houston, Texas.

MS: And how did you know this person?

RH: I had met Richard (Juan??) many years before that and I really didn't know what he was doing up until one day that we were looking at the newer trucks that we were going to buy. We were looking at buying two additional trucks back in April 2004, and his name came up. We got together and we started talking and he was able to get the financing based on a personal guarantee that he asked of me and on top of that he needed to see what my income tax statements looked like for like two or three years before that. That was the biggest thing. Nobody actually financed me except him and his company.

MS: In what ways did he finance you? Was it a loan? Was it notes payable? If so, what terms were there?

RH: Well, one of the things that we did is we bought the equipment and when we bought the equipment we bought it and we made payments for three years, the installments. As the company started growing we started discussing different note structures and what can we do different so we're not upside down on any vehicle at any given time. Well, you know, when you first started out, one year or two years, you're still upside down on that equipment, but after about the second, the 2.5 that you've already paid off, 2.5 years into it, you're not upside down. You have a little bit of equity already established there, in case that you do want to turn your equipment in two-and-a-half, maybe three years.

MS: Did you make an application with him?

RH: Yes.

MS: How long did it last—for the approval? How long did it take?

RH: I don't think it took very long because things moved really quick. We needed certain things in place and one of the things that he asked was, I think, two or three years of my income tax statements, on top of that, a personal guarantee. It was risk. It was risk, but you know what, we took it. It was a gamble and it's paid off.

MS: How much was this loan for?

RH: We bought two tractors and I think each tractor that we bought back then was probably about, I would say between, I think it was about \$40,000 [or] \$50,000 each tractor. So that's what we did. We had a note, probably about \$80,000.

MS: And what was the interest on the note?

RH: Gosh, the one that could answer that would be my son. He probably could tell you what the interest was on that note.

MS: And here in town, you mentioned that nobody believed in you. Who actually is nobody? Was it the banks, local banks, larger banks?

RH: I think when I say they didn't believe in us is that when you're a new carrier and you're starting up, and if you don't have the money to do it, it's not going to happen. The first truck that we had actually bought, when we first started out, back in 2001, it was through a company called C-Leasing. I'm sure you've probably heard of C-Leasing. They're owned by Bank of the West here in El Paso. We got financed through them, but immediately when I wanted the second truck they put a stop to it right away. [They said,] No you can't. You're growing too fast. [I replied,] "Well, I need another truck." So, they pretty much told me, We can't give you another truck. I found another truck. [I said,] "I need more revenue to support my family." [They said,] We can't. So I went through another source. I went and bought a freightliner on the east side of town with a company

called Select Trucks. Well they had a program where you could put so much money down and they would sell you the truck, but at a very high interest rate, very high. I was pushed between a rock and a hard place. I knew that it was going to cost me down the road, and it cost me, but my main focus was to try to get the truck running so I could make more money for my family.

MS: Your starting fleets, you mentioned these two trucks and then the additional two that you bought with Ricardo (Juan??).

RH: I actually had two trucks, one in October 2001, another one in November 2001, and it was up until August that I was able to get the third truck in 2002. So we ran like that for a couple of years, with those three trucks, as just owner-operators leased onboard with another carrier. As you can see, it took that long, 2002 up until 2004 to get the upgraded versions of the two trucks that we had. They were two 2001 units that we bought at that time. So they were already used trucks, but we had to make that investment.

MS: Can you tell me a little bit about the economic conditions in the region when you started your business?

RH: I think at that time, if I remember correctly, things were a little tough for a new startup company.

MS: In what ways?

RH: I think that when you start up a company, they see it, the customer will see it, but he's a little afraid to try it out, initially. Why? Because you don't have a reputation yet; you don't have that reputation. You don't have that—somebody can say, "Hey, yeah, he's a good carrier. He knows what he's doing. Everything that he says, he does and he fulfills his commitment." I think that was one of the obstacles that we actually had when we first started. You had to give them a taste

of what you wanted to do, and not until they gave me that opportunity, could I actually go forward.

MS: What was the initial reaction of the community at large when you opened your business?

