

## **The Pros and Cons of Starting a Motor Carrier Company**

If trucking is your passion, you might be considering becoming your own boss. There are many pros and cons to weigh between being an owner operator vs. being a company driver. Here are just a handful of factors to consider.

### **Owner Operator Pro—Freedom**

Your business is yours, your truck is yours, you can create your own schedule, determine your own routes, and make all the executive decisions. You can even be particular about your clientele and vendors. One hundred percent of the profits are yours, to be spent as you see fit between your salary, operating costs, business expenses, and investments. You can even pick the exact truck you want to drive, with all your preferred features and functions.

### **Owner Operator Con—Responsibility**

While there is much freedom in being your own boss, being an owner operator comes with at least a few new responsibilities you may have yet to consider. Your startup costs will be quite high, you will have to find and book your own loads, and you will have to learn the business side of the business. No more just driving; now you're responding to emails, answering phone calls, and pounding the pavement trying to land new clients. You must learn to manage your financial responsibilities and taxes. When you need time off or are sick, who will cover for you? You will also be responsible for things you were minimally involved in as an employee, such as the repair and maintenance schedule, as well as cleaning your truck to maintain sanitation compliance. Also, if you are new to refrigerated transportation, you'll be learning overall compliance on transporting refrigerated goods; and, in case of transportation claims, the burden of following the claim process falls on you, whereas for a company driver, it is not. In both situations, drivers are still required to follow due diligence and loading procedures to avoid these claims.

### **Company Driver Pro—Compliance Isn't All On You**

As a company driver, you will have clearly outlined job duties assigned to you by your company, but the compliance won't fall only on you. For example, you must perform pulp tests for your temperature-sensitive items. However, there is far more than temperature compliance to maintain, which is not your full responsibility. Also, there are driver shortages around the nation, so finding a quality job with great benefits is easy.

### **Company Driver Con—Less Flexibility**

You will need to start at the bottom and work your way up, meaning that you may not have the best schedule or routes until you gain a bit of tenure and seniority. Since you are limited to someone else's clients, and are an employee, your earning potential is not

as high. You may even be limited to the type of route, schedule, and communication technology available to you, or you may have to pay out of pocket for some of your upgrades. You may also find yourself frustrated with the irresponsible third-parties that your company works with, for example, lumpers who don't understand the most efficient ways of loading your refrigerated goods.

If you know a trucker who has already made the transition, ask them about their thoughts on being an owner operator vs. being a company driver. At the very least, talk with an owner operator about their business model.

Working for a carrier you will either be paid by the mile or percentage. If they have lots of trucks, you will likely get insurance for less than what you will pay for it on your own with 1 truck. They might have better fuel and tire discounts than you can find on your own. They will cover the cost of fuel and take it out of your settlements. They will do all the IFTA, NYHUT, OR tax, NM tax, and take it off your settlement. They will find work for you, either through their own direct accounts or through brokers. You are more or less the same as a company driver, but now you are paying your own truck note and running a relatively simple business where all of your revenue comes from the carrier you are signed on with. Percentage rates vary, some as high as 30%, others as low as 10%. The deals of who pays what will be defined in an agreement before you begin work. Maybe they take 30%, but that covers all your insurance, IFTA, all other road taxes, and plates. Some might take 10% but charge you for each and every item. All deals are different and it's difficult to say which one is better than the other. You will most likely have a regular payment schedule.

On your own, you will file all your own IFTA and road taxes. You will pay your own 2290. You will find your own fuel card (or pay cash) and seek out the best discount program you can find. Same thing goes for tires. You will find all of your own work, whether it be through you going out and finding your own direct customers or going through brokers to start. You will have multiple revenue streams and days to pay rather than one structured revenue stream where you know the check is there every x date. You will buy your own insurance. You will bill for every load you do. You will wait to be paid, some customers will pay you cod, others will wait 90 days and when you call they will tell you some BS excuse as to where the money is. All the while you will have paid out immediately for fuel, repairs, etc. Good luck telling the fuel pump you will "pay them in 90 days .... or so." Same for the bank if you have payments and your mechanic wants his money immediately too. For these reasons you have to have a large enough safety pool of cash while you are waiting for payment. You will setup your own authority and you will be directly responsible for maintaining all your maintenance files, drug testing, employee hiring files, keeping all your permits up to date, and filing everything on time.

All of that sounds daunting at first. Once you have a year or 2 under your belt all the filings and stuff really isn't hard to maintain. The bigger hurdle is finding good enough paying work where you will know you are doing better on your own than you would be paying a percentage to a company. For many people, they feel they are better off being

signed onto a company rather than on their own. It's one of those things where everyone's situation is different. I just happen to be very bold headed and really don't care for being told what to do. I also live in a very busy freight lane which makes it relatively easy for me to thrive on the spot market. I also have a distant dream of maybe someday having a small fleet of my own so I can drive a desk.

There are many ways to setup and run a successful Trucking business. Doing your research and planning ahead are key factors in making this decision.

If you have a desire to become a carrier contact UrTruck LLC Consulting and let us help you get started in the right direction. [info@urtruckconsult.com](mailto:info@urtruckconsult.com)  
<http://www.urtruckconsult.com>