



BUILD YOUR BUSINESS



An Owner-Operator's Guide To Success

SRP \$19.99

BUILD YOUR BUSINESS: AN OWNER-OPERATOR'S GUIDE TO SUCCESS



Anyone who says being an owner-operator is easy probably hasn't tried it. Not only do you need the same professional driving skills as a company driver, but you also have to look out for your own equipment and your own business. That's a big job.

Fortunately, plenty of help is available. Overdrive editors and the experts at American Truck Business Services (ATBS) have again updated the industry's best manual for prospective and committed owner-operators. You'll find exceptional depth on many issues in this edition of *Build Your Business*, reflecting the best research and advice from ATBS and Overdrive, which has 50-plus years of experience publishing articles to help the owner-operator.

ATBS, the nation's largest owner-operator financial services company, helps its tens of thousands of clients to achieve levels of profitability well above industry averages. Beyond this manual, ATBS can provide you with the ongoing financial service and advice that will keep you profitable.

ATBS has worked with over 150,000 clients since 1998 to help them make more money, reduce stress, and live a richer life. ATBS provides an array of comprehensive service packages dedicated to professional truck drivers.

Contact ATBS at 866.920.2827 or visit www.atbs.com to start driving down the road to increased income and profitability. Never feel alone in your business again. With ATBS on your side, you'll achieve the freedom you deserve as an owner-operator.

The *Build Your Business* manual and trade show seminars are also made possible by Goodyear's Smart Fleet program, Ryder and Truckstop.com, who share our vision for your success.

We hope you'll find this manual useful, and we wish you the best as you tackle the challenging, yet rewarding job of succeeding as an owner-operator.

TABLE OF CONTENTS

1. Becoming an Owner-Operator	5
2. Bookkeeping and Business Analysis.....	11
3. Understanding Your Revenue and Costs	16
4. Managing Time.....	20
5. Controlling Fuel Costs	24
6. Controlling Tire Costs	31
7. Managing Money.....	36
8. Income and Other Taxes	40
9. Choosing a Business Structure	48
10.Truck Buying, Leasing, Financing	51
11.Choosing a Trailer	61
12.Maintaining Your Equipment.....	64
13.Choosing a Carrier.....	74
14.Computers, Mobile Devices, and the Internet.....	82
15.Staying Compliant and Safe.....	87
16.Trucking Insurance	94
17.Health and Income Insurance	99
18.Going Independent	106
19.Saving for Yourself.....	111



BECOMING AN OWNER-OPERATOR TAKE TIME TO PREPARE FOR THIS BIG STEP

As an owner-operator, you enjoy more freedom from supervision than a company driver. You're able to set your own hours, to an extent, and take time off when you want. But those freedoms come with a big trade-off: the need to be financially responsible and self-disciplined. The challenge is great, but for those who are successful, the rewards are greater.

Why do you want to be an owner-operator? If your answer is to work hard, make more money and have a more rewarding life, then you're on the right track. The successful owner-operator is driven above all else by the prospect of financial payback for time and investment.

There's reason to believe it's a good time to pursue this dream, and that's not based just on economists spouting rosy forecasts. It's also based on the track record of the last couple of years.

Though anemic demand marked 2015 and 2016, things picked up noticeably in 2017 and 2018. While 2019 started out less favorably than 2018, at midyear there was reason to believe that owner-operators would have a strong year and possibly a good 2020.

According to owner-operator business service provider ATBS, overall independent contractor net income averages have risen to the highest levels the organization has seen since it

began tracking the averages 13 years ago. Unless the economy hits a bona fide recession, income increases are likely to continue.

And while all the buzz in recent years has been about autonomous trucks, the reality is that drivers aren't going anywhere. The work may change to where owner-operators need different skills in addition to driving as more technology is added to trucks, but driving opportunities in the industry aren't going to dry up overnight.