RH: The initial reaction, I think people were happy that I had started the business, for me, but I also think that a lot of people have a tendency of wondering, Will he succeed, will he just be another number? I think that's what it is.

MS: What factors help your business grow and expand through the years?

RH: I think one of the factors that has helped me grow is that we don't live very big, rich lifestyle. What we have had, many years ago, is basically—I still live in the same house, as I did nineteen-and-a-half years ago. That house is as old as my youngest daughter, Hillary, and I still live there. Could I afford something more? I probably could, but what for? My kids are already gone. They're out of school. They're enjoying their life now. I think one of the things that also helped me is bringing my son, giving my son the opportunity of working with us, and of course, he's a lot younger than me. He's thirty years old, or twenty-nine years old, so he adapts a little bit better to the computerization and all the other things that make a company successful. He sees things a little bit different than what I see them and he also has a vested interest in it because of the company's success.

MS: What else?

RH: I guess, having the support of my wife has been very important and very instrumental at the success of the company. If my wife didn't believe in me, my parents also, if they didn't believe in me, would I succeed? If they didn't believe in me, I don't think I would have succeeded as much where I'm at right now. I've always been able to discuss and talk to my wife and with her telling me, "You can

do it. We can do it. You can do it,” that’s helped me out tremendously over the years. I can remember when they told me I was not sales material. I was not sales material. When I was with A&R Freight Systems, there was a regional manager that told me and my wife that I wasn’t sales material, that I could not, I didn’t pass their “test” that they gave to all their sales reps. I didn’t pass it. He said I wasn’t sales material. Okay. My wife said, “You are sales material. You are sales material.” She’s always said that to me. “You are sales material.” Not even six months later, I’m a sales rep for that same company. He’s no longer in my region. He’s not the regional manager. A new district manager comes in and says, “Hey, have you considered being in sales?” But it was because of my wife telling me. She believed in me, and to this day, she believes in me and everything that we do. It’s through her support.

MS: So far, you’ve told me about not living a rich lifestyle, bringing your son into the company, and the support of your wife as your factors to help the business grow. What business factors? How do you adapt to the market? What do you do differently that has helped the business grow in a business standpoint?

RH: When it comes to that, I believe that you have to tell the customer, “This is what we can offer you. This is what I have. You can make the decision of what kind of service you want.” My biggest investment, that we have done, is providing team service for the customer base as well updated all my trucks. The oldest truck that I have on the fleet, right now, are 2007s, ’08s and ’09s. I have twenty-three trucks. An owner-operator that runs under my authority has four. So we have roughly twenty-seven trucks on the fleet that run over the road and one city unit. That is what’s important to me, providing that—telling the customer that we have a service and we can back it up with the tractors that we have, all new model equipment that we have. That reduces the breakdown. Trucks, of course, they’re mechanical, they will break down, but the odds are in our favor that it’s not going to happen to us. I said, “You know what? We made that investment. Continually we’ll make that investment for the customers in the years to come, getting rid of

the older equipment.” It just makes sense. Why are you dumping more money into a used piece of equipment or a truck that we bought brand new and three-and-a-half years later you’re having to spend more money on it? It doesn’t make sense to continue spending that type of maintenance cost when you can go ahead and invest in new model equipment and not be breaking down and have service failures because that’s what it amounts to. When the truck breaks down you automatically have a service failure. I tell my dispatchers, “When we have a service failure, who’s the first person you call. Call me. Then you make sure you call the customer.” I always keep the customer updated to know exactly what’s going on with their freight. It’s their product. They need to know. And I believe that’s one of the things that has made us successful. We’re very proactive at certain things that happen in our industry. Call, call, call, communicate, communicate, communicate with everybody, and that’s, like I said, was one of the certain things that I’m driven to, service and communication for the customer.

MS: There is an article about your company that talks about your company going green. Can you explain a little bit further [about] this notion?

