

THE HARD TRUTH ABOUT TRUCKING

WHAT EVERY NEW OWNER-OPERATOR MUST KNOW
TO SURVIVE & SUCCEED



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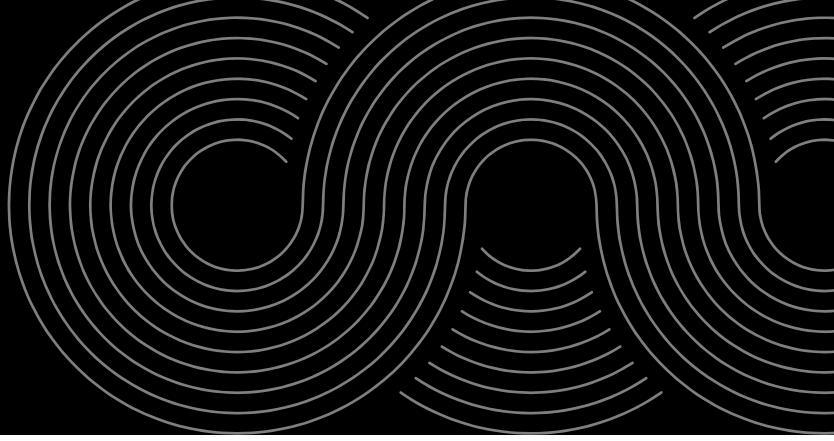
WHAT'S INSIDE:

A step-by-step guide for aspiring owner-operators who want to build a successful trucking business.

Written from real-life experiences, this eBook covers everything from navigating regulations and choosing the right equipment to booking profitable loads and avoiding costly mistakes.

Whether you're new to the industry or transitioning from being an employee driver to an owner-operator, this guide will help you avoid pitfalls, save time, and set your business up for success.

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CHAPTER

INTRODUCTION

INTRODUCTION

OUR STORY: WHO WE ARE AND HOW WE GOT STARTED

We are Nelsons Carrier Solutions LLC!

We're a family owned trucking business who took a leap of faith in 2019 to start our own trucking business during one of the most uncertain times in recent history—the COVID-19 pandemic. Before starting this journey, I had been a company driver for over 20 years. And like so many others, I was tired of working hard for someone else's profit and seeing little in return. The long hours, time away from my family, and sacrifices weren't adding up to the financial security and freedom I dreamed of.

So, we decided to take control of our future! Using our savings, we purchased a used day cab tractor for under \$13,000 from a friend and hit the road. At the time, we didn't know much about the owner-operator side of trucking, so we decided to lease onto a carrier with more experience to learn the ropes. But what we thought would be a steppingstone turned into a full blown nightmare. From being cheated out of income, threatened when we considered leaving all the way to being saddled with outrageous fees for equipment, insurance, and dispatching services. It felt like everything was working against us.

Despite the setbacks, we didn't give up. It took time, countless hard lessons, and more than a few bumps and bruises, but we eventually pieced together what it takes to succeed as independent trucking business owners. We registered for our own operating authority, learned how to book loads effectively, and figured out how to steer clear of the many scammers that plague this industry. We studied compliance to stay on the right side of regulations and mastered cash flow management—finding ways to save money on fuel and maintenance while building a financial reserve for emergencies.

Fast forward four years, and our business looks completely different. We now own several tractors with dry van equipment and work with numerous owner-operators to help them establish themselves in this industry. We've made it our mission to share the knowledge and wisdom we've gained so that others can avoid the pitfalls we faced and achieve long-term success.

We're just like you. We started with a dream, faced more challenges than we ever anticipated, and came out stronger on the other side. If we can build a thriving trucking business from scratch, so can you.

This guide contains everything we've learned during the startup phase. Follow the steps, apply the strategies, and with hard work and perseverance, you can create a successful and independent trucking business of your own.

WHY THIS GUIDE WILL HELP YOU SUCCEED

Starting a trucking business can feel overwhelming, especially if you're new to the industry. That's why this guide is here to provide you with a clear roadmap to success. From understanding the licensing and permits required to choose your niche, purchasing equipment, and finding clients, we'll walk you through every step of the process.

This eBook is a culmination of those lessons, designed to save you from the pitfalls and headaches we encountered. It's more than just a guide—it's a roadmap to help you navigate the challenges of starting and running your own trucking business. Whether you're a truck driver looking to transition into ownership or an entrepreneur entering the industry for the first time, this book will equip you with the tools, strategies, and confidence you need to succeed.

We've written this book because we know how hard it is to start with no guidance. When you don't know where to turn for answers, it's easy to feel overwhelmed. But you don't have to go it alone. By sharing our story, our experiences, and the lessons we've learned, we hope to give you a clear path forward.

The trucking industry has immense potential, but it's also filled with challenges. Our goal is to help you overcome those challenges faster, avoid costly mistakes, and build a thriving business. Welcome to the beginning of your trucking journey—let's get started!



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TOP REASONS WHY START UP TRUCKING COMPANIES FAIL WITHIN FIRST 4 YEARS!

Trucking businesses fail for several key reasons, but the biggest culprit is cash flow mismanagement. Many new owners jump into the industry thinking that as long as they're moving freight, they're making money. But the reality is, without proper financial planning and expense control, even a busy truck can run a business into the ground. Here are the main reasons trucking businesses fail:

1. Poor Cash Flow Management

Trucking is a high-expense industry with tight margins. Expenses like fuel, maintenance, insurance, and truck payments are constant, but brokers and shippers often take 30 to 60 days to pay. Without a financial cushion or factoring company to bridge the gap, many businesses struggle to keep up with their bills.

2. Underestimating Operating Costs

Many new trucking business owners fail because they don't accurately calculate their cost per mile. They take loads that seem profitable but don't cover all expenses, leading to losses over time. Expenses like fuel, maintenance, tolls, and truck payments add up fast, and without a clear understanding of these costs, profits quickly disappear.

3. Taking Cheap Freight

Inexperienced truckers often fall into the trap of accepting cheap loads just to keep the truck moving. However, low-paying freight doesn't always cover expenses, especially with rising fuel costs. Hauling cheap loads consistently leads to financial burnout. (Not to mention, it adds to the brokers/shippers lowering the negotiating threshold for future loads within the same lane... More on that later!)

4. Poor Fuel Management

Fuel is the biggest cost in trucking. Many owners fail to take advantage of fuel cards, discounts, and efficient route planning, leading to excessive fuel expenses. Even small savings per gallon add up to thousands of dollars over time.

5. Unexpected Breakdowns & Repairs

Trucking businesses live or die by the reliability of their equipment. A major breakdown can cost thousands in repairs and downtime. Many new owners don't set aside money for maintenance and are caught off guard when a major repair wipes out their cash reserves.

6. High Debt & Bad Financial Decisions

Many trucking businesses take on too much debt early on—whether it's financing expensive trucks, taking out high-interest loans, or leasing equipment at inflated rates.

These financial burdens can become unsustainable, especially during slow seasons or unexpected downturns.

7. Compliance & Legal Issues

Failing to stay compliant with DOT regulations, permits, insurance requirements, or safety audits can lead to costly fines, shutdowns, or increased insurance premiums. Many trucking businesses struggle with compliance, which can lead to being put out of service.

8. Poor Load Planning & Inefficient Operations

Many owner-operators waste money by running empty miles, failing to optimize routes, or not planning backhauls. Every empty mile is lost revenue, and without strategic load planning, profits suffer.

9. Not Separating Business & Personal Finances

Mixing business and personal finances is a common mistake. Many new owners fail to track expenses properly, leading to financial mismanagement, tax problems, and cash flow shortages.

10. Lack of Business Knowledge

Trucking is more than just driving—it's a business. Many owner-operators don't invest time in learning business fundamentals like bookkeeping, negotiation, or strategic planning. Without proper knowledge, they struggle to grow and sustain their operations.

To avoid failure, trucking businesses must focus on financial discipline, cost control, strategic planning, and continuous learning. Understanding cost per mile, keeping expenses low, building a reserve fund, and making smart business decisions are the keys to long-term success. Trucking isn't just about moving freight—it's about running a profitable business. This requires every owner operator to understand the distinct difference between a truck driver and an Owner Operator.

CHANGE YOUR MINDSET OR YOU'VE ALREADY FAILED!

When stepping into the trucking industry, it's crucial to understand that there's a significant difference between being a truck driver and being an owner-operator. While both roles revolve around the operation of a truck, they represent two entirely different worlds in terms of responsibilities, risks, and rewards.

A truck driver's primary responsibility is to safely transport freight from point A to point B. As an employee of a trucking company, drivers focus on the operational aspects of their job—driving, meeting delivery deadlines, and adhering to safety standards.

An owner-operator, on the other hand, is not just a driver but also a business owner. This role combines the responsibilities of driving with the added complexities of running a trucking business. While the earning potential is much higher, so is the level of risk and responsibility.

When stepping into the trucking industry as an owner-operator, the most critical shift you'll need to make is in your **mindset**. Transitioning from a truck driver to a business owner is not just about owning a truck—it's about taking full responsibility for running a business. While both roles involve driving, the differences between them are vast, and success as an owner-operator depends on your ability to think and operate like a business owner rather than an employee.

Becoming an owner-operator means stepping into the role of a business owner, where you're no longer just responsible for driving. You're now in charge of the entire operation, from finding profitable loads to managing expenses, maintaining compliance, and growing your business. Shifting your mindset is the key to thriving in this role.

Key Traits of a Business Owner's Mindset:

- **Strategic Thinking:** As an owner-operator, you're not just thinking about today's delivery; you're planning for the week, the month, and even the year. You're constantly analyzing market trends, choosing loads strategically, and planning routes to maximize profitability.

Key Differences Between Driver and Owner-Operator		
ASPECT	TRUCK DRIVER	OWNER-OPERATOR
Job Role	Employee responsible for driving.	Business owner responsible for driving and running the business.
Truck Ownership	None—truck is provided by the company.	Owns or leases the truck and is responsible for all associated costs.
Income	Fixed or per-mile pay structure.	Income depends on negotiated rates and expenses.
Expenses	Covered by the employer.	Covers fuel, maintenance, insurance, taxes, and other business costs.
Responsibility	Focuses on driving and delivery.	Balances driving, compliance, finances, and business development.
Risk & Reward	Lower risk, lower earning potential.	Higher risk, higher earning potential.

- **Taking Financial Responsibility:** You must understand your numbers—how much it costs to run your truck, how to price your loads, and how to manage cash flow to stay in business during slower periods.
- **Decision-Making Power:** You have the freedom to choose your loads, negotiate rates, and decide when and where to work. With that freedom comes the responsibility of making decisions that directly impact your income and expenses.
- **Problem-Solving:** When challenges arise—whether it's a breakdown, a slow week, or a regulatory issue—you have to figure out how to overcome them. There's no employer to rely on.
- **Long-Term Focus:** You're not just driving for a paycheck. You're building a business, which means investing in your equipment, relationships, and reputation.

Many new owner-operators struggle because they approach their new role with a driver's mindset rather than a business owner's mindset. They focus only on driving and delivering loads, neglecting the financial, operational, and strategic aspects of their business. This approach often leads to financial struggles, missed opportunities, and ultimately, burnout.

To succeed as an owner-operator, you must see yourself as the CEO of your trucking business.

Don't worry! We're going to cover all these aspects in this eBook.

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CHAPTER

HOW THE TRUCKING MARKET WORKS

UNDERSTANDING THE TRUCKING MARKET

The trucking market is a critical component of the broader transportation industry, serving as the primary method for moving goods across the country. While the transportation industry includes various modes—such as rail, air, sea, and pipelines—trucking stands out due to its flexibility and ability to provide door-to-door service. Rail is often used for long-haul bulk goods like coal or grain, but it lacks the ability to deliver directly to businesses or consumers. Similarly, air freight is the fastest option but comes with high costs, making it suitable only for urgent or high-value shipments. Sea transport is essential for international trade but is slow and limited to port-to-port shipping. Pipelines, on the other hand, are specific to liquids like oil or gas.

In this multi-modal system, trucking plays a vital role by providing the first-mile and last-mile delivery services that other modes cannot offer. For instance, goods shipped internationally by sea or across states by rail often rely on trucks to complete the journey to warehouses, distribution centers, or final destinations. Without trucking, the supply chain would break down, leaving goods stranded at ports, rail yards, or airports. This makes trucking the most widely used and essential mode of freight transportation, responsible for delivering over 70% of all goods in the U.S. economy. Its versatility and reach make it a linchpin in connecting the various parts of the transportation network and ensuring that goods flow efficiently from producers to consumers.

