

Build your profit plan for the road ahead to ensure you're meeting financial needs and expectations.

# CREATING YOUR FINANCIAL MAP

## BUILD FOR THE FUTURE WITH A STRONG OWNER-OPERATOR BUSINESS PLAN

**A** business plan, also known as a profit plan, is one of the most effective business tools you'll use as an owner-operator. Think of it as a road map that allows you to track income and expenses over time, with the goal of reaching your desired financial rewards. A business plan helps you make ends meet. It shows you exactly how much money is needed for expenses, where it will be spent and how much you can afford to pay yourself. Your business plan should show all sources of income and costs while taking into account industry averages, personal expenses and cash flow. It also should provide this complete financial picture in weekly, monthly and annual detail.

Creating a business plan can

be a source of great personal satisfaction as well as an important contributor to the success of your business. It also allows you to know when you have reached your break-even point – after which every extra mile driven puts more money in your pocket. Experienced owner-operators will tell you that working without a plan is like sitting in the bed of a moving pickup truck looking backward. You can see where you've been – but not where you're headed.

### GETTING STARTED

The best time to begin the planning process is before you start your business. The process will give you targets, and these can be compared later with your actual financial performance to see where adjust-

ments are needed to maximize profits. Even if you already have started, it is not too late to think about planning.

In its simplest form, the business or profit plan should identify your revenue – or gross income – and your expenses. All personal household expenses should be included. While your books may reflect a profitable business operation, you may fall short of your personal needs and desires if household expenses are left out. If you're serious about your success, sit down with your spouse or business partner and identify all of your personal and business income and expenses.



## OWNER-OPERATOR PROFIT PLAN

Profit Plan P/B Sample  
for Joe Contractor - Test



Miles:	Weekly	Monthly	Annual		
Loaded Miles	2,650	11,050	132,600		
Empty Miles	125	542	6,500		
<b>Total Miles:</b>	<b>2,775</b>	<b>11,592</b>	<b>139,100</b>		
Revenue:	Weekly	Monthly	Annual	Cents Per Mile	% Rev
Mileage/Percentage	\$ 2,650	\$ 11,486	\$ 137,626	99.08	79.68%
Fuel Surcharge	\$ 676	\$ 2,928	\$ 35,139	25.26	20.32%
Accessories/Other	\$ 0	\$ 0	\$ 0	.00	.00%
<b>Total Revenue:</b>	<b>\$ 3,326</b>	<b>\$ 14,414</b>	<b>\$ 172,965</b>	<b>124.35</b>	<b>100.00%</b>
Variable:	Weekly	Monthly	Annual	Cents Per Mile	% Rev
Fuel	\$ 1,240	\$ 5,375	\$ 64,496	46.37	37.29%
Trailer Fuel	\$ 0	\$ 0	\$ 0	.00	.00%
Fuel Tax	\$ 15	\$ 65	\$ 790	.56	.45%
Routine Truck Maintenance/Repair	\$ 321	\$ 1,391	\$ 16,692	12.00	9.65%
Depreciable Truck Repair	\$ 0	\$ 0	\$ 0	.00	.00%
Outside Labor	\$ 0	\$ 0	\$ 0	.00	.00%
Communications	\$ 83	\$ 360	\$ 4,324	3.11	2.50%
Travel & Lodging	\$ 17	\$ 75	\$ 900	.66	.52%
Office/Education	\$ 5	\$ 20	\$ 240	.17	.14%
Computer Purchase	\$ 0	\$ 0	\$ 0	.00	.00%
Company Charges	\$ 0	\$ 0	\$ 0	.00	.00%
Uniforms/Laundry Supplies	\$ 5	\$ 20	\$ 240	.17	.14%
Small Tools & Truck Supplies	\$ 0	\$ 0	\$ 0	.00	.00%
Miscellaneous	\$ 0	\$ 0	\$ 0	.00	.00%
Depreciable Tool Purchase	\$ 0	\$ 0	\$ 0	.00	.00%
Broker Fees	\$ 0	\$ 0	\$ 0	.00	.00%
<b>Total Variable:</b>	<b>\$ 1,686</b>	<b>\$ 7,396</b>	<b>\$ 87,672</b>	<b>63.03</b>	<b>50.69%</b>
<b>CONTRIBUTION MARGIN:</b>	<b>\$ 1,640</b>	<b>\$ 7,168</b>	<b>\$ 85,293</b>	<b>61.32</b>	<b>49.31%</b>
Fixed:	Weekly	Monthly	Annual	Cents Per Mile	% Rev
Truck Payment	\$ 433	\$ 1,676	\$ 22,616	16.19	13.02%
Trailer Payment	\$ 0	\$ 0	\$ 0	.00	.00%
FH/T	\$ 11	\$ 46	\$ 550	.40	.32%
License, Permits, Tolls & Scales	\$ 31	\$ 133	\$ 1,600	1.15	.93%
Physical Damage Insurance	\$ 46	\$ 200	\$ 2,400	1.73	1.39%
Boat/ail Insurance	\$ 17	\$ 75	\$ 900	.66	.52%
Work Comp/Occ Acc Insurance	\$ 38	\$ 185	\$ 1,980	1.42	1.14%
Health, Dental, Vision, Other Insurance	\$ 0	\$ 0	\$ 0	.00	.00%
Health, Dental, Vision, Other Insurance	\$ 0	\$ 0	\$ 0	.00	.00%
Salary & Wages	\$ 0	\$ 0	\$ 0	.00	.00%
Legal & Accounting	\$ 22	\$ 95	\$ 1,144	.82	.66%
<b>Total Fixed:</b>	<b>\$ 598</b>	<b>\$ 2,591</b>	<b>\$ 31,690</b>	<b>22.35</b>	<b>17.97%</b>
<b>Total Expenses:</b>	<b>\$ 2,284</b>	<b>\$ 9,897</b>	<b>\$ 118,762</b>	<b>85.38</b>	<b>68.66%</b>
<b>NET INCOME FROM BUSINESS:</b>	<b>\$ 1,042</b>	<b>\$ 4,517</b>	<b>\$ 54,203</b>	<b>38.97</b>	<b>31.34%</b>
Personal Obligations:	Weekly	Monthly	Annual	Cents Per Mile	% Rev
Estimated Personal Obligations Net of Other Household Income	\$ 475	\$ 2,050	\$ 24,720	17.77	14.29%
<b>Estimated Cash From Business and After Personal Obligations and Other Household Income</b>	<b>\$ 567</b>	<b>\$ 2,457</b>	<b>\$ 29,483</b>	<b>21.20</b>	<b>17.09%</b>
BREAKEVEN POINT:	Weekly	Monthly	Annual		
MILES TO BREAK EVEN (NUT)	1,750	7,585	91,018		
TOTAL REVENUE TO BREAK EVEN	2,176	9,431	113,177		
Per Diem:	Weekly	Monthly	Annual	Cents Per Mile	% Rev
Per Diem	\$ 0	\$ 0	\$ 0	.00	.00%
<b>FEDERAL TAX ESTIMATE (25.00%):</b>	<b>\$ 261</b>	<b>\$ 1,129</b>	<b>\$ 13,591</b>	<b>9.74</b>	<b>7.83%</b>
<b>STATE TAX ESTIMATE (Missing 0%):</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>.00</b>	<b>.00%</b>