RH: Well, one of the things that we’re trying to do is everybody’s going green. That’s the way of the future of limiting all these emissions and gases and everything that is out there that is poisoning our world. We have made the decision to apply for green. Why? Because we had a customer that asked us to. We were not going to be even considered for that opportunity without being SmartWay certified. We started doing it. I think it took a process of between thirty and sixty days of a lot of formulas, back and forth, and what do you do here with your oldest tractor. They wanted to know breakdowns of everything with each unit that we have, but it’s eliminating all the poisons that trucks spill out into the emissions. We’re reducing all of that. So, with the new equipment that we have, and like I said it’s 2007s, ’08s and ’09s, with those new equipments, the new equipment tractors that we bought, they have (it??). When we applied for it, we got one of the highest scores, a 125. A 125 is the highest score that you can get. We were able to secure

that immediately. Why? Because of the investments that we made into our tractors and I believe in it. We have to do something to protect the world, where we're going to be living in, or our children's children will be living, in the future. It's just something small that we've done to try to land a contract, and at the same time, it's a double whammy in trying to protect the world.

MS: For us that are not familiar with the operation, what's the life cycle of a truck, of a unit, on your fleet?

RH: The life cycle of a truck, before you really start doing any major maintenance, when you start hitting an engine overhaul, you're talking probably eight hundred thousand [miles]; if you really massage that truck and you take care of it, maybe a million miles. With the operation that we run, we run roughly two hundred twenty-five to two hundred fifty thousand miles per year on each individual truck and that's why I talk about cycling out my trucks within two-and-a-half to three years. Why? Because I don't have a blown engine. I still got some time to—some miles on there—to turn it in, and I can still get a little bit of equity back from that truck to apply to the newer unit.

MS: So you return the used truck to the company?

RH: What happens is I'll trade them in. I trade it in for a newer model. This past end of December we went ahead and traded in five units. They were 2006s, but we were able to secure five brand new 2009s.

MS: So it's a cycle?

RH: It's a cycle. It'll always be a cycle. This coming year we're anticipating probably getting rid of, probably anywhere between, six to eight trucks and buying either 2009s or early 2010 models.

MS: Which years would you consider to be your best, financially speaking?

RH: Financially speaking, I believe that 2004 and 2005 and probably the second two quarters of 2006 were probably our best years.

MS: Why?

RH: There was a want and a need for the team service that we provided, very solid, solid service, and with that, of course, we were able to get some very good rates going and coming, going and coming. I sought the fleet group because of those two-and-a-half years.

MS: Can you describe any major successes you have experienced as a business owner?

RH: My own personal successes or the company's successes?

MS: Both.

RH: I think, on a business level, the success that I've had is—my wife always tells me, “Isn't it something how you've been very instrumental at creating this company?” I don't consider it a success. It's just something that I do everyday and I enjoy doing it. It's weird that I see it that way. My wife says, “Well you were very instrumental in this, this and this and this.” I just see it as a work. It's work and I've gotta do what I gotta do to be successful. That's all I see it. I gotta do it. My own personal success, you know, being able to put my family in a better place, being able to support my family, getting ready for my first grandchild to come into this world. My daughter is off at college, TW [Texas Woman's University] in Denton, Texas. My son's working with the business. He was able to be accepted into medical school, but it wasn't for him. He came back to El Paso and there's still a job here for him as a consultant. He's not an employee. He's a consultant for Mustang Express. So those are—that I've been able to actually

help my family succeed and move forward with whatever vehicle it may be. They also are hard-working individuals. Why? Because they've seen my wife and myself invest into being entrepreneurs. My wife had a home daycare for almost twenty-five years, at least, twenty-six years. So she worked out of the house, also. We're just working at it, working it, working it, working it. I guess, I'm proud that I can say that this is what we are. And I've always said, "I eat, breathe, and sleep Mustang Express." And I really do. That phone is on 24/7. When I say 24/7, that thing is on 24/7. I remember when I started doing dispatching. That phone, so I wouldn't wake up anybody, I had it on vibration mode, and I would sleep with it on my chest. So, I would try to get some sleep and, at the same time, if that phone did ring, it was one of my drivers or somebody that needed to talk to me at one, two o'clock in the morning, you know, you have to answer that phone at that time. There's no ands, ifs or buts about that.

