

DIFFERENT TYPES OF BOSS LIFE



Being your own boss comes with a ton of perks... and responsibility. Luckily, there are many ways to be a business owner in the transportation industry. However, as the amount of independence increases, so do the potential risks and rewards. We've broken down the pros and cons to the three most common boss-life options.

CARRIER

With this boss-life option, you set yourself up with a rig on your own, get your own operating authority, and become a motor carrier.

PROS:

As your own boss, you get a higher profit margin with no one else taking a piece of the money before you get your cut. You also have almost complete freedom on how you run your business.

CONS:

With that freedom comes more work and complexity. You'll need to develop your own customers and solicit freight directly from shippers. If you work through load boards or brokers, you'll have to give some of that revenue to the broker. You'll also be entirely responsible for invoicing, collections, compliance, safety, drug testing, hours of service, licensing, permitting, fuel tax and mileage tax, etc.

LEASE-PURCHASE OPERATOR

In this boss-life option, you sign a lease or a lease-purchase agreement to get your truck through a carrier or a third-party leasing company.

PROS:

This can be an easy way to get into the transportation business with little or no down payment, credit rating, or experience. You may be able to find a simple walkaway lease that will let you test the boss-life waters without much risk.

CONS:

You'll be responsible for very expensive equipment, and many sign the deal before they are truly ready. Some lease-purchase deals restrict decision-making ability when it comes to equipment add-ons or features. You'll be leasing from the same company that controls 100% of your income, and they commonly make it difficult for you to take the equipment elsewhere. Make sure you fully understand what the deal's legal terms mean before signing on the dotted line.

DIFFERENT TYPES OF BOSS LIFE, CONT.



LEASED OWNER-OPERATOR

You buy your equipment—outright or with a loan—and lease it to a carrier in this boss-life option. You own and manage your rig, but you run under the carrier's operating authority.

PROS:

You get an unlimited selection of equipment, complete control over modifications and maintenance, and you can decide to whom you will lease yourself out to.

CONS:

Once you purchase your rig, you are totally committed financially. If you borrowed money from a bank for your equipment, you are committed for the entire loan PLUS interest, with severe financial consequences if you default. So, you have to keep making those truck payments, insurance payments, and more whether you're currently leased to a company or not. Make sure you're ready for that commitment.

Pick the path that's best for YOU. Being your own boss comes with lots of upsides but presents its share of challenges too. Let TBS Factoring help you overcome some of those challenges with our cash flow solutions, truckers bookkeeping services, back-office support, DOT compliance services, insurance help, trucking permit services, and more. That way you can focus on what's most important: building your business.