DAT Freight & Analytics

How to start a trucking business

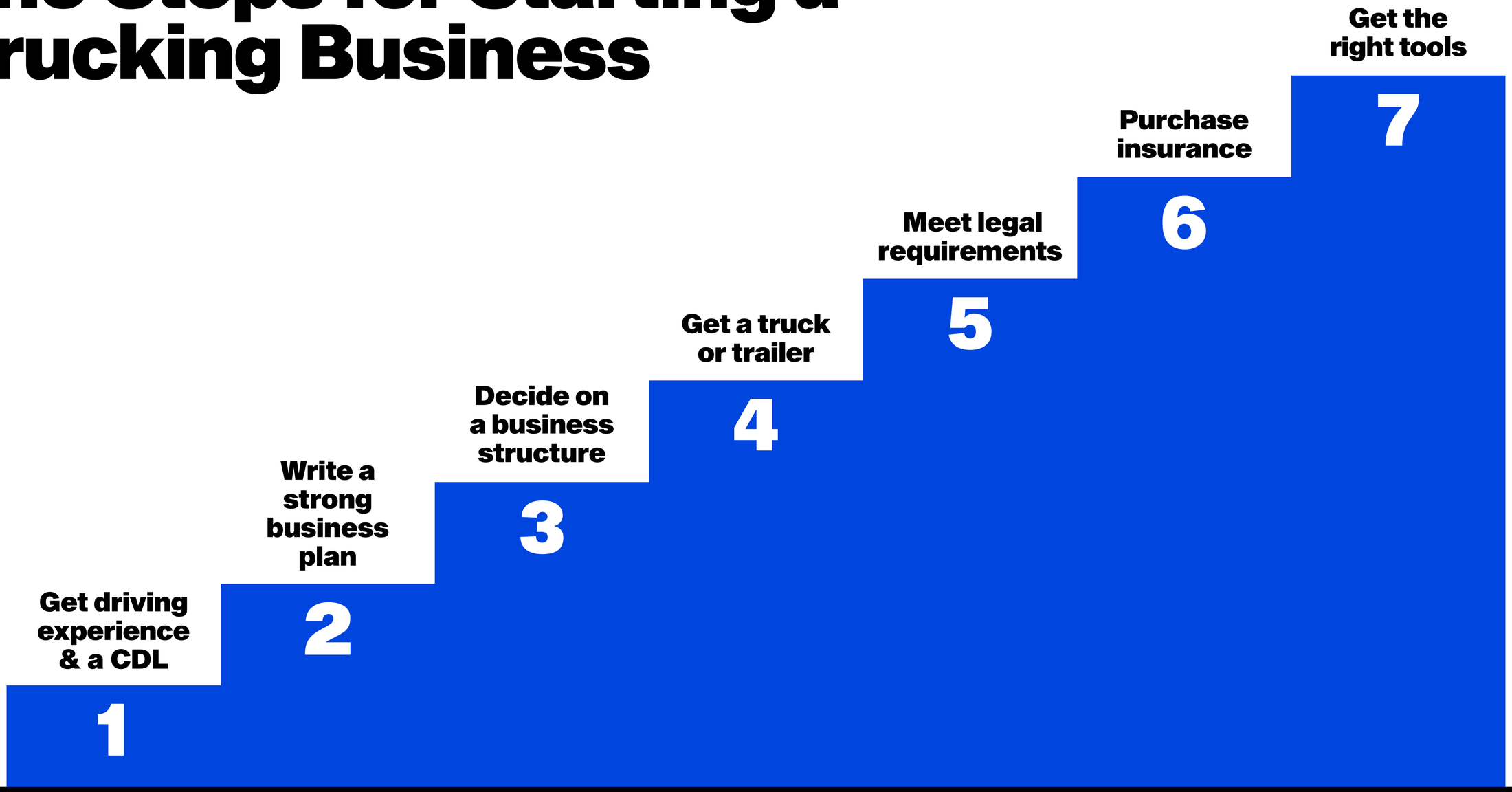
The seven steps for starting a successful trucking business