The trucking industry is not just massive—it's one of the greatest opportunities for wealth creation and financial independence for those willing to learn and take control of their business. Trucking in the U.S. is a \$875 billion industry that is vital to the economy. Whether you're an owner-operator or planning to scale into a small fleet, there is significant income potential in this business.

Unlike many traditional businesses, trucking gives you direct control over your income and financial future. Here's why:

- ✓ **Low Barrier to Entry:** Compared to other businesses, starting a trucking company requires a relatively low investment, especially if you start as an owner-operator.
- ✓ **High-Income Potential:** Owner-operators can earn \$200,000+ per year, with fleet owners making significantly more by adding trucks and drivers.
- ✓ **Freight Demand Never Stops:** The world will always need freight moved—industries like retail, construction, food, and manufacturing depend on trucks every single day.

- ✓ **Multiple Ways to Make Money:** From long-haul trucking to specialized freight, box trucks, dump trucking, or hotshot trucking, you can choose a niche that fits your lifestyle and goals.
- ✓ **Scalability:** You can start with one truck and eventually grow into a fleet, increasing your earnings without being tied to a single truck.
- ✓ **Ownership Means Control:** Unlike being a company driver, as a business owner you set your own rates, choose your loads, and build a company on your terms.

WHERE WE ARE NOW: THE CURRENT CLIMATE OF THE TRUCKING INDUSTRY

The trucking industry is constantly evolving, influenced by economic conditions, technological advancements, and regulatory changes. Staying informed about the current state of the industry is essential for navigating challenges and seizing opportunities.

1. Post-Pandemic Recovery

The COVID-19 pandemic disrupted global supply chains, leading to unprecedented shifts in freight demand and capacity. While the industry has largely recovered, lingering effects such as driver shortages and equipment delays continue to impact operations. On the bright side, the rise of e-commerce has fueled consistent demand for trucking services, particularly in last-mile and regional delivery markets.

2. Rising Operational Costs

The cost of operating a trucking business has risen due to factors like:

Fuel Prices: Volatile fuel prices remain a significant expense, often accounting for 25-30% of operating costs.

- **Insurance Costs:** Rising insurance premiums are a growing concern for both new and established businesses.
- **Equipment Prices:** Supply chain disruptions have increased the cost of purchasing and maintaining trucks and trailers.

To mitigate these costs, many businesses are adopting fuel-efficient technologies, negotiating group insurance rates, and exploring used equipment options.

3. Technological Advancements

Technology is revolutionizing the trucking industry, creating opportunities to improve efficiency and profitability:

- **Load-Matching Platforms:** Apps like DAT and Truckstop.com simplify the process of finding and booking freight.
- **Telematics and Fleet Management Software:** These tools help optimize routes, monitor fuel consumption, and reduce downtime.

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- **Autonomous Trucks:** While still in development, self-driving technology has the potential to address driver shortages and reduce operating costs.

4. Increased Regulation

The trucking industry is subject to strict regulations to ensure safety and compliance. Key areas to monitor include:

- **Hours of Service (HOS):** Rules limiting driving hours to prevent fatigue.
- **Electronic Logging Devices (ELDs):** Mandated use of ELDs to track driving hours and ensure compliance.
- **Environmental Regulations:** Growing emphasis on reducing emissions is pushing the adoption of electric and alternative-fuel vehicles.

While compliance adds complexity, staying ahead of regulatory changes can help you avoid penalties and build a reputation for reliability.

WHY NOW IS THE TIME TO START A TRUCKING BUSINESS

Now is the perfect time to start a trucking business due to the increasing demand for small carriers, the ability to control profits, and the technological advancements that make running a trucking company easier than ever. Brokers and shippers are actively seeking small carriers for specialized and flexible freight solutions, as they often provide better service and faster deliveries than large fleets. This creates an opportunity for independent truckers to secure direct contracts and avoid the intense competition on load boards. Additionally, owning a trucking business allows for greater control over the freight you haul, your schedule, and your earnings, unlike being a company driver where income is fixed.

The freight market runs in cycles, and although rates fluctuate, downturns often lead to high-profit rebounds. Right now, many large carriers are struggling with high operating costs, forcing some out of business, which is reducing competition for smaller carriers. Those who enter the industry now will be in a prime position to profit when the market stabilizes. Compared to other industries, trucking has a relatively low barrier to entry. While purchasing a truck is a significant investment, financing and leasing options make it accessible for those without large amounts of upfront capital.

Advancements in freight technology have also made it easier than ever for new carriers to succeed. Digital load boards allow truckers to find and book loads instantly, while trucking management software helps

track expenses, stay compliant, and optimize efficiency. Fuel costs, one of the biggest expenses in trucking, can also be managed through fuel discount programs, allowing small carriers to remain competitive. Additionally, government grants, small business loans, and funding programs exist to help new trucking entrepreneurs launch and grow their businesses.

Beyond just hauling freight, a trucking business can open the door to multiple revenue streams, including power-only freight, hotshot trucking, government contracts, and even providing dispatch or consulting services to other truckers. While the industry has challenges, those who start now and focus on cost management, efficiency, and building strong business relationships will have the advantage as market conditions improve. With lower competition, increased demand, and more accessible resources, now is an opportune moment to start a trucking business and position yourself for long-term success.

WHO'S WHO: THE PLAYERS IN THE TRUCKING INDUSTRY AND HOW THEY WORK TOGETHER

The trucking industry is made up of several key players who work together to ensure the efficient movement of goods across the country. At the core are shippers, who manufacture or distribute products and need them transported to retailers, warehouses, or consumers. They rely on brokers and freight forwarders to connect them with trucking companies, negotiating rates and handling logistics to ensure goods are moved efficiently. Carriers, which include owner-operators, small fleets, and large trucking companies, are responsible for the actual transportation of freight. They either work directly with shippers or go through brokers to secure loads. Dispatchers play a crucial role in managing a carrier's schedule, negotiating load rates, and ensuring drivers are compliant with regulations and delivery timelines.

Supporting these players are factoring companies, which help carriers and owner-operators maintain cash flow by advancing payments on freight invoices instead of waiting the standard 30 to 45 days. Truck stops, fuel providers, and maintenance shops serve as essential infrastructure, ensuring trucks stay fueled and road-ready. Regulatory bodies such as the FMCSA (Federal Motor Carrier Safety Administration) and DOT (Department of Transportation) enforce compliance, safety, and operational standards, while insurance companies provide coverage to protect carriers from liabilities. Additionally, load boards and TMS (Trucking Management Software) providers offer technology solutions that help carriers find freight, optimize routes, and manage operations efficiently. Together, these

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players form a complex but well-connected system that keeps the trucking industry running smoothly, ensuring goods are delivered safely and on time.

INDUSTRY PLAYERS	INDUSTRY PLAYERS
Owner-Operator	Independent truck drivers who own and operate their own trucks. Owner-operators are both drivers and business owners, responsible for finding their own loads, managing costs, and complying with regulations. They may work directly with shippers, through brokers, or under the authority of larger carriers.
Fleet Owner	Companies that own multiple trucks and hire drivers to operate them. Large carriers typically handle contracts with major shippers and ensure a steady flow of freight for their drivers.
Freight Broker	Brokers act as intermediaries between shippers and carriers. They do not own trucks but facilitate the process of finding carriers to move a shipper's freight. Freight brokers negotiate rates, manage logistics, and ensure communication between shippers and carriers. They are essential in matching loads with available trucks.
Shippers	Shippers are businesses or individuals that need to transport goods from one location to another. This includes manufacturers, distributors, retailers, and wholesalers. They initiate the transportation process by providing freight that needs to be moved. Shippers may work directly with carriers, brokers, or third-party logistics providers (3PLs) to arrange transport.
Fuel Providers	Gas stations and fuel card providers that supply diesel and gasoline for trucks. They ensure trucks stay fueled, and fuel card providers offer discounts, tracking, and billing solutions for carriers and owner-operators.
Carriers	Carriers are companies or independent owner-operators that own and operate trucks to transport freight. Their primary responsibility is to pick up, transport, and deliver goods safely and on time. Carriers can range from large trucking companies with extensive fleets to single-truck owner-operators.
Third-Party Logistics Providers (3PLs)	Companies that offer logistics and supply chain services, including transportation, warehousing, and freight management. 3PLs often manage the entire shipping process for shippers, from coordinating carriers to handling warehousing and distribution.
Maintenance and Repair Providers	Truck repair shops, tire providers, and roadside assistance services. They ensure trucks are maintained and repaired to avoid breakdowns and ensure safety on the road.
Load Boards	Online platforms like DAT, Truckstop, and 123Loadboard. These platforms connect shippers, brokers, and carriers by listing available loads and allowing carriers to bid on or accept freight.
Insurance Providers	Companies that offer commercial trucking insurance, including liability, cargo, and physical damage coverage. They protect carriers and owner-operators from financial losses due to accidents, theft, or damage.
Technology Providers	Companies that provide tools like GPS tracking, ELDs (Electronic Logging Devices), TMS (Transportation Management Systems), and fuel management software. They help carriers, brokers, and shippers optimize operations, stay compliant, and improve efficiency.
Dispatchers	Dispatchers work with carriers or owner-operators to coordinate loads and schedules. They manage communication between drivers, brokers, and shippers, ensuring efficient route planning and on-time delivery. Some independent dispatchers also help owner-operators find loads.
Freight Forwarders	Companies that arrange the transportation of goods but may also consolidate shipments. Freight forwarders handle the logistics of moving freight, particularly for international shipping, where they arrange intermodal transportation across air, sea, and road.

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The trucking industry is one of the most heavily regulated sectors in the United States. Various government agencies oversee different aspects of trucking operations to ensure safety, compliance, fair practices, and environmental responsibility. These regulations cover everything from driver qualifications to vehicle maintenance, hours of service, freight classification, and environmental emissions. Understanding the key regulatory bodies and their roles is essential for any trucking business owner to operate legally and efficiently.

This page shows the roles and responsibilities of the major regulatory agencies that you need to become familiar with:

WHO REGULATES THE TRUCKING INDUSTRY?



US DEPARTMENT OF TRANSPORTATION (US DOT)

[HTTPS://WWW.TRANSPORTATION.GOV/](https://www.transportation.gov/)

- Issuing DOT Numbers for carriers operating in interstate commerce.
- Enforcing rules related to transportation infrastructure, such as weight limits on federal highways.
- Administering programs to improve safety on U.S. roads.



FEDERAL MOTOR CARRIER SAFETY ADMINISTRATION (FMCSA)

[HTTPS://WWW.FMCSA.DOT.GOV/](https://www.fmcsa.dot.gov/)

- Issuing Motor Carrier (MC) Numbers for carriers operating in interstate commerce.
- Issuing Motor Carrier (MC) Numbers for freight brokers
- New Entrant Audit Program
- Establishing Hours of Service (HOS) standards for commercial transportation
- Vehicle and equipment inspection standards
- Administering programs to improve safety on U.S. roads.
- Motor Carrier Compliance, Safety Ratings, and Accountability (CSA)
- Drug & Alcohol Testing Clearinghouse for CDL drivers
- Electronic Logging Devices (ELDs) to track HOS



ENVIRONMENTAL PROTECTION AGENCY (EPA)

[HTTPS://WWW.EPA.GOV/](https://www.epa.gov/)

- Truck engine emission standards
- Idle reduction policies
- California Air Resources Board (CARB)



SURFACE TRANSPORTATION BOARD (STB)

[HTTPS://WWW.STB.GOV/](https://www.stb.gov/)

- Typically only applies to motor carriers if you handle the trucking portion of a freight movement that involves rail (Intermodal transportation or drayage cans)
- Dispute about the rates or service terms for the rail portion of the shipment, and it's tied to your trucking services
- Some oversight over household goods carriers (e.g., moving companies).



UNIFIED CARRIER REGISTRATIONS PLAN (UCR)

[HTTPS://PLAN.UCR.GOV/](https://plan.ucr.gov/)

- Typically only applies to motor carriers if you handle the trucking portion of a freight movement that involves rail (Intermodal transportation or drayage cans)
- Dispute about the rates or service terms for the rail portion of the shipment, and it's tied to your trucking services
- Some oversight over household goods carriers (e.g., moving companies).



NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION (NHTSA)

[HTTPS://WWW.NHTSA.GOV/](https://www.nhtsa.gov/)

- Enforces federal motor vehicle safety standards (FMVSS)
- Regulates the proper maintenance of safety systems like brakes, lights, tires, and emissions controls
- Keep track of repairs to ensure compliance in case of audits or inspections



INTERNATIONAL FUEL TAX ASSOCIATION (IFTA)

[HTTPS://WWW.IFTACH.ORG/](https://www.iftach.org/)

- Manages and administer the International Fuel Tax Agreement
- Collects quarterly motor fuel taxes via the carrier's base jurisdiction (State IFTA agency)



OCCUPATIONAL SAFETY AND HEALTH ADMINISTRATION (OSHA)

[HTTPS://WWW.OSHA.GOV/](https://www.osha.gov/)

- Typically involved in motor carriers with workshops, docks, warehouses, etc.
- requires carriers to maintain a safe working environment for all employees
- Regulates fleet or shop uses of hazardous materials
- Mandates personal protective equipment (PPE)
- Conducts workplace inspections
- Reports workplace injury or fatality



INTERNATIONAL REGISTRATION PLAN

[HTTPS://WWW.IRPONLINE.ORG/](https://www.irponline.org/)

- Manages the reciprocity agreement among the US states/jurisdictions + 10 Canadian provinces
- Provides apportioned license plates for interstate commercial vehicles > 26,000 lbs. (via the carrier's base jurisdiction BMV)



INTERNAL REVENUE SERVICE - HEAVY VEHICLE USE TAX

[HTTPS://WWW.IRS.GOV/FORMS-PUBS/ABOUT-FORM-2290](https://www.irs.gov/forms-pubs/about-form-2290)

- Manages the reciprocity agreement among the US states/jurisdictions + 10 Canadian provinces
- Provides apportioned license plates for interstate commercial vehicles > 26,000 lbs. (via the carrier's base jurisdiction BMV)

TRUCKING CAPACITY: WHAT IS IT AND WHY IT MATTERS

Truck capacity refers to the availability of trucks to transport freight and is a critical factor that directly influences trucking rates and business profitability. The trucking industry's capacity is affected by several variables, including driver availability, equipment supply, seasonal demand, and economic activity.

Truck capacity fluctuates throughout the year due to seasonal demand, economic trends, and specific industry needs. Understanding these patterns is critical for motor carriers, freight brokers, and shippers because they affect freight rates, load availability, and fleet utilization. Here's a breakdown of the key factors and how they play out over the course of a year:

1. Seasonality in Freight Demand

Certain times of the year see increased demand for trucks, which reduces capacity and drives up freight rates, while other periods see reduced demand. Here's how freight volumes tend to shift seasonally:

Spring (March–May):

- **Freight Demand Increases:** As winter ends, industries like agriculture (planting season), retail, and construction ramp up, increasing demand for trucks.
- **Produce Season:** In late spring, produce starts moving from warmer regions (like Florida, Texas, and California), straining reefer truck capacity.
- **Impact:** Tightened capacity, especially for reefer trucks and flatbeds used for construction materials.

Summer (June–August):

- **Peak Shipping Season:** Retailers and manufacturers begin preparing for back-to-school and early holiday inventory, leading to increased demand for dry vans and flatbeds.
- **Produce Season Continues:** The peak of the produce season adds further strain, especially on reefer capacity.
- **Hurricane Season:** In coastal regions, hurricanes can disrupt freight networks, leading to sudden capacity shortages.
- **Impact:** Overall tight capacity and higher freight rates.

Fall (September–November):

- **Holiday Surge:** Retailers rush to stock shelves for Black Friday, Cyber Monday, and holiday shopping. This increases demand for dry vans and intermodal transportation.

- Harvest Season: Agriculture peaks with grain and other crops moving to markets or storage.
- Impact: High demand, especially in late fall, with carriers seeing increased rates.

Winter (December–February):

- Drop in Freight Demand: After the holiday season, freight demand slows, particularly in January and February.
- Weather Impacts: Snow and ice in northern states can disrupt routes, reducing capacity. Weather also increases transit times, effectively reducing available trucks.
- Specialized Freight Demand: Certain industries, like heating oil or winter products, keep tankers and specialized trucks active.
- Impact: Lower rates for most truck types but reduced capacity in areas affected by extreme weather.

2. Industry-Specific Cycles

Different industries drive demand for trucks in specific periods:

- Agriculture: Seasonal planting, harvesting, and produce shipping create spikes in demand for reefers and flatbeds.
- Retail: Retailers drive freight volumes ahead of major shopping events like back-to-school, Black Friday, and Christmas.
- Construction: Peaks during spring and summer as projects ramp up, requiring flatbeds for lumber, steel, and equipment.
- E-commerce: Year-round demand with spikes around major shopping events (e.g., Prime Day, Black Friday).

3. Economic Trends

Economic factors like fuel prices, inflation, and consumer spending also affect truck capacity:

- Strong Economy: High consumer spending leads to higher freight volumes, tightening capacity.
- Recession or Slowdowns: Freight demand drops, increasing truck availability and reducing rates.

Imports and Exports: Port activity influences freight volumes, especially near major ports like Los Angeles/Long Beach, Savannah, and New York.

4. Regional Variations

Truck capacity also fluctuates by region:

- Produce Growing Regions: Areas like California, Florida, and the Pacific Northwest see spikes in demand for reefers during produce harvests.
- Oil and Gas Regions: Flatbed and tanker demand can spike in regions like Texas and North Dakota during active drilling or pipeline projects.

- **Weather-Dependent Areas:** Northern regions may face capacity issues during winter, while hurricane-prone areas may see spikes during emergency response efforts.

5. Market Cycles (*Spot vs. Contract Rates*)

- *Spot Market:* Spot rates (on-the-spot freight pricing) fluctuate more with capacity changes. During tight capacity periods (e.g., summer), spot rates spike.
- *Contract Rates:* Long-term freight contracts provide stability but may still be affected by severe capacity shortages.
- *Spot Market:* Spot rates (on-the-spot freight pricing) fluctuate more with capacity changes. During tight capacity periods (e.g., summer), spot rates spike.
- *Contract Rates:* Long-term freight contracts provide stability but may still be affected by severe capacity shortages.
-

[More about Spot vs. Contract Rates here](#)

6. Fuel Prices

Fuel price spikes can indirectly affect capacity:

- **Higher Fuel Prices:** Small carriers or owner-operators may park their trucks due to high operating costs, reducing capacity.
- **Lower Fuel Prices:** Encourages more carriers to enter the market, increasing capacity.

HOW TO MANAGE THE FLUCUTATIONS OF CAPACITY

1. **Plan for Seasonal Peaks:**
 - Know when your busiest seasons occur and prepare your fleet or booking strategy accordingly.
 - Use historical data to forecast demand.
2. **Diversify Freight Mix:** Balance freight from different industries (e.g., retail, agriculture, manufacturing) to avoid downtime during slower seasons.
3. **Use Technology:** Tools like load boards and freight management software help optimize routes, reduce empty miles, and locate loads during slower periods.
4. **Leverage Contracts:** Secure long-term contracts during slower periods to ensure steady revenue and consistent work.
5. **Collaborate with Brokers/Shippers:** Build relationships with brokers or direct shippers to gain priority during tight-capacity periods.

Understanding how truck capacity fluctuates throughout the year helps motor carriers optimize operations, maintain cash flow, and capitalize on peak seasons while preparing for slower periods.

CAPACITY ANALYTICAL TOOLS

The trucking industry's capacity is affected by several variables, including driver availability, equipment supply, seasonal demand, and economic activity.

Below is a very helpful heat map created by DAT that makes it easy to see the capacity levels for various regions in the U.S.

For instance, the [DAT.com](https://www.dat.com) heat map is a useful tool for understanding the supply and demand for truck loads in different regions, which can help you make better decisions about where to run your trucks. The following is a guide to help you read the heat map for capacity:

1. Understand the Color Coding

- **Green:** This color indicates that there are plenty of loads available (high demand) and fewer trucks in the area (low capacity). It's a good sign for drivers or carriers, as it means there are more opportunities to

find loads and potentially higher rates.

- **Red:** Red shows areas with low demand (fewer loads available) and plenty of trucks in the area (high capacity). This usually means it's harder to find loads, and rates might be lower because there's less competition for freight.
- **Yellow/Orange:** These colors represent regions that are somewhere in between, with balanced or moderate capacity. It means the market is not overly tight or loose, and you'll find average rates and load availability.

DAT MARKET CONDITIONS HEAT MAP

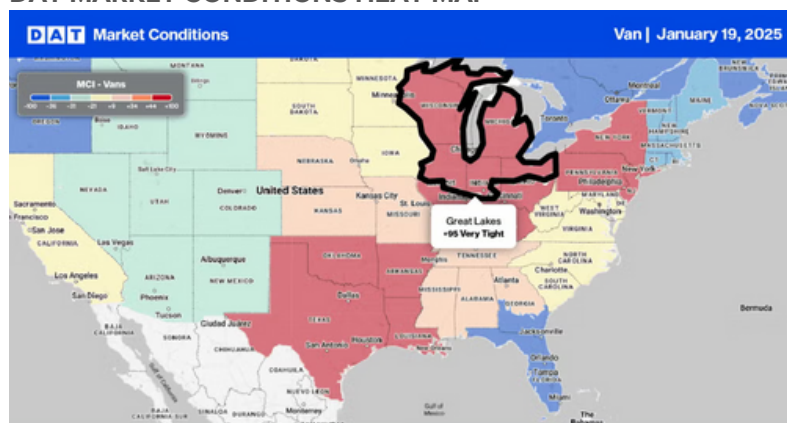


IMAGE CREDIT: [DAT.COM](https://www.dat.com) - MARKET UPDATES

2. Look at the Specific Regions

The map is broken down by states and regions. You can zoom in to see specific areas (like major cities or lanes) and assess how saturated the market is in that area.

If you see green in the area where you're running or planning to run, it might be a good time to find loads at good rates.

If red dominates a region you're looking at, you might want to reconsider or look for backhauls to make sure you're not stuck with low-paying loads.

3. Capacity Trends

The heat map gives a snapshot of the market's current condition, but it also helps to track changes over time. If you see certain regions consistently turning green

4. Using the Heat Map for Strategy

- **Load Planning:** If you're looking for loads in an area, use the heat map to check if it's a good time to run there. For example, if you're based in a green zone, you may find it easier to find loads with fewer competitors.
- **Backhaul Strategy:** If you're coming from a red region, it might be harder to find a load to get back home. You can adjust by looking for backhaul opportunities in the green zones to make the return trip more profitable.
- **Fuel Efficiency:** Use the heat map alongside other tools like fuel price data. If you're in a green zone with high demand, but fuel prices are spiking in that region, you may need to adjust your pricing or route choices accordingly.

5. Supplementary Information

The heat map works best when you combine it with load boards or other capacity tracking tools, like DAT Load Board or other apps you might use to track current load availability. The heat map gives you insight into how much freight is available, but you'll still need to do the detailed work of booking loads or finding a dispatcher to help you with the specifics.

TIPS

- **Check regularly:** The map's color changes in real-time based on the supply and demand for freight, so checking the heat map regularly can help you stay ahead of the curve.
- **Plan routes strategically:** Don't just rely on the heat map alone. Consider your usual lanes, the timing of your loads, and the pricing in different regions to maximize your earnings.

As an owner-operator, keeping track of truck capacity in your region can help you make informed decisions about when to haul, what rates to charge, and how to avoid delays. The real secret is knowing when to stay put and negotiate higher rates versus when to move to a stronger freight market. Those who master the load-to-truck ratio consistently outperform those who simply take

whatever load is available without considering market conditions.

By staying aware of these factors, you can better anticipate shifts in capacity, which helps you plan your routes, pricing, and even when to expand or scale back your operations.

PROS AND CONS OF CONTRACTS AND SPOT MARKETS

CONTRACT VS SPOT MARKETS

FREIGHT CAN BE OBTAINED THROUGH TWO PRIMARY CHANNELS IN THE TRUCKING INDUSTRY: CONTRACT MARKETS AND SPOT MARKETS. UNDERSTANDING THE DIFFERENCES AND BENEFITS OF EACH IS CRUCIAL FOR BUILDING A SUSTAINABLE BUSINESS MODEL.



