

Owning Multiple Trucks

There are two different models of owning multiple trucks without being a Carrier: lease operators and owner operators. The industry has many examples of both. The one model that is typically much more successful than the other is owner operator (percentage).

Of all the lease operators who grow into managing multiple trucks nine out of ten fail. They generally fail somewhere between twelve and 36 months. The failure is always linked to three things: employee, truck or carrier (dah... that's everything). The highest casualty catalyst would be the employee. Operators compete with carriers who generally have higher margins to work with than they do. Operators also compete with other operators.

The disciplines that create success as a single operator are not the same as the disciplines needed to succeed as a multiple truck operator. The addition of managing a truck profitably at a distance (ie. maintenance) is usually they easy part. The complication of having an employee is usually the downfall.

Anyone can buy a truck, not everyone can keep a profitable driver sitting in the seat for the duration of truck payments. A driver who is hard on a truck may not be revealed for six months, by then the list of parts and labor may be extensive. Fuel can be tracked trip by trip if the operator is well disciplined but maintenance is harder to nail down conclusively. The employee must be liked and respected by the carrier (which is often times out of the control of the operator) and expectations too often turn to conflict when the honeymoon is over.

Owner operators are confronted with additional conflicts above those of lease operators: wait time, additional customer service as well as other needs. The only reason Owner operators have a higher success rate than Lease operators is because average successful O/O tends to have much sharper and disciplined pencil than does the average Lease operator.

My guess is O/O's are twice as likely to succeed at multiple trucks as are L/O. Not because the margins are that better as an O/O but the quality of manager is higher in O/O than in L/O. There are just too many fly by the seat of their pants L/O who assume that if they make \$1000 as a L/O they will make \$2000 with a second truck. It takes a couple months or a couple years before they realize if all goes well they only make \$100, and usually not all goes well.

The one feature about owning a second truck that multiplies the probability for success is the ability for an operator to hire relatives rather than a driver off the street. Having the option for a committed, like minded driver greatly reduces unexpected turnover.

Another feature that greatly multiplies success is if at least one of the two trucks are totally paid for. Having the ability to park one truck, while waiting for an appropriate driver is critical to success. More often than not, the wrong driver is worse than parking the trucks. The operator needs control.

The failure rate is so high I have often seriously considered releasing clients from our firm the month they get their second truck. The crisis to crisis management issues that follow multiple truck owners can cause a firm a great deal of hardship and costs.

The key to successful multiple truck ownership is humility in the face of all the facts. Operators must have humility to wait until they are better prepared and objective about all the risks. It's not impossible just improbable for those unprepared.

Ten out of every ten operators start their second truck with the same opinion "...I will be the one out of ten..."

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