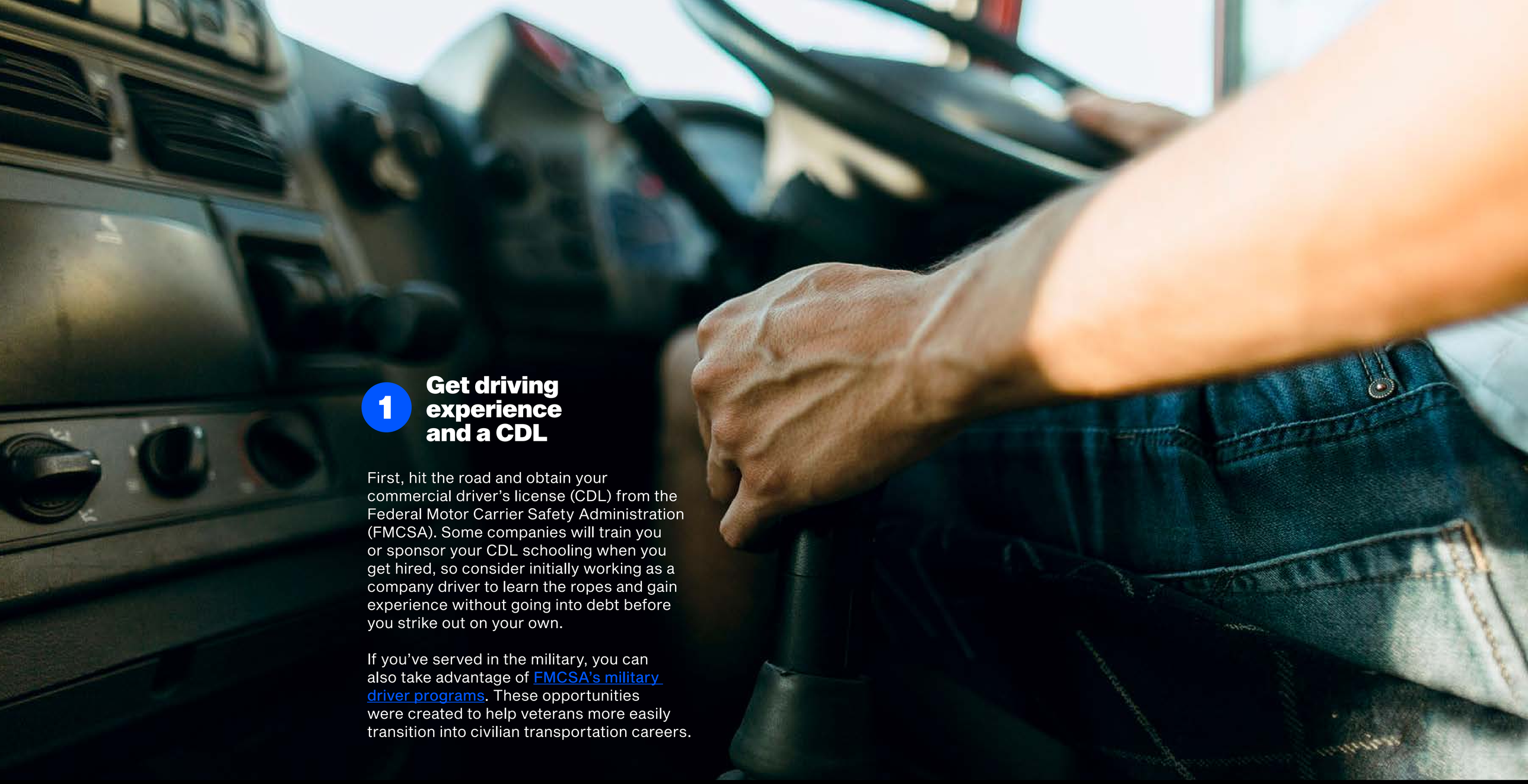
Introduction

Trucks move 71% of all freight in the country, so it's hardly surprising that the U.S. truckload industry's total market size has surpassed $200 billion. While many of the people moving that freight work for a company, that's not the only option for truck drivers. You can also strike out on your own, gaining the flexibility and higher earning potential that comes with being a business owner.