MS: What have been your disappointments?

RH: I guess, some of my disappointments are, and it's not really a disappointment, I think it's just a little bit of a set back, is when people don't say or do what they say they're going to do because I throw myself out there and I say, "This is what I am, here it is."

MS: Are you talking about your employees, your staff, or fellow—

RH: No, I think maybe our customer base. And, you know what? It could be just about that—everybody. You know, when people don't say what they say they're going to do and the follow through commitment. A perfect example is, we've been doing business with a customer for the last five years, and we've been doing business, and I know that economic situations are rough for everybody out there, but they came in, and they sent me an email, [stating,] We need to renegotiate our rate. [I responded,] "Well, what kind of rate reduction are you needing? You tell me what it is that you need. [They replied,] Well, I need this. [I responded,]

“Well, you know what, we can continue doing something like this.” Not even five minutes later, he called me back [and said,] “Well we need a nickel more per mile.” That’s how we charge. We charge per mile. I charge a rate, and the fuel surcharge per mile, and that’s based on whatever we decide we’re going to do. So losing a little bit, after they’ve already agreed to something, and then coming back and hitting me up again for something else, and then from there, you’ve got to make a decision. Will it work? Won’t it work? Will the company make a penny versus three cents? It’s very volatile right now, the way things are at. People run scared.

MS: What challenges have you faced growing your business, as a Hispanic?

RH: I know that this is kind of—I don’t know how to put this. My biggest challenge, at times, has been dealing with our own Hispanic people.

MS: Can you elaborate on that?

RH: I’ve always said something. When people see that you’re growing or you’re succeeding a little bit in life—I’ve always had this saying. It’s called the brown lobster syndrome and it shouldn’t be that way. Have you ever seen lobsters when you throw them into a bucket? Lobsters, their first instinct is, when you throw them in, is that they want to climb out—to get out of the bucket. Well, instead of helping each other out, they’re bringing each other back down, and I have seen that with some of my customers. Where you ask them, hey this is what we have to offer. [They say,] What’s in it for me? [I ask,] “Well, what are you talking about?” [They say,] Well, what’s in it for us? And it goes back to that. That’s something that—I sometimes I wonder, Hey man, you know, I’m not asking for a handout. I’m here to provide service. And that’s something that, like I said, that I’ve had to overcome at times of dealing with that and dealing with a customer that doesn’t believe in your service and holding you back.

MS: What percentage of your customer base is Hispanic?

RH: We deal every day with Maquilas. So it's hard for me to say, 50 percent over here, 50 percent—no. I can't tell you that. It could be a mix. Everybody is a Maquila, whether they're here in El Paso or Chicago, Illinois or the Indiana area. It's just a mix. I have to deal with both sides, so I would say maybe 50/50.

MS: Have you experienced discrimination for being a Hispanic?

RH: Yeah, I have.

MS: In what ways?

RH: I think that there's times that you have provided a service for a customer and you end up finding out that you wanted this particular rate and you're at the same rate as another carrier, say Anglo or whatever it may be, I know that nobody can beat me at my service because I strongly believe in that. I strongly believe in that, but they award it to somebody else. Why? How come? Those are questions that are always at the back of your mind. Why, how come? I know what I have. I know what I have. I have that truck and I have that trailer and I have the two drivers, at the same rate. That's how, I guess, I kind of experience it.

MS: Has this been on a constant basis?

RH: No, it's not a constant basis, but you can, kind of, you can tell a little bit. I think even more so now, more so now.

MS: Now, on the other side, does your company enjoy any advantages of being a Hispanic-owned business?

RH: We are a minority-certified company and we're also part of the HUB group, the underutilized certificate that we have, but we really haven't reaped any of that benefit. It's there in case that somebody doesn't want to use it. I have had one customer that has requested that particular certificate, minority-certified, and it has been provided to anybody that needs it, and I think it was more on their part that they needed that tax incentive that they get, and when he found out that we were certified, he got it.

MS: Who certifies the minority-certified?