CONTRACT MARKET: CONSISTENCY AND STABILITY

In the contract market, trucking companies enter into long-term agreements with shippers to transport freight at a predetermined rate. These contracts typically last for months or even years, providing steady work and predictable income.



SPOT MARKET: FLEXIBILITY AND OPPORTUNITY

The spot market involves on-demand freight, where rates are determined by current supply and demand. Shippers and brokers post available loads on load boards, and trucking companies can bid to transport the freight.



ADVANTAGES OF THE CONTRACT MARKET:

- **Stable Revenue:** Guaranteed freight volume ensures consistent cash flow.
- **Relationship Building:** Long-term partnerships with shippers can lead to better rates and opportunities for growth.
- **Predictable Rates:** Fixed rates protect against market volatility and pricing swings.



ADVANTAGES OF THE SPOT MARKET:

- **Higher Rates During Tight Capacity:** When demand is high and capacity is low, spot market rates can significantly exceed contract rates.
- **Flexibility:** No long-term commitments mean you can choose loads that fit your schedule and preferences.
- **Opportunities for New Businesses:** The spot market is often a starting point for owner-operators and small fleets to find their first clients.



CHALLENGES OF THE CONTRACT MARKET:

- **Lower Rates:** Contract rates are typically lower than spot market rates during periods of high demand.
- **Commitment:** Fulfilling contracts may limit your ability to take advantage of lucrative spot market opportunities.



CHALLENGES OF THE SPOT MARKET:

- **Unpredictability:** Spot market rates can fluctuate dramatically, especially during economic downturns or periods of excess capacity.
- **Inconsistent Work:** Finding loads may take more time and effort compared to contract work.

PRO TIP:

SUCCESSFUL TRUCKING BUSINESSES OFTEN USE A HYBRID APPROACH, COMBINING THE STABILITY OF CONTRACT FREIGHT WITH THE FLEXIBILITY OF SPOT MARKET OPPORTUNITIES TO MAXIMIZE REVENUE.

3

CHAPTER

STARTING YOUR BUSINESS

DECIDING YOUR NICHE AS A NEW OWNER-OPERATOR

One of the most important decisions you'll make as a new owner-operator is choosing your trucking niche—the type of freight you'll haul and the equipment you'll use. Your choice will impact your earning potential, operating costs, and the overall success of your business.

Below is a breakdown of common equipment types in the trucking industry, their uses, and the pros and cons of each.

	Dry Van	Refrigerated (Reefer)	Flatbed & Step Deck	Tanker Trucking	Heavy Haul / Oversized Loads	Dump Trucking	Box Truck / Straight Truck	Hotshot Trucking
	Standard 53-ft enclosed trailer	53-ft temperature-controlled trailer	Open-deck trailers (standard flatbed or step deck for taller freight)	Liquid or dry bulk tankers	Specialized trailers such as multi-axle, RGN (Removable Gooseneck), and lowboys	Standard, Articulated, Transfer, Side, and Super Dump Truck	16ft-26ft enclosed box trucks	Pickup truck with a gooseneck or flatbed trailer
Pros	✓ Lower startup cost and widely available freight ✓ Easier to book loads on load boards ✓ No need for specialized training ✓ Suitable for general freight, consumer goods, and non-perishable items	✓ Higher rates than dry vans due to perishability of goods ✓ Consistent demand for food, medical supplies, and frozen goods ✓ Contracts with grocery stores and food suppliers can offer stability	✓ Higher rates due to the complexity of securing and tarping loads ✓ Versatile freight, including construction materials, machinery, and oversized loads ✓ Year-round demand in industrial and construction sectors	✓ High-paying loads due to specialized nature ✓ Steady demand in fuel, chemical, and agriculture industries ✓ Less competition compared to dry van and reefer	✓ Extremely high-paying niche due to the skill required ✓ Less competition since not all carriers can handle these loads ✓ Strong demand in construction, oil, and manufacturing industries	✓ High demand in construction, road work, mining, and landscaping ✓ Shorter hauls, meaning more trips per day and potentially consistent work ✓ Lower fuel costs compared to long-haul trucking ✓ No need for load securement like tarping (except for some specialized materials) ✓ Can operate within a local or regional area	✓ Lower initial investment compared to Class 8 semis ✓ Easier to operate—no CDL required for smaller trucks ✓ Can be used for final-mile deliveries and Amazon relay loads	✓ Lower startup costs than buying a semi-truck ✓ Flexible scheduling and shorter routes ✓ Can haul time-sensitive loads for high rates
Cons	✗ High competition, leading to lower rates at times ✗ Load securement is minimal, but shifting cargo can be a concern ✗ Susceptible to rate fluctuations in the spot market	✗ Higher fuel and maintenance costs due to refrigeration unit ✗ More regulations and strict delivery schedules ✗ More wear and tear on equipment due to refrigeration systems running constantly	✗ Requires knowledge of proper load securement and tarping ✗ More physical labor compared to dry vans and reefers ✗ Exposure to weather can damage improperly secured cargo	✗ Requires additional endorsements (HazMat or Tanker) ✗ More liability risk due to hazardous materials ✗ Tank surge can make driving more difficult	✗ Requires special permits and route planning ✗ High insurance and operational costs ✗ More complex driving, requiring advanced skills	✗ Seasonal work—demand may decrease in winter months in some areas ✗ High initial investment in equipment, especially for heavy-duty models ✗ Subject to fuel price fluctuations and construction market trends ✗ Wear and tear on equipment is high due to heavy loads and rough terrain ✗ Limited load variety—primarily dirt, gravel, asphalt, sand, and demolition debris	✗ Lower earning potential compared to semi-trucks ✗ Limited load options on traditional freight load boards ✗ More local and regional work rather than long-haul routes	✗ Limited load capacity ✗ High fuel costs relative to earnings ✗ More wear and tear on pickup trucks compared to semis
Keep in Mind	✓ Best for: New owner-operators looking for steady freight with a simple setup. ✓ Brokers/Shippers prefer swing doors, no holes/damage, and trailers 10 years old or less.	✓ Best for: Owner-operators who want steady freight and are comfortable managing temperature-sensitive loads.	✓ Best for: Drivers with experience securing loads who are comfortable with physical work and higher-paying freight.	✓ Best for: Drivers with HazMat endorsements and experience handling sensitive or hazardous cargo.	✓ Best for: Experienced truckers looking to maximize revenue with specialized hauling.	✓ Best for: Owner-operators who prefer local or regional hauling, want to work in construction or landscaping, and can handle seasonal fluctuations in work.	✓ Best for: New owner-operators with a smaller budget looking to enter the industry without a semi-truck.	✓ Best for: Owner-operators looking for flexibility and regional loads with lower startup costs.

PURCHASING THE RIGHT EQUIPMENT AND WHAT TO AVOID

When starting your trucking business, buying used equipment can be a smart financial decision. However, not all used trucks and trailers are created equal, and making the wrong purchase can lead to costly repairs, compliance issues, and even difficulty securing loads. Many brokers and shippers require equipment to be no more than 10 years old to ensure reliability and compliance with safety and emissions standards. Here's how to make the best choice when purchasing used equipment.

Why the 10-Year Rule Matters

- ***Brokers and Shippers' Requirements:*** Many brokers and shippers refuse to work with carriers that use trucks or trailers older than 10 years. This is because older equipment is perceived as more prone to breakdowns, delays, and safety issues, which can disrupt supply chains. If your truck or trailer exceeds this age limit, you may struggle to secure contracts, especially with high-paying shippers.
- ***Emissions Compliance:*** Trucks older than 10 years often fail to meet newer EPA emissions standards, which are crucial for operating in certain states like California and New York. Staying within the 10-year limit helps ensure your equipment complies with current regulations and avoids hefty fines or operational restrictions.
- ***Maintenance and Repair Costs:*** Older trucks and trailers tend to require more frequent repairs and maintenance, leading to higher operating costs. While a lower purchase price might be tempting, the long-term expenses can quickly outweigh the initial savings.

PRACTICAL TIPS FOR BUYING USED TRUCKS AND TRAILERS

1. Research Before You Buy

- ***Understand Market Pricing:*** Research the market value of the make and model you're interested in to avoid overpaying. Websites like TruckPaper.com, Commercial Truck Trader, and auction sites can give you a good idea of fair market prices.
- ***Know the Common Issues:*** Look up common problems associated with the specific truck model and year to know what to watch for during your inspection.

2. Inspect the Equipment Thoroughly

A detailed inspection is crucial when buying used equipment. Here's what to check:

- **Engine and Transmission:** Look for signs of leaks, excessive smoke, or strange noises. Review maintenance records to ensure regular oil changes and servicing.
- **Mileage:** Aim for trucks with lower mileage for their age, but don't rely on mileage alone—maintenance history is more important.
- **Tires and Brakes:** Check tire tread depth and look for uneven wear, which could indicate alignment or suspension issues. Inspect brake pads, rotors, and air brake systems for wear and tear.
- **Suspension and Frame:** Examine the truck's frame for cracks, rust, or signs of previous accidents. Check the suspension for worn shocks, springs, or bushings.
- **Trailer Inspection:** Inspect the trailer for structural damage, such as cracks in the walls, roof, or floor. Ensure the trailer doors and seals are functional and watertight. Verify that the trailer's age meets broker and shipper requirements.

3. Request Maintenance Records

A well-maintained truck with detailed service records is a safer bet than one with an unknown history. Key maintenance records to request include:

- Oil changes and filter replacements.
- Major repairs (e.g., engine rebuilds, transmission overhauls).
- Tire replacements and alignments.
- Annual inspections and Department of Transportation (DOT) compliance records.

4. Check the Equipment's Age

- **Confirm the Manufacturing Date:** Verify the manufacturing year of the truck and trailer by checking the Vehicle Identification Number (VIN) or manufacturer's label. Brokers and shippers will look at the model year, not just the condition.
- **Plan for Resale:** Even if the truck is currently under the 10-year limit, consider how long you plan to keep it. If you're buying a truck that's already 8–9 years old, you may only have 1–2 years of eligibility for certain contracts.

5. Conduct a Test Drive

Before purchasing, take the truck for a test drive to evaluate its performance. Pay attention to:

- Acceleration and shifting (automatic or manual transmission).
- Steering responsiveness and alignment.
- Braking smoothness.
- Suspension performance (note any unusual noises or rough rides).

6. Invest in a Pre-Purchase Inspection

Hire a trusted mechanic to perform a pre-purchase inspection. A

professional inspection can uncover hidden issues that you might miss, such as internal engine problems or electrical system faults. This small investment can save you thousands in repair costs down the road.

7. Avoid Auction Pitfalls

While auctions can offer lower prices, they often come with limited opportunities for inspection or test drives. If you're considering buying at auction, ensure you:

- Research the auctioneer's reputation.
- Read the equipment description carefully for any known issues.
- Factor in the potential risks of hidden damage.

8. Consider Warranties and Extended Coverage

Some used trucks may come with a transferable manufacturer's warranty or an extended service contract. Verify what's included and consider purchasing additional coverage for major components like the engine, transmission, and differential.

9. Understand Financing Options

If you're financing the purchase, shop around for competitive rates. Specialized lenders who understand the trucking industry, such as truck finance companies, often offer better terms than traditional banks. Be mindful of your monthly payment obligations and how they'll impact your cash flow.

10. Consider Resale Value

Choose equipment with a good reputation for reliability and resale value. Brands like Freightliner, Kenworth, and Peterbilt often hold their value better than lesser-known brands. Maintaining the truck properly will also help retain its value when it's time to upgrade.

Top Truck and Trailer Models Under 10 Years Old

While the best choice will depend on your specific needs and budget, here are some popular models known for reliability and compliance:



Freightliner Cascadia: Known for fuel efficiency and lower maintenance costs.



Kenworth T680: Offers advanced safety features and a comfortable cab.



Volvo VNL Series: Praised for its driver comfort and safety technology.



Utility Trailers: Reliable dry van and refrigerated trailer options.



Great Dane Trailers: Durable and widely accepted by brokers.

Buying used trucks and trailers that are no more than 10 years old can help you meet broker and shipper requirements, ensure compliance with emissions regulations, and reduce the risk of frequent breakdowns. While used equipment can save you money upfront, taking the time to inspect, research, and verify the equipment's history is essential to making a smart investment. Remember, the goal is not just to save money but to build a reliable fleet that keeps your business running smoothly and profitably.