There's no doubt that building a trucking business is rewarding, but it's hardly straightforward. The industry is highly regulated, meaning there are lots of rules and paperwork to navigate in order to run your business both legally and successfully. Luckily, there are some basic steps you can follow to ensure you get started on the right foot.

The Steps for Starting a Trucking Business





1 Get driving experience and a CDL

First, hit the road and obtain your commercial driver's license (CDL) from the Federal Motor Carrier Safety Administration (FMCSA). Some companies will train you or sponsor your CDL schooling when you get hired, so consider initially working as a company driver to learn the ropes and gain experience without going into debt before you strike out on your own.

If you've served in the military, you can also take advantage of FMCSA's military driver programs. These opportunities were created to help veterans more easily transition into civilian transportation careers.

2 Write a strong business plan

You don’t need a business degree to create a successful business, but you do need a solid business plan.Think of your business plan as a way to document your road to success that you can refer to throughout the journey and show potential investors. Plunging in head-first without it is a recipe for disaster! You could end up losing money or even breaking laws. To avoid that, you need to create a business plan with:

- **An executive summary:** As the first thing readers will see, your executive summary needs to be perfect. Include a description of you, your company, your offerings, your finances, your goals, and your growth plans.
- **A company description:** Dive into what sets you and your business apart from competitors. Do you have industry knowledge or experience? Will you operate in a specific area or deliver a particular type of freight? Let everyone know!
- **A market analysis:** Don’t forget to include an analysis of the current market. Not only will this give you an idea of what to expect, but it can also show investors that you’re on top of industry trends.
- **A competitor analysis:** By analyzing your competitors’ strengths, weaknesses, and customers, you can determine where there’s room for your company to set itself apart.
- **Sales and marketing plans:** No business can succeed without customers, so you’ll need to discuss how you’ll attract them! Will you attend trade shows, buy email lists, purchase advertising, or start a killer social media page? Will you use a third-party sales company or have people in-house? How will you find and contact prospects?
- **An operational plan:** Think about which systems, people, and technology you’ll use to build an efficient, profitable business. Delve into how your back office will work, who’ll handle dispatching, where you’ll find cargo, and any other operational elements that will be essential to your business.
- **Financial projections:** To avoid running your business into the ground, explore your finances, revenue goals, and financial projections for five years out.

“Plunging in head-first without a solid business plan is a recipe for disaster!”

3 Decide on a business structure

Most trucking companies are registered as limited liability corporations (LLCs) or corporations (C-corps or S-corps), but you can also register your company as a partnership or a sole proprietorship with a DBA (“doing-business-as”).

Don’t rush and choose the first business structure that pops into your head, as your choice will affect your personal liability, taxes, ability to raise capital, and more! Instead, check out the Owner-Operator Independent Drivers Association (OOIDA) and consider taking some of their training courses to get a sense of the options.

4 Get a truck or trailer

Let the types of freight you plan on transporting inform your vehicle decision. Are you planning on taking cross-country trips? You’ll probably want a sleeper cabin. If you might deliver produce or chemicals, find a refrigerated trailer.

Whichever truck or trailer you opt for, you won’t have to buy it upfront if you don’t want to, so you don’t have to worry about saving up a boatload of cash. You can pay a down payment and take out a loan or you can lease your equipment. If you decide to lease, you have a few options including an operating lease, a terminal rent adjustment clause (TRAC) lease, or a lease-purchase agreement. Depending on the type of lease, you may be able to purchase your vehicle outright at the end of the lease period when your business is more established.