RH: Well, there's an organization—let me get it for you really quick. You're asking me all these questions, man. We're so new to it that I don't even have the real, the true name of it, but it's—they're out of Austin, Texas. Central & South Texas Minority Business Council is the full name for it. I always call it just the minority business certification, but they do have their actual name. It's called the Central & South Texas Minority Business Council, and they're the ones that actually helped us to get our minority certification up and running and they came in here and gave us a site audit inspection back, I think it was in August, if I'm not mistaken, of this past year we were certified. So that was a chore in itself to—we were jumping through hoops to make that happen. You know, just having all the requirements that they had asked us and all the paperwork. I think by the time it's all said and done it probably could have been a bible; just everything that they had requested from us. We were very fortunate enough to—we were able to produce all the documentation and we got it.

MS: Do you apply for it?

RH: You have to apply for it.

MS: Is there a fee for it?

RH: I think there might have been a fee. My sales rep is the one that probably knows the actual monetary amount, as well as my wife or Joshua, that know it. Every year you have to reapply for it. We have to renew for it every year and you have to keep up with your credentials as well.

MS: On a scale of one to ten, how do you rank your acceptance into the local business community?

RH: It's ironic that you say that because I've been trying to always keep a low-key profile, but since we ended up with the minority certification, one of the Top 15 companies in El Paso, you know, it just kind of threw me into a different limelight. I don't know who actually promoted that or who put that application in there. Somebody saw a vested interest or an appeal in Mustang Express. I don't know who made that application, but the acceptance, it feels a little weird to go out there and say, "Hey we're with Mustang Express." And everybody has pretty much seemed to, anywhere that I've gone based on business, they seem to accept us very well.

MS: Have you been awarded or spotlighted as a Hispanic business leader?

RH: Not as a business leader itself, but the company has been. Just like I said recently, the successful 15, Top 15, here, in El Paso. It's a very big, I guess, award, and it's just something that, like I said, it's a big award that I'm just doing what I do every day because I have a passion for it. I have a passion for what I do.

MS: The Top 15 award, what organization hands you this award?

RH: If I'm not mistaken, if I remember correctly, it was the El Paso Times and the El Paso Hispanic Chamber of Commerce that put this award together.

MS: Are you associated with the El Paso Hispanic Chamber of Commerce?

RH: I am a member of the Chamber of Commerce.

MS: What is your relationship with that (them??)?

RH: I don't really have a really big relationship with them. I just, I've been a member for probably three years. Like I said, I keep a low key, but I guess they found out about the trucking company and I guess—like I said, I don't know who actually submitted my name, or the company's name, for that Future 15. I was, kind of, blindsided to be very honest with you. I was getting ready to go on a hunting trip and I get this letter on my email and boom it's like, Well, what are they talking about? I came back a day early because I had to be at that awards presentation on Tuesday and I came back a day early.

MS: Have you expanded your market beyond the local area?

RH: We are an over-the-road carrier that provides service. We're not a regional carrier. We're not a local carrier. We're not a regional carrier. We're a long-haul carrier. Our main (lane??) segments are up into the Midwest, Illinois, Indiana, Michigan, southern Michigan, southern Wisconsin, and those surrounding states around those states that I just named, as well as Ohio, the southeastern quarter, the Carolinas, North Carolina, South Carolina, Georgia, Alabama, Tennessee, right back into El Paso. That's why I say the team concept is going and coming right back, going and coming right back. Every once in a while, whenever we get stuck in a state that doesn't have freight coming back to El Paso, what's the next thing that we try to do is we try to run that truck from let's say the southeastern area—Georgia going up to Michigan—and we can secure a load coming right back to El Paso. So we do that little triangle. We also go to southern California. We have 48-state authority, but we try to maintain the consistency in an area.

MS: Looking back on your business, what would you have done differently?

RH: What would I have done differently? To be very honest with you Manuel, probably nothing. Have I probably taken a step back here and there? I probably have, but I believe that that's what's made us a much more successful company and learning from our little mistakes that we made along the way. It has made us [the] successful carrier that we are to provide service and a profitable company.

MS: What dreams do you have for the future?

