Anyone who says being an owner-operator is easy probably hasn’t tried it. Not only do you need the same professional driving skills as a company driver, but you also have to look out for your own equipment and your own business. That’s a big job.

Fortunately, plenty of help is available. Overdrive editors and the experts at American Truck Business Services (ATBS) again have updated the industry’s best manual for prospective and committed owner-operators. You’ll find exceptional depth on many issues in the 2017 edition of Build Your Business, reflecting much of the best research and advice from ATBS and Overdrive, which has 50-plus years of experience publishing articles to help the owner-operator.

ATBS, the nation’s largest and most technologically advanced owner-operator financial services company, helps its tens of thousands of clients to achieve levels of profitability well above industry averages. Beyond this manual, ATBS can provide you with the ongoing financial service and advice that will keep you profitable.

ATBS works with over 10,000 clients each year to help them make more money, reduce stress, and live a richer life. ATBS provides an array of comprehensive service packages dedicated to professional truck drivers.

Contact ATBS at 866.920.2827 or at www.atbs.com to start driving down the road to increased income and profitability. Never feel alone in your business again. With ATBS on your side, you’ll achieve the freedom you deserve as an owner-operator.

The Build Your Business manual and trade show seminars are made possible also by Goodyear’s Smart Fleet program, Ryder and Truckstop.com, who share our vision for your success.

We hope you’ll find this manual useful, and we wish you the best as you tackle the challenging, yet rewarding job of succeeding as an owner-operator.
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Questions? Call 888-640-4829 or email info@ATBS.com
As an owner-operator, you enjoy more freedom from supervision than a company driver. You’re able to set your own hours, to an extent, and take time off when you want. But those freedoms come with a big trade-off: the need to be financially responsible and self-disciplined. The challenge is great, but for those who are successful, the rewards are greater.

Why do you want to be an owner-operator? If your answer is to work hard, make more money and have a more rewarding life, you have a good chance at success. The successful owner-operator is driven above all else by the prospect of financial payback for time and investment.

There’s reason to believe it’s a good time to pursue this dream, and that’s not based just on economists spouting rosy forecasts. It’s also based on the track record of the last couple of years.

Though falling demand dampened prospects in late 2015 and the early months of 2016, exceedingly good demand in 2014, coupled with falling fuel prices through much of 2015, worked well for owner-operator independent contractors. According to ATBS, overall independent contractor net income averages have risen to the highest levels the organization has seen since it began tracking the averages 13 years ago. Unless the economy hits a bona fide recession, income increases are likely to continue.

The good news seems to be spread broadly among all tracked trailer-type segments, from dry and refrigerated vans to open-deck flatbed haulers.

Demand for drivers continues to grow. A late-2015 survey conducted by Commercial Carrier Journal saw 57 percent of for-hire carrier respondents rank “driver availability” as their top concern, dwarfing all other issues.

Some respondents say they are offering double-digit percentage increases in pay to recruit and retain drivers, including leased owner-operators.
Successful owner-operators know that simply running hard is not enough. If it were that easy, anyone could do the job and expect the profits to roll in. Understand it pays to slow down and that there is a trade-off in higher costs, not to mention the increased risk, for driving fast. If driving slower takes time away from you, you can find ways of managing your time to get some of it back. For example, you can take vacation time or plan major work on your tractor during the first week or two of the quarter (early January, April, July and October). Never take time off during the last two weeks of the quarter (or the last week of the month), when freight typically is abundant.

Sometimes it works to your advantage to look for loads that take you “through” home rather than “to” home. The latter can interrupt your revenue stream and require additional time to get back up to full speed again. As an owner-operator, you should look at time off differently from a company driver. If a company driver takes a week off, he loses only the opportunity to make a weekly paycheck. When an owner-operator takes a week off, he has fixed expenses to pay and won’t be earning a paycheck. When he returns to work, he not only has to replace the lost income, he also must quickly cover the fixed expenses that were spent during his time off. For example, for an owner-operator with fixed costs of $100 per day, seven days off would cost $700 in payments that still have to be made.

Though truly long-haul work remains the bread and butter of many an owner-operator, opportunity in regional- and short-haul work continues to expand. Average length of haul has declined markedly in dry van and, increasingly, in refrigerated. Shorter hauls take more time, and they cost more money on a per-mile, per-load basis. While carrier pay packages adjust to shorter hauls with premium per-mile rates or other compensation tactics, they’re not always quick to follow the freight trends. As freight regionalization continues to hit other segments, close work on the part of owner-operators and their customers and dispatch assumes much greater importance in maximizing income.

