

Making Your Miles Count: Professionals Pick their Battles

I have several very wealthy friends. I have interviewed most, if not all. I always like to find out what drives a person and what attitudes they have about problems and circumstances in their life. I have learned a lot about myself in the process.

Most wealthy people speak about learning their craft from some mentor. If not an actual person than one in a book, a story or a collection of stories. They looked at successful people and tried to figure out what made them successful and what did not. Then, they imitated the things that brought success. Sometimes they didn't even believe what they were doing was correct, but they did it because another successful person was. Sometimes, it wasn't until they noticed the success did they finally believed in it, as opposed to some people who claim to "believe in something" but refuse to do it. Failure is ok with "just believing"... success requires "just action".

My closest friend was mentored by a great retailer. Several years ago he related a philosophy his mentor taught him. It had to do with Accounts Receivable, or having people charge their purchases on account. Senior Management always had to deal with some customers who couldn't or wouldn't pay. His mentor said that writing off less than 3% of all receivables means that your not risking enough in credit sales.

This philosophy is a huge shift in thinking. Normal companies are always trying to eliminate their bad debt, getting it lower and lower or even zero if possible. But, my friend's mentor said a well run retail business should push sales till they reach about 3% bad debt. He said that standard changes the mindset of salesmen and customers. Salesman are free to reach beyond the norm and customers feel trusted. With the increased trust, customers will often buy more and try harder to pay their bills. However, when a company is trying to eliminate their bad debt they inadvertently insult good customers by overly scrutinizing them. The higher level of trust at the Sr. Management level also promotes a more mature attitude toward some operating costs. It's all a part of building a great business as opposed to just a profitable one.

Having the right attitude towards things is probably the most important rule in business. There are some expenses that professionals just accept as part of doing business. Expenses such as fuel or maintenance for instance. As a good operator these expenses are first minimized then the balance accepted as all a part of doing business. In other words... once minimizing is achieved... just write the check and forget about it.

One such expense is also income taxes (I hope I didn't just loose half of you). Taxes should be viewed as a regular cost of operating a business. Professionals, once they acknowledge they have reduced it the most they can, write the check and move on.

As an accountant I have been told many times that its my job to eliminate them at all costs. When I am told that, I usually reply that if they don't want to pay ANY taxes then they will probably have to limit the work they do so that their income hovers around zero.

Though I am a huge fan of non-taxable benefits (which lowers taxes tremendously) it doesn't eliminate all taxes in every situation. The national average in tax savings is around a 40-60% of industry norm. Though I still have some clients who "demand" a zero tax return I have to communicate that I cannot and probably never will be able to guarantee zero to everyone.

If I had a method of reducing fuel expenses by \$1000 per month (for a long haul operator) would there be any complaining about the rest of the fuel expenses? Probably not. However, people somehow seem to have a different mindset about taxes. Too many hate it no matter how low. It is as if they are entitled to earn as much as they want without any tax consequences. If they hate writing out that check so much maybe they should just go back to being a T4 driver.

Professionals have a mature attitude about all things business. They may HATE taxes but force themselves (after reducing them as much as legally possible) to accept the balance as part of operating their business. They don't invest emotional energy on something that doesn't provide a return. Professionals don't fight a battle that has no rewards, they make a choice and live within the results.

About the Author:

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