ADDITIONAL FACTORS TO CONSIDER WHEN CHOOSING A TRUCK

Beyond deciding between a day cab and a sleeper cab, here are other factors to consider when selecting the right truck for your business:

1. Engine Size and Power

- **Smaller Engines:** Ideal for lighter loads and shorter routes. They're more fuel-efficient and less expensive to maintain.
- **Larger Engines:** Necessary for heavy loads, mountainous terrain, or long-haul routes. They provide the torque and horsepower needed for demanding jobs but come with higher fuel and maintenance costs.

2. Transmission Type

- **Manual Transmission:** Offers more control over shifting and is preferred by experienced drivers, especially for hauling heavy loads. However, it has a steeper learning curve for new drivers.
- **Automatic Transmission:** Easier to operate and more driver-friendly, especially for urban routes or newer drivers. While slightly more expensive, they're becoming increasingly popular in modern trucks.

3. Axle Configuration

- **Single Axle:** Suitable for lighter loads and day cabs. Offers better fuel efficiency and lower maintenance costs.
- **Tandem Axle:** Required for heavy loads and long-haul trucking. Provides better stability and weight distribution but comes with higher fuel and maintenance costs.

4. Fuel Type

- **Diesel:** The most common choice for heavy-duty trucks, offering better torque and fuel efficiency for long hauls.
- **Alternative Fuels:** Some businesses are exploring electric or natural gas-powered trucks for regional or local routes to reduce emissions and operating costs.

5. Warranty and Maintenance Packages

Look for trucks with remaining factory warranties or consider purchasing an extended warranty to cover major components like the engine, transmission, and differential. This can provide peace of mind and protect your investment.

The decision between a day cab and a sleeper cab ultimately comes down to your business model and the types of routes you plan to run. If your focus is on local or regional hauls, a day cab offers cost savings, fuel efficiency, and maneuverability. However, if you're running long-haul or cross-country routes, investing in a sleeper cab is essential for driver comfort and operational efficiency.

By carefully assessing your niche, operating area, and budget, you can choose a truck that not only meets your current needs but also positions your trucking business for growth and success. Remember, the right truck is an investment in your business's future—take the time to make an informed decision.

Your truck is the heart of your business. Consider the following when choosing a truck:

- **Freight Type:** Are you hauling dry goods, refrigerated items, or oversized loads? Your freight type determines the type of truck you need (e.g., dry van, reefer, flatbed).
- **Distance:** Long-haul trucks require more powerful engines and sleeper cabins, while local delivery trucks may not.
- **Weight:** Ensure your truck meets the weight requirements for the type of loads you'll be hauling.

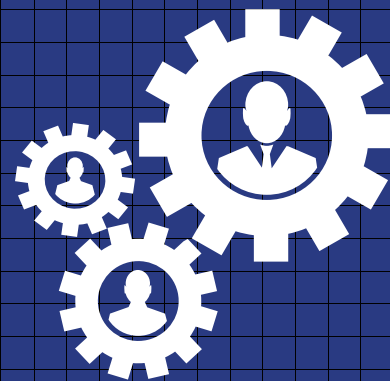
FINANCING OPTIONS

Trucks are expensive, but shopping around with multiple dealerships, private sellers, and auctions can help you find the best price. There are several ways to finance your purchase if you don't have the funds to pay for the truck outright:

- **Bank Loans:** Traditional loans with fixed interest rates.
- **Leasing:** Lower upfront cost; you pay monthly and return the truck at the end of the lease.
- **Dealership Financing:** Some dealerships offer financing options tailored to truckers.

For buyers with bad or no credit, securing a truck can be more challenging but not impossible. One option is seeking lenders who specialize in trucking industry financing, as they may offer flexible terms despite low credit scores. Some companies offer no-credit-check leasing programs, though they often come with higher interest rates. A larger down payment can improve your chances of approval and reduce overall loan costs. Partnering with a co-signer or applying for financing through a business entity (rather than personal credit) can also help. Additionally, improving credit by paying down existing debt and establishing trade lines with fuel card companies or suppliers can position you for better financing opportunities in the future. If all else fails, consider starting as a company driver while saving money and improving credit to make a truck purchase more feasible down the road.

Choosing a BUSINESS STRUCTURE for your trucking business



1

SOLE PROPRIETORSHIP

(YOU ARE THE BUSINESS - NOT RECOMMENDED FOR TRUCKING)

A sole proprietorship means you and your business are the same legal entity—there's no separation between personal and business assets. Solo owner-operators just starting out on a trial basis. Not recommended for serious trucking businesses due to high risk and lack of protection.

How it Works:

- You operate the trucking business under your name (or a DBA/"Doing Business As" name).
- You report income on your personal tax return (Schedule C).
- You're personally responsible for all debts, lawsuits, and liabilities.

2

LIMITED LIABILITY COMPANY (LLC)

(PERSONAL ASSETS PROTECTED - BEST OPTION FOR TRUCKING)

An LLC (Limited Liability Company) creates a separate legal entity from you, meaning your personal assets are protected if the business gets sued or goes into debt. Great choice for owner-operators and small fleet owners who want legal protection and flexibility. Most trucking businesses start as LLCs because of the liability protection.

How it Works:

- The business is its own entity, but profits "pass through" to your personal tax return (unless taxed as an S-Corp).
- You can have one owner (single-member LLC) or multiple owners (multi-member LLC).
- You only pay self-employment tax on business earnings.

3

GENERAL PARTNERSHIP

(SHARED BUSINESS, SHARED RISK)

A General Partnership is a business owned by two or more people who share profits, responsibilities, and liability. Only consider this if you trust your partner 100%. LLCs are better because they protect your personal assets.

How it Works:

- Profits and losses are split between partners.
- Each partner is personally responsible for debts and lawsuits (no liability protection).

4

LIMITED LIABILITY PARTNERSHIP (LLP)

(PERSONAL ASSETS PROTECTED - BEST OPTION FOR TRUCKING)

A limited liability partnership (LLP) is a flexible legal and tax entity where every partner has a limited personal liability for the debts or claims of the partnership. Best for two or more owner-operators who want to partner up without taking on each other's risks.

How it Works:

- Each partner is only responsible for their own actions.
- Similar to an LLC but structured for multiple owners.

GOT QUESTIONS? WE'VE GOT ANSWERS!
BOOK YOUR 1 HR. MENTORING SESSION WITH US

**BOOK YOUR SESSION
HERE!**

REGISTER YOUR BUSINESS

Registering your trucking business is a key step to becoming a legitimate and fully operational company. The process involves several steps that ensure you're compliant with federal, state, and local regulations. It might seem overwhelming at first, but breaking it down makes it manageable.

Again, many owner-operators prefer an LLC because it provides personal liability protection and offers flexibility with taxes. Once you've chosen the structure that fits your needs, you'll need to register your business with your state's Secretary of State office. This typically involves submitting formation documents, like Articles of Organization for an LLC, and paying a registration fee.

Employer Identification Number (EIN)

Next, apply for an [Employer Identification Number \(EIN\)](#) from the IRS. This number acts like a Social Security number for your business and is required for tax purposes, opening business bank accounts, and hiring employees if you plan to expand. You can get an EIN for free through the IRS website. EIN

US Department of Transportation (US DOT) / Motor Carrier (MC) Numbers

After securing your EIN, you'll need to register with the U.S. Department of Transportation (DOT) to [get a USDOT Number](#). This number is mandatory for any business that operates commercial vehicles transporting passengers or hauling cargo across state lines (interstate). Even if you only operate within one state (intrastate), you might still need a USDOT number depending on your state's regulations. You can apply for it through the Federal Motor Carrier Safety Administration's (FMCSA) website.

To apply:

Register with the FMCSA's

[Unified Registration System](#) to begin your application. This is where you'll apply for both your USDOT Number and MC Number at the same time. On the URS portal, fill out the Application for Motor Carrier Authority (Form OP-1). You'll need to provide business information, the type of cargo you'll haul, and details about your operations.

At the time of this publishing, the FMCSA charges a non-refundable fee of \$300 for each type of authority you apply for. If you plan to operate as both a carrier and broker, you'll need to file pay for both authorities separately.

TIPS

TO AVOID DELAY IN THE ISSUANCE OF YOUR OPERATING AUTHORITY (MC NUMBER), YOUR NAME, ADDRESS AND MC NUMBER (EXCLUDING THE SUFFIX) MUST MATCH EXACTLY ON ALL OF THE FORMS THAT YOU FILE, INCLUDING THE INFORMATION FILED BY YOUR INSURANCE COMPANY.

GOT QUESTIONS? WE'VE GOT ANSWERS!
BOOK YOUR 1 HR. MENTORING SESSION WITH US

**BOOK YOUR SESSION
HERE!**

Insurance Requirements

FMCSA requires proof of insurance before granting your MC Number. Your insurance company must file the necessary forms (like Form BMC-91 or BMC-34) directly with the FMCSA. Minimum coverage typically includes \$750,000 to \$1,000,000 in liability insurance, depending on the type of freight you haul.

We recommend that you receive AT LEAST 10 quotes from different insurance broker agents. For those of you who want to take it a step further, we've found it helpful to add each quote to a spreadsheet to compare all coverages and the premiums to see who is offering the better rate.

PRO TIP: *Be honest with the insurance agents and let them know that you are shopping around for the best price. You'd be surprised how many of them will discount their first quote in order to gain your business.*

When you have purchased your policy, be sure to confirm that the agent has submitted your insurance information to FMCSA and also to RMIS (Registry Monitoring Insurance Services) which many brokers use to verify your general and cargo coverage before they onboard you to haul loads with them.

Designate a Process Agent (File BOC-3)

A BOC-3 form designates a process agent in every state you'll operate.

A process agent handles legal documents on your behalf. You can hire a process agent service online, and they'll file the BOC-3 electronically with the FMCSA. [Click here](#) for a list of viable process agents vetted by the FMCSA.

Companies may select any blanket company on the process agent list (they are not limited to the state in which they are domiciled). Each blanket company has a process agent they work with in each state.

International Registration Plan (IRP)

IRP is an agreement between the U.S., Canada, and Mexico that allows commercial vehicles to travel across state (or province) lines without having to register in each individual state. Instead of getting separate plates for every state you drive through, you get one license plate—called an "Apportioned Plate"—and one registration that covers all the states (jurisdictions) you plan to operate in.

When you haul loads across multiple states, you're using their roads, which costs those states money in maintenance. The IRP ensures that each state gets a fair share of the registration fees based on how many miles you drive in each one.

Apply through your home state's Department of Motor Vehicles (DMV) or its equivalent. You'll report the states you plan to operate in and estimate your mileage for each.

After approval, you'll get your Apportioned Plates for your vehicle and a copy of your Cab Card (registration) to keep inside your vehicle while in operation.

You will have to file an annual renewal with your state, including a report of your actual mileage per state. Depending upon the number of miles you drive in each state will determine your annual fee for your fleet.

Having a quality Electronic Logging Device (ELD) with a reporting function will be a great help in determining the number of miles driven in each state.

International Fuel Tax Agreement (IFTA)

IFTA is an agreement between the lower 48 U.S. states and Canadian provinces that simplifies the reporting of fuel taxes for commercial trucks operating in multiple states. Instead of filing fuel taxes in every state where you buy fuel, you file one quarterly report through your home state. Your state then distributes the tax money to the other states based on your mileage.

Each state charges different fuel taxes, but trucks often buy fuel in one state and drive through several others. IFTA makes sure every state gets its fair share of fuel tax money based on where you actually burn the fuel, not just where you bought it.

Apply through your home state's Department of Revenue or Taxation office. Once approved, you'll get an IFTA license and a pair of IFTA decals to place on the outside of your truck.

You will have to file quarterly fuel tax reports with your home state, even if you didn't run any miles (zero filings are still required). You can use the same type of mileage report used for your IRP annual filing from data gathered by your ELD.

IMPORTANT! If you skip either of these, you could face fines, penalties, or even be placed out of service at a DOT inspection. Keeping good records of your miles and fuel is key to staying compliant.

State Specific Permits

Several states and jurisdictions in the United States require additional permits to operate heavy commercial vehicles on their roads. These permits often relate to state-specific road taxes, weight regulations, or special hauling requirements.