QUALITIES OF SUCCESS

Most drivers who become owner-operators already know about the need to run a lot of miles while driving safely and legally, but other qualities are

MANAGING MONEY

BEST PRACTICES FOR HEALTHY CASH FLOW, DEBT AVOIDANCE AND IDENTITY PROTECTION

It's important to create a separate bank account that will be used to manage the income and expenses of your business. All income from your trucking business should be deposited there. In addition, trucking expenses should be paid out of this account. In the event of an IRS audit, having personal finances mingled with your business could cost you thousands of dollars. In addition, it will be impossible for you and your accountant to analyze your business accurately if your personal finances are mixed in with your business.

Every month you should write a "distribution check", or make a direct transfer online from your operating account to your personal checking account

to cover your personal living expenses. The target amount can be determined by looking at the monthly personal and family cash requirements shown in your profit plan.

RESERVE ACCOUNT

Saving is not easy. It's much harder, though, when you deny the inevitable. Remember AIG? American International Group's fatal exposure during the financial crisis of 2008 was insuring bonds blindly based on sub-prime home loans. When it came time to pay up, AIG had to rely on a \$183 billion taxpayer bailout to honor its commitments.

Like insurers and banks, you are also subject to developments that could threaten your

livelihood. At the very least, you know your equipment will wear out. Smart owner-operators save for maintenance in proportion to miles run.

The best owner-operators have at least \$5,000 in reserve before they ever go into business. The purpose of the reserve account is to set aside money for large or unforeseen items that could put a substantial drain on your operating cash, such as major maintenance items, tires, quarterly estimated taxes, and insurance deductibles. This money also can be used for a down payment on your next truck purchase, or improvements to your existing truck. It's also to tide you over until you finish training, hit the road, and finally get that first settlement check.



CHOOSING A CARRIER

IT'S EXPENSIVE TO SWITCH CARRIERS, SO PICK YOUR PARTNER CAREFULLY

The increased revenue that can come from changing carriers is easy to understand, but the cost involved in making that switch often is overlooked. And when you look closer at revenue and costs, instead of just pay per mile, net income often isn't any better at a different carrier. Choosing a carrier should be approached systematically. First, search for carriers that pull the kind of freight and run in the

geographic area that interests you. List as many potential carriers as possible.

Most people will try to find one name that fits all the preferred criteria. Take the opposite approach. Pick a name on the list and start looking for a reason not to choose that one. Maybe the company requires more experience than you have, or requires a newer tractor.

When you find a carrier you can't eliminate, put it on your short list. When you reach five, follow these steps:

CONTACT THE CARRIERS DIRECTLY. Request a copy of their lease agreement. Read each lease from front to back and make notes. List things you like about the lease, things you don't like, and things you don't understand. If they can't or



GOING INDEPENDENT

GETTING YOUR OWN CARRIER AUTHORITY COMES WITH RISKS AND REWARDS

Many owner-operators decline to pursue getting their authority because they realize they are unprepared for that level of responsibility. Or in some cases, industry conditions are not favorable. While many things have changed over the years, preparation still is far more important than shifts in the economy.

The preparation starts with deciding where you'll get your freight, since that no longer will be a matter of calling dispatch. You'll have to locate your own customers or work through load boards and brokers.

FINDING YOUR OWN CUSTOMERS. Soliciting freight from shippers can be a daunting task for an individual, but it results in the highest freight rate. There is no middleman to take a cut. There are several ways to find small local shippers. You can use business directories online or attend local business functions such as chamber of commerce events. One easy way is to drive around industrial parks and take notes.

List 25 to 50 potential customers, then schedule two weeks off the road to contact the shipping managers unless

you have a spouse or other partner who can handle this. Be ready to hear no many times. If you generate just one customer, consider it a success.

As a one-man show, you may find this task awfully time-consuming and difficult. If you've never worked in sales, prepare yourself. There are hundreds of great audiobooks on sales and negotiation. Listen to some while working on your plan.

In any bid to secure a contract with a shipper, make sure you can answer this question: Why you? Why should any particular shipper entrust its