

The Future of Operators in Canada

A while ago there was a debate rumbling around about Lease/Owner Operators. Do they have a future in Canada? I'm not sure if the debate was commenting on a trend or trying to influence a trend but I found the idea fairly odd, even humorous.

OK, maybe it's because I work with operators every day that my point of view is bias. Discussing the ups and downs of operator enrollment may be healthy but trying to sell an industry on getting rid of them however is not just futile but counter-productive as well.

Trucking companies know that lease/owner operators are about 25% more productive than company drivers. Operators are generally more motivated and willing to do the work that company drivers shy away from or even reject. But that's only the surface argument for their existence.

Operators have independent mindsets with entrepreneurial spirits. They are masters of their own destiny and builders of their own dreams.

Working with entrepreneurs reminds me of what my professor once said about them... "it's like trying to herd cats". They have their own agenda, coming and going as they please. Trying to control or remove them is futile.

To eliminate entrepreneurs, society must be willing to eliminate a part of the human spirit. It's that drive within us that seeks independence and self-reliance. It is stronger in some than others, and there will always be those who apply independence to the business of moving freight.

Many immigrants come to Canada from socialist or even communist (ex) countries. They stand wide eyed at Canadian capitalistic freedoms eagerly waiting for opportunity. It may have been why they came to Canada in the first place... freedom and independence, if not for themselves than for their children.

The only way I see operators fade into extinction is by legislative means, making it illegal to be one... but this will not happen... at least the in the Canada I know. Too many will fight the proposal. However, many may THINK the existence of operators will die away because so many exit it annually.

I do not have scientific research at this time to show the national percentage of operators who leave the industry verses those who enter. However, given my line of work, I can provide an educated guess on the matter.

Depending on the industry cycle, anywhere from 5% to as high as 15% of operators annually STOP being operators. However, in that same industry cycle, anywhere from 5% to as high as 15% of drivers BECOME operators.

As you can see, these ranges can swing dramatically (15% out and 5% in or 5% out and 15%in), affecting the industry totals significantly (one way or another), or it just may provide a smooth transition of entering and exiting members (7% out and 7% in). The numbers may go up... the numbers may go down... but they will never be eliminated.

I have a theory about immigrants, the more Canada accepts them the higher the growth rate of operators. I believe our future industry leaders may well be new immigrants driving truck today. Our imported brothers and sisters have high levels of energy and seem to be willing to sacrifice and build more than most. However, even if they don't build a new trucking company they tend to really love the independence.

I have clients who financially make only 85-90% of national averages. They know they could make more if they worked for someone else, but they don't want to because they are thrilled at the idea of independence. They love the ability to say NO to work they don't want to do and thrill at the idea of working for a premium, doing what others refuse to do. They have found their personal balance between financial freedom and family time. That self-reliant/independent spirit within every operator contains a mix of sacrifice and potential that is difficult if not impossible to control.

I'm reminded of the old soviet union, before its fall. Everyone had an assigned job, you could hardly advance ANYWHERE. Without opportunity and freedom the hearts of humans suffer, they rust and corrode like bare metal. Russian society sunk into depression, and vices (such as alcohol) ran rampant. Man's desire for freedom cannot be contained in legislation.

Operators will always be around and usually profitable. They may range as low as maybe 5% to as high was 15% of all power units, but they will always be around.

Robert D Scheper operates an accounting and consulting firm in Steinbach, Manitoba. He has a Masters Degree in Business Administration and is the author of the Book "Making Your Miles Count: taxes, taxes, taxes" (now available on CD). You can find him at www.thrconsulting.ca and thrconsulting.blogspot.com or at 1-877-987-9787. You can e-mail him at robert@thrconsulting.ca.