- **New York - (NY HUT - Highway Use Tax)** - The New York Highway Use Tax (HUT) applies to commercial vehicles with a gross weight over 18,000 lbs operating on New York State public highways (excluding toll roads like the Thruway). New York requires each commercial vehicle to possess a NY HUT Certificate and Decal. You can apply for this through the [New York State Department of Taxation and Finance](#)
- **Kentucky - (KYU Number)** - The Kentucky Weight Distance Tax (KYU) applies to vehicles over 59,999 lbs operating on Kentucky roads. Kentucky requires each commercial vehicle to possess a KYU Number. You can apply for this through the [Kentucky Transportation Cabinet](#).
- **New Mexico - (Weight Distance Tax Permit)** - New Mexico charges a weight-distance tax for vehicles over 26,000 lbs traveling on its highways. New Mexico requires each commercial vehicle New Mexico Weight Distance Tax Permit. Apply through the [New Mexico Taxation & Revenue Department](#).
- **Oregon - (Oregon Weight-Mile Tax)** Oregon's Weight-Mile Tax applies to commercial vehicles over 26,000 lbs. Oregon does NOT participate in IFTA for fuel tax purposes. Oregon requires a Oregon Weight-Mile Tax Account and temporary or permanent credentials. Register with the [Oregon Department of Transportation \(ODOT\)](#).
- **California - (CA Number/Cal-T Certificate)**: Required for for-hire carriers operating in California, especially those hauling regulated goods. Apply via the [California DMV](#).
- **Nevada (Nevada DOT Permit)**: Requires carriers to have a special permit for oversize/overweight loads or certain specialized freight. Apply for a permit through [Nevada DOT](#).
- **Connecticut (CT Highway Use Fee)**: As of 2023, Connecticut applies a Highway Use Fee for vehicles over 26,000 lbs. Registration is required through the [Connecticut Department of Revenue Services](#).

4

CHAPTER

PRICING AND BOOKING LOADS

PRICING AND BOOKING LOADS

Finding loads and building strong relationships with clients are essential for running a successful trucking business. This chapter will show you how to secure consistent work, use load boards effectively, and network with shippers to establish long-term partnerships.

KNOW YOUR NUMBERS

When calculating your rates there are a few bits of information that you need to consider.

When running a trucking business (or any business), it's essential to understand the difference between variable and fixed costs. These two types of expenses significantly impact how you price your services, manage your cash flow, and make long-term financial decisions.

Since you are likely just starting out and don't have many miles or expenses under your business belt yet, we can start by making reasonable assumptions based on industry standards and projected operations expenses broken down in the two costs categories below:

Fixed Costs

Fixed costs are expenses that remain consistent, regardless of how much you produce, haul, or drive. These costs do not fluctuate with the level of business activity. In other words, you pay these costs whether you're hauling a full load or sitting idle.

Let's use the list of **fixed costs** from ABC Company that ran an average of 6,339 miles in the month of January 2024:

ABC TRUCKING COMPANY January 2024 - Fixed Costs			
Truck note	\$1,050	\$0.16	Monthly
Trailer note	\$500	\$0.08	Monthly
Insurance	\$800	\$0.12	Monthly
Office Expenses	\$100	\$0.02	Monthly
Admin Costs	\$200	\$0.03	Monthly
IRP	\$83	\$0.01	Annually (\$1000 divided by 12 months)
IRS HVUT	\$42	\$0.01	
UCR Fee	\$4	\$0.01	
TOTAL COSTS PER MILE	\$2,779	\$0.44	

GOT QUESTIONS? WE'VE GOT ANSWERS!
BOOK YOUR 1 HR. MENTORING SESSION WITH US

**BOOK YOUR SESSION
HERE!**

Variable Costs

Variable costs, on the other hand, are expenses that fluctuate based on the level of business activity. These costs change depending on how much you drive, how much freight you haul, or how often you use your equipment. In the trucking industry, many of your variable costs are tied to the daily operation of your business.

Here's a list of variable costs from our fictional ABC Company for the month of January 2024:

ABC TRUCKING COMPANY January 2024 - Variable Costs		
Fuel	\$0.62	\$4 Fuel Price Per Gallon / 7 Mile Per Gallon
Maintenance	\$0.20	
Tires	\$0.03	
Driver's Pay	\$0.70	Paying yourself \$0.70 per mile (You can also decide to pay yourself a fixed rate each week/month. This would then become a fixed cost)
Tolls & Scales	\$0.05	
IFTA Taxes	\$0.10	
TOTAL Variable Cost per Mile	\$1.70	

Next calculate your Total Costs Per Mile:

ABC TRUCKING COMPANY January 2024 - Total Costs Per Mile	
Fixed Cost per mile	\$0.44
Variable Costs per mile	\$1.70
TOTAL Variable Cost per Mile	\$2.14

The last step is to determine how much per mile you will need to cover all of your costs + meet your desired profit margin when booking loads.

Total Operating Costs + Desired Profit Margin = Min Price per Load

So let's say that you want to make a 40% Profit on every run that you complete. Using the costs per mile above, you would calculate your Needed Rate Per Mile as:

$\$2.14 \times 1.40 = \2.99 - You will need to accept offers for runs that pay you at LEAST \$2.99. This covers all your costs AND makes you a profit!

If you following these steps and hold true to NEEDED RATE PER MILE, you will be far ahead of most other trucking companies. I can't tell you how many Owner Operators take loads for less than what they need and then months later they have to park their trucks because they can't make ends meet.

This does not have to be you! All it takes is for you to stay on top of your cash flow and study your numbers.

Carve out time in your busy schedule to review your finances monthly, if not weekly.



AIM TO KEEP FUEL COSTS BELOW 25% OF YOUR TOTAL REVENUE. USE APPS LIKE FUELBOOK OR GASBUDDY TO FIND THE CHEAPEST FUEL PRICES

ONBOARDING WITH BROKERS

Onboarding with a freight broker is a crucial step for an owner-operator to start hauling loads and getting paid. The process typically involves completing a carrier packet, which includes submitting key documents such as the carrier's MC authority, insurance certificate, W-9 form, and bank details for payments. The broker will also require a signed contract outlining the terms and conditions of hauling their freight. Once approved, the carrier gains access to available loads and can begin booking shipments.

Typically carrier packets are sent to you via an email link. You will click the link, register a username and password, and complete the application information to include MC#, your contact information, your banking information to receive payment, and other details about the type of equipment you have and the lanes (Origin to Destination) you prefer.

As technology advances, many of the brokers are using Highway, Trucker Tools, and DAT Onboarding as ways to automate the approval process. Typically, the online carrier packets connect to insurance verification agencies (i.e. Registry Monitor Insurance Services RMIS). These agencies work directly with your insurance provider to insure that your coverage is active and accurate. Long gone are the days where brokers will accept a Certificate of Insurance from the Owner Operator, due to so much fraudulent activity. Now many brokers only accept the legitimacy of your insurance coverage from agencies like RMIS or directly from your insurance company.

Verify the Brokers! **IMPORTANT**

However, before onboarding with any broker, it is essential to verify the broker's legitimacy to avoid scams, payment issues, or fraudulent operations. This ensures they are working with a financially stable and ethical broker who will pay on time and honor agreements.

Here are some ways to verify that you're establishing a relationship with a legitimate brokerage:

- **Use a Load Board with Broker Credit Ratings** – Many load boards, like DAT, Truckstop, and 123Loadboard, provide broker credit scores and payment history. These platforms show a broker's credit rating, average days to pay (DTP), and overall reputation, helping carriers assess their reliability.
- **Check with a Freight Factoring Company** – If an owner-operator uses freight factoring, their factoring company can provide insights into a broker's creditworthiness. Factoring companies vet brokers to determine whether they are financially stable and pay on time, helping carriers avoid risky brokers.
- **Verify Broker Authority on FMCSA SAFER Website** – The FMCSA's SAFER website (safer.fmcsa.dot.gov) allows carriers to check if a broker has an active operating authority and a valid bond or trust fund (minimum \$75,000). A revoked or inactive authority is a red flag.
- **Look Up Reviews on Industry Forums and Groups** – Owner-operators can check online forums, Facebook trucking groups, and websites like FreightCheckers for reviews from other carriers. These sources often expose brokers with a history of slow payments, double brokering, or contract disputes.
- **Ask Other Carriers for Feedback** – Networking with other truckers and owner-operators can provide firsthand experiences about working with a particular broker. A recommendation (or warning) from someone in the industry can be invaluable.

DON'T FORGET

Every legitimate broker must register with the FMCSA and receive a broker authority. Therefore, request the broker's authority number so that you can easily lookup their information on the FMCSA's site. You may even want to go a step further and call the number listed on the FMCSA's website and ask for the name of the broker and confirm that the load belongs to that brokerage. This is especially important to take extra precautions when you are sent loads via email, text messages, or phone calls. It's unfortunate, but scammers will find your information and present themselves as legitimate brokers with loads that fit your needs. More on that in the following Scams to Avoid and Pitfalls sections.

By taking these steps, owner-operators can protect themselves from non-payment, double brokering schemes, and other risks that could jeopardize their business.

Onboarding as a New Carrier

Brokers are often hesitant to work with new carriers with an unaged (less than 90-180 days) MC# because of risk, reliability concerns, and fraud prevention. This is due to:

Risk of Fraud & Carrier Abandonment

- **Double Brokering & Scams:** Some fraudulent carriers use new MC numbers to scam brokers, take loads without delivering them, or engage in double brokering, where they reassign the load to another carrier without authorization.
- **MC "Churning":** Some shady carriers operate under an MC number, get bad ratings, then shut it down and reopen under a new one. Brokers try to avoid getting burned by these operations.

No Track Record of Reliability

Brokers rely on past performance to ensure on-time deliveries, proper communication, and professional service. A new MC# means:

- No proven history of handling loads.
- No safety record or CSA (Compliance, Safety, Accountability) score.
- No referenceable reputation.

Insurance Concerns

Many new carriers carry only the minimum required insurance (\$750K liability, \$100K cargo), but some brokers require higher limits (\$1M liability, \$250K cargo) for certain freight. Some brokers don't want to risk dealing with claims issues if the carrier doesn't have a strong insurance track record.

Carrier Vetting Policies

Many brokers have policies requiring carriers to have an active MC for 90 days, 6 months, or even a full year before they will work with them. This is a blanket rule to weed out high-risk carriers without having to evaluate each new MC individually.

Limited Load Board Access

- Some premium load boards restrict new carriers from seeing high-paying loads until their MC number has aged.
- This means a new carrier will mostly see low-paying, last-minute, or rejected loads, which further impacts their ability to get good work.

To avoid this issue, many carriers have decided to pay a pre-arranged split share (70/30) of their loads for running loads under another carrier while their MC# ages. This is a fairly common practice and is actually how we avoided the “New Carrier Rejection” experience. I will caution you to make sure that you are leasing with a reputable carrier with integral business practices and good standing relationships with various brokers. It would be a waste to sign on with a carrier who is on the “block” list of some of the better paying brokerages. (We’ve experienced this as well).



IT'S YOUR TIME TO DO TRUCKING YOUR WAY!

Join our network and experience the freedom of leasing our carrier authority as an owner-operator. Maximize your earnings with minimized hassle. We prioritize your success, offering competitive rates, and a collaborative environment where **your independence is respected while benefiting from the strength of a trusted carrier.**

Leverage our authority to amplify your business potential and focus on what you do best: driving. Partner with us for a rewarding journey forward.

APPLY HERE!



- Maximize your earnings with minimized hassle.
- Get direct mentoring and support while you grow your own business.
- 75/25 & Get paid weekly, with itemized settlements, and free direct deposit
- Discounted insurance
- Discounted equipment rentals
- Discounted dispatching and administrative support

APPLY TODAY

LOAD BOARDS

Load boards are online marketplaces where truckers, owner-operators, and freight brokers connect to find and book freight. Think of them as "job boards" for trucking—brokers post loads they need moved, and carriers (truckers) find and book them.

Types of Load Boards

1. **Free Load Boards** – Basic, limited features, often low-paying loads.
Example: Trucker Path, FreeFreightSearch
2. **Paid Load Boards** – More features, better loads, credit checks on brokers.
Examples: DAT, Truckstop.com, 123LoadBoard
3. **Broker-Specific Load Boards** – Direct loads from major brokers.
Examples: C.H. Robinson, JB Hunt 360, Landstar

We recommend using the paid (DAT Board and broker specific load boards. It offers you better loads, more protection, and an easier way to verify the legitimacy of the brokers you'll be running for. Also, it makes it easier for the brokers to verify your legitimacy as well.