Under this plan, the owner-operator runs 132,600 loaded miles, earning \$54,203 on \$172,965 in revenue.

### BE REALISTIC

As you work through this process, gather as many of your collected invoices or settlement statements, bills and re-

ceipts as possible. Accumulate three to four months of expenses to reflect your spending habits properly. Don't forget to budget for savings, estimated

## FINANCIAL FREEDOM BY AGE 65

Profit planning can help you get there. When updating your profit plan, take the time to build balance sheets - both personal and business - to calculate your net worth. The balance sheet compares your assets with your liabilities. Creating a balance sheet for a single-truck owner-operator business is fairly simple. Start with what your business owns: Write down how much money is in your business checking and savings accounts, and don't forget escrows or maintenance reserves your carrier may be deducting from your settlement to fund. Next, determine how much your equipment - truck, trailer, tools, etc. - is worth; use online resources to help determine fair market value. Next are your business liabilities: These are your truck or trailer loans, business credit card balances, outstanding accounts with vendors and repair shops, etc.

Subtract your liabilities from your assets, and you have the net worth of the business. If the number is positive, it becomes an asset on your personal balance sheet. If it's negative, it's a liability.

Do the same for your personal balance sheet. The difference between your assets and liabilities is your net worth. Continually increasing personal net worth should be one of your long-term goals. Don't be discouraged if you have negative net worth. Many people avoid this process because they don't want to see the results, but don't fall into that trap. Setting goals and improving your financial situation is much easier once you know your net worth.

This is the starting point for any good long-term financial plan. Make sure you update your balance sheet continuously - at least twice per year - to ensure you are meeting your financial goals.

taxes and lean times.

If you lack past data for developing your plan, be conservative in estimating your income, and overestimate your expected expenses so you don't have a flawed plan. If there is money left, place it into savings for unexpected emergencies.