THE SUCCESSFUL OWNER-OPERATOR’S DAY PLANNER

Smart owner-operators make every single week as profitable as possible. One trip is not enough time to be considered profitable or unprofitable, and an entire month may be too much time to manage. One week is the right amount of time to deal with efficiently. To do so, look at the advantages and disadvantages of every day of the week.

- Match trip length to the optimum day of the week.
- Plan to deliver on the day you have the best opportunity of getting a load.
- Plan to drive under a load on days when it typically is
If you’re among the 90 percent of buyers who can’t afford to pay cash outright for a truck, one of the most basic decisions you need to make is whether to buy or lease. Each option has advantages and drawbacks.

PURCHASING. When you take out a loan and arrange to finance a truck, you are buying the vehicle and will own it at the end of the contract. A loan requires monthly payments, usually over three to five years. Your monthly payments include principal and interest. With many finance contracts, you pay more interest per payment in the early years, and pay down more of the principal per payment in the later years.

LEASING. Leasing is similar to renting. You pay for the use of a truck that is not actually yours. When the lease is up — usually in three to five years — you do not own the truck as you would if it were financed; you return it to the lease company. However, you can elect to purchase the truck at a predetermined price. This residual value of the truck is agreed upon in the original lease document. Leasing models can vary greatly, and differ from buying through a carrier’s lease-purchase plan.

Traditionally, few owner-operators take this route toward acquiring equipment, though there’s evidence that with the rising cost of new trucks, it’s becoming more common. Maintenance contracts included as part of the deal, where the leasing company assumes responsibility for most maintenance, could be good insurance against emissions-system issues seen particularly in 2007-and-later model year diesels.

For buyers of new post-2010 emissions-spec equipment
surveyed by Overdrive in 2015, 23 percent reported the emissions system as their most significant maintenance issue. For buyers of new 2007-09-spec equipment, the share is higher — 29 percent. The problems for those buying post-2007 equipment on the used market are more pronounced — almost four in 10 owner-operators reporting emissions problems for 2010 and newer equipment, three in 10 for 2007-09. This underlines the importance of maintenance records in evaluating any used truck purchase or lease.

DEFINE YOUR BUSINESS

Most potential owner-operators wouldn’t dream of going to a carrier without already having a truck. Any reputable carrier representative will be eager to talk with you and help you understand his operation before you own the truck. As you talk with potential carriers, further outline your business model. This is a great opportunity to spec the right truck for the work you are planning.

Before talking with a sales representative about buying or leasing, make sure you can answer a few key questions:

- Does the carrier have tractor restrictions that will affect your purchase? Some companies won’t use trucks that are beyond a certain age, or may require additional items such as a headache rack.
- What fees apply to you as an owner-operator? Are you required to buy base plates at startup? Does your carrier require additional purchases, such as an on-board communications system? When are these required?
- How much will you need as a down payment for insurance?
- What are you being paid per mile, and what are the average miles per month you can expect to run?

Dispatchers and other owner-operators may be more candid than other company representatives. See Chapter 18 for more on choosing a carrier.

LEASE-PURCHASE PLANS

Lease-purchase plans are somewhat well-used paths to truck ownership, particularly among operators with otherwise shaky credit, but in a 2015
Two upsides to getting your own carrier authority are the potential to make more money than a leased operator and the almost complete freedom associated with how you run the business. This sounds wonderful, but with freedom comes risk and responsibility.

Many owner-operators decline to pursue getting their authority because they realize they are unprepared for that level of responsibility. Or in some cases, industry conditions are not favorable. While many things have changed over the past five years, preparation still is far more important than shifts in the economy.

The preparation starts with deciding where you’ll get your freight, since that no longer will be a matter of calling dispatch. You’ll have to locate your own customers or work through load boards and brokers.

**FINDING YOUR OWN CUSTOMERS.** Soliciting freight from shippers can be a daunting task for an individual, but it results in the highest freight rate. There is no middleman to take a cut. There are several ways to find small, local shippers. You can use business directories online or attend local business functions, such as chamber of commerce events. One easy way is to drive around industrial parks and take notes.

List 25 to 50 potential customers, then schedule two weeks off the road to contact the shipping managers unless you have a spouse or other partner who can handle this. Be