How to Use Load Boards

Most load boards function in the same manner. In order to book a load, you will need to at least enter the following information to get a load that best matches your location and equipment type.

- **Origin** - The City/State/Zip where you would like to pickup a load
- **Origin Deadhead (O-DH)** – The number of miles you are willing to drive to pickup a load
- **Destination** – The City/State/Zip where you would like to drop off a load
- **Destination Deadhead (D-DH)** - The number of miles surrounding the destination that you're willing to drop off a load
- **Pickup Date(s)** – The day or days that your truck is available to pickup loads
- **Equipment Type** – Select the type of equipment that you have available to transport the load (i.e. Dry Van, Flatbed, Power Only, etc.)

Once you enter your information, the system will return to you a list of loads that closely match your needs. We've provided an example below from a broker-specific load board.

Carrier Advantage Find Loads My Offers Post Trucks My Loads Tenders Accounts Receivable

Find Loads

Origin: Dover, DE, United States → Destination: Rochester, NY, United States Pickup Date(s): 02/01/2025 - 02/28/2025 Search Clear

Load Number: 100 mi → 100 mi Van EQUIPMENT TYPE SELECTION

1-8 (of 8) results Notify Me

ORIGIN DEADHEAD (O-DH) LESS THAN 100 MILES FROM ORIGIN LOCATION DESTINATION DEADHEAD (D-DH) LESS THAN 100 MILES FROM DESTINATION LOCATION

Origin	Destination	Miles	Weight	Equipment	Rate	Buttons
Kutztown, PA, US 126.6 mi 02/19/2025 12:30 PM	Rochester, NY, US 4.2 mi 02/20/2025 07:00 AM	263 mi 1 pick, 1 drop	42,658 lbs	Van 53	530.00 USD	Carrier Active, Book or Offer
Sparrows Point, MD, US 98.1 mi 02/18/2025 03:00 PM	Lancaster, NY, US 59.9 mi 02/19/2025 07:00 PM	362 mi 1 pick, 1 drop	30,827 lbs	Van 53	840.00 USD	Book or Offer

Best rate all in Shortest deadhead

THE BROKER'S LOWEST OFFER - ALSO KNOWN AS THE "BOOK IT NOW" RATE

THE BUTTON TO BOOK THE LOAD AT THE BOOK IT NOW RATE OR TO NEGOTIATE THE OFFER

Calculating the Offer Rates

When you find the load that fits your availability, you'll want to make sure that you agree to an amount that fits your **NEEDED RATE PER MILE** from the **KNOW YOUR NUMBERS** section of this guide.

Let's take one of the loads from the screenshot above to calculate the rate per mile and see if that load meets our \$2.14 per mile goal.

The broker is offering a load from Kutztown PA to Rochester NY (263 miles) for \$530. Let's do the math:

We'll calculate the Broker's Offer divided by the Total # of Miles to get the Offered Rate Per Mile. - $\$530 / 263 \text{ miles} = \2.02 per mile

That's close to our \$2.14 per mile goal but not quite there. So you can either negotiate with the broker to get a higher rate (**WE HIGHLY RECOMMEND**) or you can pass it up and find another load that you can get for the Book It Now rate.

NEGOTIATING RATES WITH BROKERS

When you contact the broker, the conversation will flow something like this:

YOU: Hello, I'm calling about the load you have posted for "Kutztown, PA to Rochester NY"

BROKER: Ok.What's your MC#

YOU: (Provide your MC# and name of your carrier service so they can look you up and make sure you're eligible to carry for them)

BROKER: Ok. This is load is picking up from “Kutztown PA at 7AM on 2/15/2025 going to Rochester, NY by 1PM, first come first serve (FCFS) with a weight of 44,000. Rate is \$530.

YOU: Ok, I can cover that for you for \$850. (Start HIGH! Let them talk you down to a good price for you)

BROKER: Ah! let me see... We can meet you at \$750 (Don't trust their first or “best” offer, there's always more - Don't be afraid to ask for what you want!)

[You may need to go back and forth a little to get to a rate that works for both you and the broker. If the rate they're offering you doesn't work for you, politely tell them to keep you in mind for that lane in the future and thank them for their time. If the rate is good for you, finalize the deal by exchanging information.]

YOU: Great, we can cover that for you. Send the rate con over. Then provide your email information, driver's name and phone number to review and/or sign the rate confirmation)

BROKER: OK!What's your driver's info? (This is the name, email, and/or phone number of the driver that will be transporting the load. Also, the truck# and/or trailer# they will be using)

[if you're not using a broker-specific load board you need to verify them]

YOU: Also, what is your MC#, name and email address, please. (Use this information to verify they are who they say they are and the load actually belongs to them)

It is very important to remember when booking loads that the broker works for the BROKERAGE FIRM – NOT YOU! Their job is to get you to move the load for as low as possible so that they can keep the difference between what they are being paid by the shipper and what they are paying you.

That's why it's always important to KNOW YOUR NUMBERS so that when you're negotiating rates you're not leaving money on the table and hauling freight for dirt cheap. Remember, no matter how polite and friendly the

broker rep is, they make a living by getting you to haul the freight for as low as possible. The lower the rate they pay you, means higher commission rates for them.

Here's an example of how this works.

	Example A	Example B	Example C
Shipper Pays Broker	\$950	\$950	\$950
Carrier Agreed Rate	\$530	\$750	\$850
Brokerage Profits:	\$420	\$200	\$100
Broker Rep Commissions at 15%	\$63	\$30	\$15

As you can see above, it's much more advantageous for the broker rep to get you take the load for \$530 in Example A, than for them to pay you \$750 in Example B or \$850 in Example C!

The lower the rate you get, the more the broker gets to keep. And they will almost always offer you the lowest rate possible if you choose not to negotiate. *Therefore, ALWAYS negotiate your rates.*

It's also important to keep in mind that many times brokers will use a low offer that a carrier has taken in the past as justification for keeping that lane's rate low for the future. For instance, if you agree to the rate in Example A today, they will use that as leverage in their negotiations for that same lane if you, or another carrier, tries to get paid the rate in Example B or C in the future.

In other words, not only are you hurting yourself when you don't ask for higher rates, you are also bringing down the worth and value of a lane in the future for you and your fellow truckers.

RATE CONFIRMATIONS (RATE CONS)

Once you and the broker have agreed to a fair rate, you should receive a rate confirmation from the broker.

The rate confirmation will include:

- Broker logo, name, mailing address, phone, and email address
- Load number
- Your carrier name, phone, and email address (may also include driver's truck/trailer#)
- Pickup Details (Shipper): Name, complete address, date, time, pickup number (many shippers will not allow you to pickup without the pickup number), and instructions for picking up.
- Delivery Details (Receiver/Consignee): Name, complete address, date, time, delivery number, and instructions for delivering up.

- Commodity and weight of cargo being transported
- Rate agreed upon (this may be itemized as line haul + fuel surcharge or “All In” as one flat rate)
- Detention rates per hour (when a driver has to sit at a shipper or receiver without being loaded/unloaded after the appointment time)
- Instructions on invoicing
- Terms and conditions

You may need to sign and send back the rate confirmation to the broker.

Once you sign or accept a rate confirmation, your payments are based on that and that alone. Make sure that the rate amount, pickup location, times, and other requirements are the same as what was agreed to during negotiations. If you notice anything missing or incorrect on your rate confirmation, have the broker revise and resend with the corrections. Otherwise, you agree to be paid based on what’s on the rate confirmation. Even if you have a conversation with a broker during negotiations, be sure to follow up with any discrepancies in writing (email or text message) so that you have a paper trail of the conversation should payment issues arise later on.

INVOICING (GETTING PAID)

In order to be paid for a load, you will need to submit LEGIBLE, signed copy of the Bill of Lading (BOL) also known as Proof of Delivery (POD) to the broker, typically within 48 hours of delivery. In addition, to the BOL, you may need to provide an invoice itemizing the rate according to the rate con and any accessorial fees (i.e. reimbursement for scales, lumber fees, detention, etc.). Instructions for how to submit your invoice and proof of delivery should be outlined on the rate confirmation or provided in the broker agreement that you received during the onboarding process. We have found that many brokers have great Account Payable/Billing departments that are very helpful in helping you understand their process for billing. So don’t be afraid to call and ask them for help.

As you already know, getting paid efficiently for loads is essential for maintaining cash flow and keeping operations running smoothly. There are several ways to receive payments, each with its own advantages and drawbacks.

One common method is Quick Pay, which allows brokers to pay you faster than the standard 30-45 day period, typically within 1-3 days. However, brokers charge a fee, usually between 1-5%, for this convenience. This option is ideal if you need fast cash and prefer to avoid factoring companies.

Another option is factoring, where a freight factoring company purchases your invoice and pays you the same day or within 24 hours, in exchange for a 1-5% fee. Factoring is especially beneficial for new carriers or small trucking companies that require consistent cash flow. There are two types of factoring: recourse and non-recourse. With recourse factoring, you are responsible for unpaid invoices, whereas non-recourse factoring means the factoring company assumes the risk if the broker fails to pay.

Factoring companies can be a lifesaver for trucking businesses by providing immediate cash flow, but if you're not careful, you could end up locked into a bad contract with high fees and hidden traps. Before choosing a factoring company, it's important to understand how they work, the different types available, and the key things to watch out for to protect your business.

Things to Watch Out For When Choosing a Factoring Company

● Long-Term Contracts & Hidden Fees

Some factoring companies will try to lock you into long-term contracts (1-3 years) with high termination fees if you decide to leave. Make sure you understand the contract length and if there's an exit clause. Also, watch out for:

- Monthly minimum volume fees (If you don't factor enough loads, they still charge you.)
- Processing fees, wire fees, or invoice submission fees (These add up quickly.)
- Chargebacks (Some companies charge you extra if brokers delay payments.)

● Non-Recourse Isn't Always What It Seems

Some factoring companies advertise non-recourse, but in the fine print, they only cover broker insolvency (bankruptcy). This means if a broker refuses to pay for any other reason, you could still be on the hook. Always ask:

- "What exactly does your non-recourse cover?"
- "Are there any situations where I would still be responsible for unpaid invoices?"

● All-Inclusive vs. Spot Factoring

Some companies require you to factor all invoices, meaning you must send them every load you haul (even if you don't need the advance). This is called "All-In" or "Contract Factoring." A better option is Spot Factoring, which lets you choose which invoices you want to factor.

● Broker Approval List

Factoring companies only work with certain brokers they consider “creditworthy.” If you haul a load for a broker not on their approved list, they won’t factor the invoice. Before signing up, ask for a list of approved brokers to ensure it aligns with the loads you typically haul.

● UCC Lien Issues

When you sign up with a factoring company, they place a UCC (Uniform Commercial Code) lien on your business, which gives them the right to collect your unpaid invoices. If you ever want to switch factoring companies, the new company won’t work with you until the old one releases the lien—which some factoring companies intentionally delay to keep you stuck. Always check the cancellation terms before signing.

How to Choose the Right Factoring Company

- ✓ Look for a company that offers Spot Factoring (so you’re not locked into factoring every load).
- ✓ Check their broker approval list to ensure they work with the brokers you haul for.
- ✓ Ask about all possible fees (processing, wire, termination, monthly minimums, etc.).
- ✓ Read online reviews & ask other truckers for recommendations.
- ✓ Negotiate terms—some companies will lower fees if you ask!

Some of the most trusted factoring companies in trucking include:

- ◆ RTS Financial – Competitive rates, fast payouts, fuel discounts.
- ◆ OTR Capital – No hidden fees, excellent customer service.
- ◆ Triumph Business Capital – Offers recourse & non-recourse factoring.
- ◆ Apex Capital – Low fees, good broker network.

For those who can afford to wait, direct payments from brokers or shippers follow a standard payment cycle of 30 to 45 days. To get paid, you must submit all required documents, including the Rate Confirmation, Invoice, and Bill of Lading (BOL). This method works best for established carriers who have the financial flexibility to wait for payments.

Some load boards, such as DAT and Truckstop, offer instant payment options, allowing carriers to get paid more quickly when booking loads through these platforms. Additionally, if you need money upfront for fuel, some brokers and factoring companies provide fuel advances, covering 30-50% of the load payment before delivery.

