

## **Making Your Miles Count: Gaining lasting Wealth (Success and failure of operators continued)**

As an accountant I have many meetings and conferences with drivers, operators and business owners in and out of the trucking industry. It seems everyone has at least some interest or even input in gaining lasting wealth. There are many books, speakers and celebrities offering countless methods to wealth and prosperity. Personally my favorite celebrity is Dave Ramsey. However, gaining wealth as an independent operator may be more complex than most but certainly not impossible. Are you interested and able to get, build and then keep wealth?

As asserted in my second book “choosing a trucking company” trust and integrity is (in my opinion) foundational to all sound business ventures and is critical to long term prosperity. It makes little difference how much an operator can make in the short term if they are eventually swindled into giving it up again in the future. Being able to trust your business associates is essential to gaining and retaining wealth.

Too many independent operators build respectable wealth only to lose most or even all of it in a bad year, bad purchase, or bad series of choices. Here are a few general points of advice to keep that from happening to you.

### **GET WISDOM AND LEARN TO UNDERSTAND YOUR BUSINESS**

Wise people are generally wealthy, wealthy people are not always wise. If you want to build wealth... first seek wisdom. Being wise will usually bring you wealth, chasing wealth rarely gets you anywhere but in debt. Jim Treiving (star of Dragons Den) wrote a great book “Decisions: Making the Right Ones, Righting the Wrong Ones” in which he said just that. He had the opportunity to work on the oil rigs and make lots of money, he chose to take his dad’s advice “...do what you love and money will never be a problem..” (paraphrased).

Get to know your industry. Get to know the people who will give you the best advice. Avoid “popular opinions”, “emotionally based choices” or decisions that stroke your pride. Trucking isn’t a get rich quick industry. Success comes in the accumulation of pennies... bit by bit, mile by mile.

### **TAKE RESPONSIBILITY TO PROTECT YOUR CASH FLOW.**

Operators should always be aware of their cash, where it is and where it is going. If you are not a numbers person you must then enforce strong margins into your monthly cash flow. Always ensure a healthy positive monthly cash flow. The more thorough your budget the less margin you need. When you force positive cash flow you reduce your long term risks. You then increase your ability to make GOOD choices. Working with a strong savings account clears the mind and avoids crisis management. Becoming wealthy is much more about discipline than it is about “smarts”. The protection of your cash flow is primarily a matter of discipline not intelligence.

There have been several times in my life where I “blamed” other people for “their” behavior and how it affected my results. It wasn’t until I realized it was always my actions or in-actions that communicated or contributed to my results. I am responsible for my cash flow you are responsible for yours... nobody else.

## UNDERSTAND YOUR LIMITS

Avoid the extremes in the trucking industry. Don’t push your equipment too hard. Don’t cut corners on your health. Don’t set records of performance just to prove to someone you can do it. The trucking industry is based on consistent mile by mile, penny by penny margins. Being greedy or arrogant is a sure way to get yourself into a crisis. Get to know your personal limits, and the limits of your carrier, your equipment and your environment. I have seen countless operators be forced to take a year or two to recuperate from overstepping or overreaching.

Sometimes understanding your limits is a matter of off-loading risk. A 2014 non-scientific research found that about 70% of all operators used pre-emission trucks, thereby off-loading the untested technology to others. There is a cost for being a Guinea pig (test subject). It very well may be beyond the limits of independent operators.

The research displayed in my second book (1996-2012) clearly shows that the majority (if not all) returns on investment in a highway tractor comes AFTER the truck is paid for. Knowing ahead of time that your wealth comes from a paid off truck should stop you from buying new every few years. It appears the industry has limited returns naturally built into contracts. The research also showed the marked difference between running costs in certain lanes and loops, differing as much as 6+ cents per mile in fuel taxes alone. Choosing the wrong lane or loop within your carrier can naturally limit annual returns.

## STICK WITH YOUR PLAN.

Probably the first step is to have a plan. The best way to formulate a plan is to determine your exit strategy. When will you stop trucking? What will you need to have when you stop? What do you need every year to achieve that? Are your risks covered (health or accident)? Do you have everything in place to ensure you achieve your goals? Are you disciplined enough? These are just a few of the questions you need to ask.

In order to build a good plan you have to have the right advice and be able to control the right circumstances. Getting great tax advice is actually a simple one that can save over \$10,000 per year. Choosing the right company or truck is not nearly as easy. Accumulating good advice is critical to building a good long term financial plan.

Once you have a plan... stick with it. There are countless interruptions, conflicts and catastrophes that change the circumstances of your plan. Know when to abandon it and when to double down.

Your plan should have stages in it. Stages where you secure your gains, lock them in to a safe place where it can build value without your direct attention. It should be free of your trucking responsibilities. Securing wealth is popular amongst wealthy people. Nobody knows the future.

Success in building wealth is (in my opinion) a measure of wisdom and discipline not “smarts” and fancy talk. Results speak for themselves, most people get tired of those who try to cover up their results with lots of “speak”.

**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](http://www.makingyourmilescount.com) or 1-877-987-9787.