

Making Your Miles Count: Success and Failure of Operators

I've been an Accountant and Consultant to independent Operators since 1492 (a joint venture with Christopher Columbus). During that time I've had the pleasure of meeting and working with many very successful operators. There are some sharp operators that just before a meeting I have to pull up my socks and focus on my "A game". I've had meetings with husband and wives who have such harmony in financial understanding and management it puts my wife and I to shame. There are some amazing operators in our country.

I have been asked many times what makes an operator successful, a question usually not answerable in one or two words. However, the simplest phrase would probably be "the willingness to take good advice". After interviewing hundreds and hundreds of operators I would say that phrase fits best. It's not the ability but the willingness to seek out and act on good advice. Everyone is able but not everyone is willing. Some people fill their lives with too many conflicting priorities. Priorities such as: new half ton, sports car, bass boat, vacations, Chrome, impatience, emotionalism, gambling, alcohol or any other vice. All of these "priorities" usually conflict with good advice. It doesn't take long into a conversation to find out if these "priorities" will overtake good advice.

Success and failure usually isn't determined by one decision. It's almost always a number of choices over a period of time. These decisions include: choice of carrier, choice of truck, tax method used, level of debt of the client and of course lifestyle (which includes many choices).

CHOICE OF CARRIER is dealt with in my second book "Making Your Miles Count: choosing a trucking company". It provides good advice about the independent operator industry from nearly every perspective and over a 16 year detailed study. It provides conclusions such as "...an operator must hold onto their truck for longer than their financing term in order to ensure earnings greater than the average company driver...". If an operator understands and accepts this advice they have a greater chance of success. If they reject the idea of driving and "old truck" their chances of success will statistically and significantly drop.

CHOICE OF TRUCK is critical to success (as I've just stated), especially when we consider the impact of maintenance and fuel economy (specifically the impact that pollution control devices have had).

TAX METHOD USED (or not used) can make a cash difference of \$10-12,000 per year, which is sometimes the difference between cash flow survival and NSF failure. Using non-taxable benefits (in my opinion) is critical building after tax wealth in the independent operator industry. This system was explained in my first book "Making Your Miles Count: taxes, taxes, taxes". If you go to our web site (under RESEARCH) you will find the only place in Canada that charts the difference between the two major tax methods used in this industry. You can also download a 2.5 hour seminar explaining the seven disadvantages of the system as well as over 40 standard questions.

DEBT LEVEL is not a comfortable topic to discuss with some people. Society has submitted to outrageous levels of debt. People somehow believe just because financing is available it must be ok... and the flawed logic is... “if it wasn’t ok then it wouldn’t be available”. Society is constantly concerned about their credit scores, almost as if that’s the measure of success. It’s an assumption that is loaded with undisclosed consequences. The goal is not a high credit score but the ability to live without even knowing or caring about your credit score. Society’s “wisdom” is heading south while claiming its going north. Debt must be aggressively managed and paid down rather than passively justified. Debt (any kind) is like sugar to a diabetic... too much (without it being burned off) will kill you!

LIFESTYLE is another related nitro glycerin topic. How much should you save/invest? Too many operators use their business to increase their lifestyle rather than “getting ahead”. Often times what society describes as “getting ahead” is simply increasing their personal spending. It’s not what you make that counts... it’s what your able to keep. I’m a big fan of Dave Ramsey: get out of debt, aggressively build your wealth until your wealth alone provides you a living rather than your own effort. This requires personal sacrifice and commitment... something that society frowns on.

If you want success and better results you need to be willing to accept good advice and change what and how you do things. Do the research, think things through, get good council and above all avoid arrogance... it’s a one way trip to failure.

About the Author:

Robert D. Scheper is a leading Accountant and Consultant exclusively serving the Lease/Owner operator industry in Canada. His first book in the Making Your Miles Count series “taxes, taxes, taxes” was released in 2007. His second book “Choosing a Trucking company” is the most in-depth analysis of the independent operator industry today. He has a Master degree (MBA) in financial management and has been serving the industry since he and his wife came off the road in 1993. His dedication, commitment and strong opinions can be read and heard in many articles and seminars. You can find him at www.makingyourmilescount.com or 1-877-987-9787.