In certain cases, Cash on Delivery (COD) is an option, where direct shippers pay you immediately upon delivery via cash, check, or wire transfer. This method is most commonly used for local hauls, hotshot trucking, or specialized freight.

The best payment method depends on your specific needs. If you need immediate cash flow, factoring or Quick Pay are solid options. If you can wait, direct broker or shipper payments allow you to avoid fees. For those needing funds before delivery, fuel advances can help cover expenses. Choosing the right payment strategy can significantly impact your trucking business's financial stability and long-term success.

SCAMS TO AVOID

We hate to be the bearer of bad news, but if you haven't noticed throughout this guide is that the trucking industry is riddled with "shady shady fraudsters who are looking to exploit drivers and small business owners for financial gain. These scammers come in many forms, including predatory lease-purchase programs, fraudulent factoring companies, dishonest brokers, fake dispatch services, and scam insurance providers. Their goal is to trap truckers in bad contracts, underpay them for their work, or steal money through hidden fees and deceptive practices.

And we want you to be AWARE of their schemes so that notice the red flags quickly!

1. Predatory Lease-Purchase Programs

Lease-purchase programs are often marketed as an easy way for company drivers to become owner-operators without a big down payment or good credit. However, many of these programs are designed to keep drivers paying indefinitely without ever truly owning the truck. Here's how they work:

- ***Excessive Weekly Payments:*** The lease payments are often higher than a truck loan and can reach \$1,000+ per week, leaving little room for profit.
- ***Unfair Maintenance Costs:*** Many lease agreements force drivers to pay for all repairs and maintenance, even if the truck breaks down due to pre-existing issues.
- ***No Equity Built:*** Unlike a loan, lease payments do not build equity, meaning you could pay for years and still walk away with nothing if you fail to complete the lease.
- ***Manipulated Freight & Mileage:*** Some companies control how many miles you get, ensuring you barely make enough to cover your expenses but not enough to pay off the truck quickly.

- **Hidden Contract Terms:** Many agreements include fine print that allows the company to repossess the truck if you miss a single payment, leaving you with nothing after months or years of work.

👉 **How to Protect Yourself:** Avoid lease-purchase programs unless you thoroughly understand the terms. Instead, save for a down payment and finance a truck through a lender or credit union. If you must lease, work with a third-party leasing company instead of a trucking company that controls your loads and payments.

2. Fraudulent Factoring Companies

Factoring companies offer truckers upfront cash for their freight invoices, taking a small percentage as a fee. While factoring can be helpful for cash flow, some companies trap truckers in predatory agreements. Here's how:

- **High Fees & Hidden Costs:** Some factoring companies advertise low fees but tack on additional charges like invoice processing fees, minimum volume requirements, or early termination penalties.
- **Locked-In Contracts:** Many factoring agreements require truckers to factor every load with them for a set period, often one to three years. If you try to leave early, you could face heavy fines.
- **Holding Payments Hostage:** Some dishonest companies delay payments or make it difficult for drivers to access their money, creating unnecessary financial stress.
- **Fake Non-Recourse Factoring:** Some companies claim to offer non-recourse factoring, meaning they take on the risk if a broker doesn't pay. However, the fine print often excludes many situations, leaving the driver responsible for unpaid invoices.

👉 **How to Protect Yourself:** Read contracts carefully and ask about termination fees, hidden charges, and funding times before signing. Work with reputable factoring companies that have transparent pricing and flexible agreements.

3. Dishonest Brokers

Freight brokers connect shippers with carriers, but some brokers engage in unethical or outright illegal practices to maximize their own profits at the trucker's expense. Here's what to watch out for:

- **Double Brokering:** A broker books a load from a shipper, then illegally re-brokers it to another carrier, pocketing part of the money. The trucker may end up not getting paid if the original shipper already paid the first broker.
- **Rate Skimming:** Some brokers lie about the actual shipper rate, keeping a massive percentage for themselves. For example, the shipper might pay \$5,000 for a load, but the broker only offers the carrier \$2,500.

- ***Delayed or Non-Payment:*** Some brokers disappear after the load is delivered, leaving drivers unpaid. They close their business, change their name, and continue scamming under a new MC number.
- ***Lowballing & Load Manipulation:*** Brokers may intentionally drive down rates by playing carriers against each other, making it seem like the market is worse than it actually is.

👉 **How to Protect Yourself:** Check broker credit scores before booking loads and use platforms like Truckstop and DAT to review payment history. Negotiate rates confidently and don't accept the first offer—brokers will lowball you if they think you'll accept.

4. Fake Dispatch Services

Independent dispatchers help owner-operators find loads and negotiate rates, but scam dispatchers do little or nothing while charging excessive fees. Here's how they operate:

- ***Charging Without Providing Loads:*** Some dispatchers collect weekly fees but fail to book loads or give drivers loads that barely cover expenses.
- ***Taking Hidden Cuts:*** Instead of negotiating better rates, they pocket extra money by telling the driver the load pays less than it actually does.
- ***Locking Drivers into Contracts:*** Some fake dispatchers demand a long-term contract, making it difficult to leave even if they're doing a terrible job.

👉 **How to Protect Yourself:** Only work with dispatchers who are transparent about their fees and provide proof of rate negotiations. Get references from other truckers and avoid any dispatcher requiring long-term contracts.

5. Scam Insurance Providers

Trucking insurance is expensive, making it a prime target for fraudsters who prey on desperate owner-operators. Here's how some scammers operate:

- ***Fake Insurance Agents:*** Some scammers sell non-existent insurance policies, leaving truckers without coverage when they file a claim.
- ***Overpriced Policies with Junk Fees:*** Some companies overcharge for premiums or tack on unnecessary fees, draining truckers' cash flow.
- ***Deliberate Delays & Non-Payment of Claims:*** Some providers drag out the claims process or deny legitimate claims, leaving truckers to cover damages out of pocket.

👉 **How to Protect Yourself:** Verify insurance providers through the FMCSA Safer website and work with reputable agencies. If a quote seems too low, it's likely a scam. Always demand a Certificate of Insurance (COI) before making payments.

5

CHAPTER

CONCLUSION

IN CONCLUSION

Starting your own trucking business is both an exciting and challenging journey. It takes careful planning, hard work, and determination to succeed in this competitive industry. By following the steps outlined in this guide, you've laid the foundation for a thriving trucking business.

Reflecting on Your Journey

From securing the necessary permits and licenses to purchasing your first truck and building relationships with clients, you've taken the key steps toward independence and profitability. Every milestone you achieve is a testament to your commitment and effort.

Remember that no journey is without obstacles. Whether it's rising fuel costs, unexpected repairs, or industry regulations, challenges will arise. However, by staying informed, prepared, and adaptable, you can overcome these hurdles and keep your business moving forward.

Setting Future Goals

As your business grows, consider setting new goals to expand your operations. Here are some ideas to help you plan for the future:

- *Add More Trucks to Your Fleet:* If you're operating as an owner-operator, consider adding more trucks and hiring drivers to expand your capacity.
- *Specialize in a Niche:* Focus on a specific type of freight, such as refrigerated goods or hazardous materials, to differentiate yourself in the market.
- *Invest in Marketing:* Build a strong online presence and invest in advertising to attract more clients.
- *Explore New Markets:* Expand your operations to cover additional states or regions to increase revenue potential.

Final Words of Encouragement

Running a trucking business is more than just a job—it's a lifestyle. As the backbone of the economy, you play a crucial role in keeping goods moving and businesses thriving. While the road may be long and sometimes unpredictable, the rewards of owning your own business—freedom, flexibility, and financial independence—make it all worthwhile.

Believe in yourself, stay focused on your goals, and never stop learning. The open road is waiting for you.

Now, it's time to take the wheel and drive your trucking business to success.

We'll see you on the road!

OWNER OPERATOR QUICK GUIDE

A HANDY REFERENCE GUIDE TO BEING A SUCCESSFUL OWNER OPERATOR



BASIC SAFETY EQUIPMENT

- **Basic Safety Equipment**
 - Include bandages, antiseptic wipes, gauze, pain relievers, and other essentials.
- **Dash Camera**
 - Protect yourself with video evidence in case of accidents or disputes.
- **Reflective Triangles**
 - Minimum of three DOT-approved reflective warning triangles.
 - Use them during breakdowns or emergencies.
- **Reflective Vest or Jacket**
 - Makes you visible to other drivers, especially in low-light conditions or at night.
 - Required by many shippers and receivers during loading/unloading.
- **Safety Gloves**
 - Protects your hands while handling heavy loads, chains, tarps, or other sharp or rough equipment.
- **Chemical-Resistant Gloves**
 - For handling hazardous materials (if applicable).
- **Safety Glasses or Goggles**
 - Protects your eyes from dust, debris, or chemical splashes during maintenance or certain loading tasks.
- **Steel-Toe Boots**
 - Provides foot protection from heavy falling objects like cargo, pallets, or machinery.
 - Offers slip resistance for better traction in wet or icy conditions.



MANAGE YOUR BUSINESS

- Plan your work, work your plan
- Understand your costs
- Plan your fueling route, take advantage of discounts
- Focus on gross revenue instead of rate per mile
- Manage cash flow
- Build and maintain relationships with your customers
- Understand freight cycles
- Pay your taxes
- Pay yourself
- Save for a rainy day



LOAD SECUREMENT EQUIPMENT

- **Straps and Chains**
 - Heavy-duty and DOT-compliant for securing cargo.
- **Load Binders**
 - Ratchet or lever-style for tightening chains.
- **Edge Protectors**
 - Protect cargo and straps from wear and tear.
- **Tarps and Bungee Cords**
 - For securing and protecting loads from weather.



PREVENTATIVE MAINTENANCE PLAN

- Use proper oil grade for engine type
- Lube at fill level for engine, transmission, differentials, wheel bearings
- Inspect radiator inside and out
- Inspect hoses, lines, clamps, belts
- Inspect water pump
- Check battery
- Maintain correct tire pressure
- Inspect brake and air system
- Check light, wipers, washers



COMPLIANCE RENEWALS

- Form 2290 - IRS Heavy Vehicle Use Tax
- IRP Apportioned Licensed Plates (interstate)
- CDL State Renewal
- DOT Audit
- Driver Qualification File
- Truck/Trailer Equipment Inspections
- Insurance Policy Renewal
- Medical Card Renewal (2 years)
- United Carrier Registration -UCR
- USDOT MC-150 Update (2 years)
- IFTA License - fuel tax (quarterly)
- State Specific Permits - NY, KY, NM, AZ, CA, and OR



CSA (COMPLIANCE, SAFETY, ACCOUNTABILITY)

- Review CSA score online each quarter
- Keep carrier registration up to date
- Challenge incorrect inspection data via RDR



COMPLIANCE-REQUIRED DOCUMENTATION

- **Electronic Logging Device (ELD)**
 - Ensure it's DOT-compliant and operational to track Hours of Service (HOS).
- **Driver Qualification File**
 - Include medical card, CDL copy, and other DOT-required documents.
- **Permits and Insurance**
 - IRP (International Registration Plan), IFTA (International Fuel Tax Agreement), and other state/federal permits.
 - Proof of liability and cargo insurance.
- **Truck Inspection Documents**
 - Vehicle inspection reports (pre-trip and post-trip).
 - Annual inspection certificate.



EMERGENCY TOOLS AND SUPPLIES

- **Tire Chains** (if operating in areas with snow or ice).
- **Heavy-Duty Flashlight**
 - With extra batteries or a rechargeable option.
- **Basic Tool Kit**
 - Include screwdrivers, wrenches, pliers, and duct tape for minor repairs.
- **Air Hose and Tire Pressure Gauge**
 - For inflating tires and monitoring pressure.
- **Fuses and Bulbs**
 - Spare fuses and bulbs for truck lighting.
- **Jumper Cables or Portable Jump Starter.**
- **Tow Strap or Recovery Kit.**



DRIVE HEALTHY

- Exercise and walk as often as possible
- Get an annual health screening
- Get proper amount of sleep
- Learn stress reducing techniques
- Meal Prep: Invest in a portable cooler, mini-fridge, for healthier meal prep.
- Hydrate: Drink plenty of water instead of soda or energy drinks. Aim for at least 8 cups (64 oz) of water daily.
- Maintain Good Posture