RH: What dreams do I have for the future? Of course, health, good health to everybody, my family, my friends, but for the company, I would like the company to succeed more, maybe go into different link (lane??) segments doing something a little bit differently. We do have a brokerage division by the name of Pony Logistics and that company started off really well and we've done okay with it, but growing the company a little bit more. Do I want to grow it to be a hundred truckload operation? No. To me it doesn't make sense to grow it that big. The main obstacle here is: what are we going to do to get a good return on the investment that we have? When you start running the trucking company or trucks into a certain area, what happens is that you start running back at a lower cost because you're just trying to cover a truck, trying to cover a truck from the Midwest the southeast. What for? Send so many trucks up into that area and you know what, you get the fair rate that you have coming back. When you have fifteen trucks in the Midwest, all within a fifty mile radius, you're just taking freight just to cover it, cover a truck, and that's not what we want to be known for. We want to provide service and we want to get a good return on the investment coming back, wherever we go, but I believe that the company will grow a little bit more as well as the brokerage division will grow.

MS: What is Pony Logistics?

RH: Pony Logistics is a brokerage division. And what that means is that we can go ahead if a customer gives me the authorization to move his freight with another carrier, I have that option instead of missing it completely. I can either give it to Mustang Express or I can go ahead and give it to another carrier. Of course, it all depends on, first of all, the customer giving me the okay to do that for him.

MS: When was Pony Logistics, when did it start?

RH: Pony Logistics started back in, I believe it's 2006 that we started up Pony Logistics. I went to a brokerage school in Phoenix and we made an investment, small investment—probably \$10,000. We had to have a \$10,000 bond, of course, but that's—\$10,000 was \$10,000 back then, plus carrying the customers and getting into that cycle of turning the payments so we could pay the carriers that, if Mustang Express wasn't utilized, paying those other carriers that have used us.

MS: What advice would you offer a Hispanic starting a business today?

RH: What advice? You can't shoot anybody's dreams down and everybody has dreams and what can you do to help people succeed in life. You have to have a passion for it—you have to. Because if you don't have a passion for the business or you don't know what you're getting yourself into, that could be very costly. Like I said, I'm third generation. I've seen the ins and outs. I know how to drive a truck. I know how to back up a trailer. I know how to sell it. I know how to run it now. Do I make mistakes? Yes, I do, but I learn from every mistake. You have to know what you're going to get yourself into before you take that step to move forward because if you don't have a plan, a true plan, at the back of your mind, are you going to succeed, are you going to fall. Like I said, my experience that I have had, over the years, has actually helped me to be in transportation and that's what I believe people need to see. If you're going to start off a business, you have to know everything about what you're going to try to get yourself into and try to make the least amount of mistakes you possibly can

make because they could be very costly. They could be, in reality, either making it or breaking it, but you have to have a passion for everything that you do because if you don't have that passion, you will not succeed. You have to, like I said, eat, breathe, and sleep that passion 24/7.

MS: Do you feel the business climate today is better, or worse, for Hispanic business owners than when you started your company?

RH: I think it's about the same. I can say it's the same, but I think that one of the things that, right now, it's tough to get into this business based on the economic situation that we're all in right now. Everybody's talking about the recession and downturn in business and downturn—and laying off people, laying off employees. I think it affects everybody. Will it affect a Hispanic versus an Anglo company or a different race, minority, not minority? I think we're all in the same boat right now. We can't say yes, no, maybe so. I think it applies to everybody. We're all in the same boat right now. It's not better or worse right now. That's what my opinion is at this present moment.

MS: Mr. Hernandez, any other comments or questions that were not covered in your interview, something that you would like to say?

RH: Well, I just want to thank you for giving me the opportunity of interviewing me. It's not everyday that somebody calls me and tells me that they want to pick my brain and see exactly what it is that I have to say. Thank you. You just have to have a passion for what you do. I stress that. You have to have that passion, and eat, breathe and sleep and that's what I do. Eat, breathe, and sleep Mustang Express.

MS: Mr. Hernandez, thank you so much for your time.

RH: Thank you, buddy.

End of Interview

DRAFT