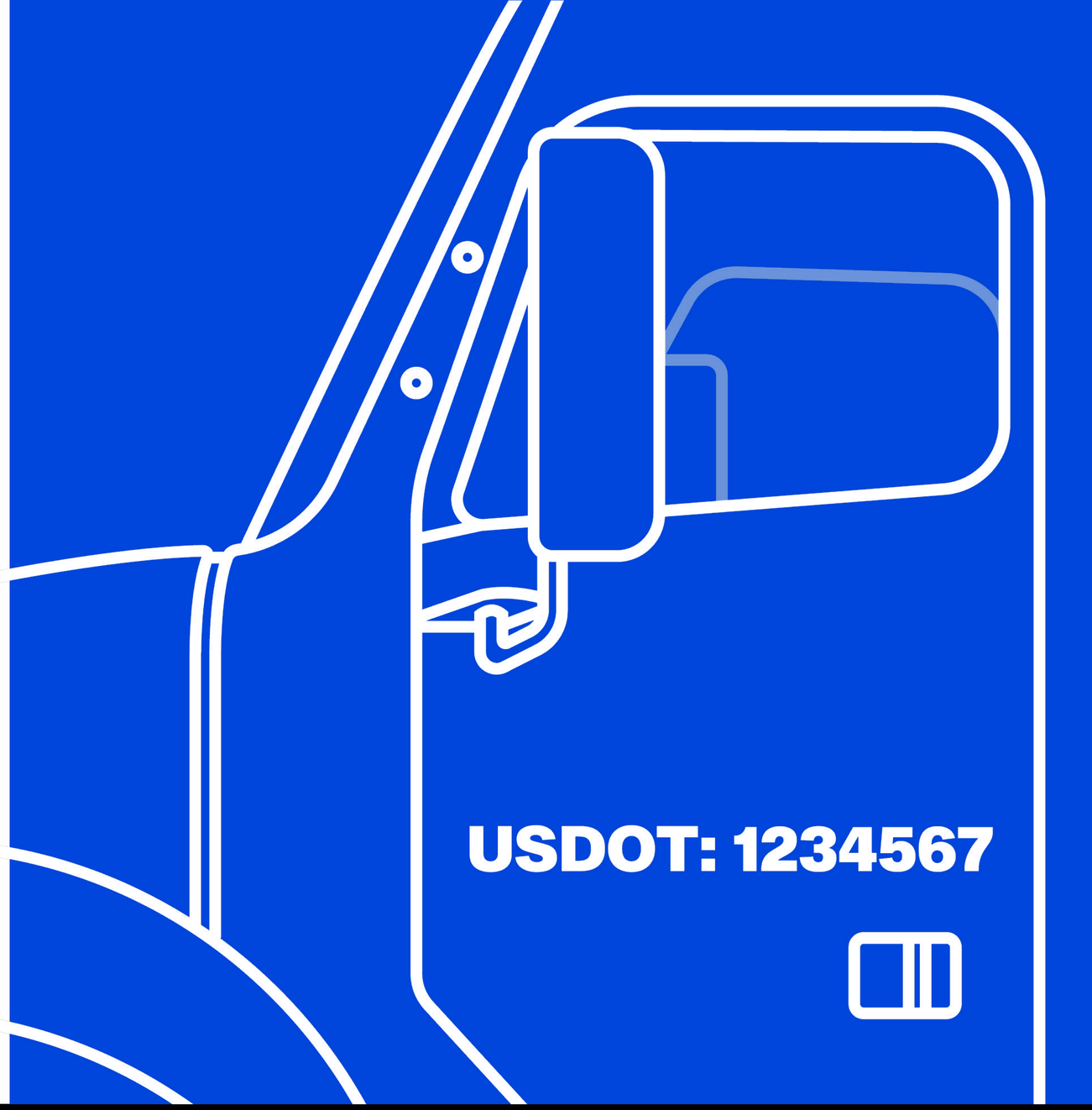
5 Meet legal requirements

You can't just decide to start your business one afternoon and hit the road the following day. First, you'll need to apply for your USDOT number from the Department of Transportation. This will be an identifier when collecting and monitoring information from audits, inspections, and crash investigations. Then you need to obtain your MC number from the FMCSA if you plan to cross state lines with shippers' freight or if you want to deliver hazardous materials (even if you never cross state borders).

You'll also need to file a BOC-3 form to start your business, which means you'll need a process agent. Other legal requirements you need to be aware of include:

- **Heavy Vehicle Use Taxes (HVUTs):** The IRS requires anyone with trucks weighing more than 55,000 pounds to pay HVUT taxes annually using tax form 2290.
- **International Registration Plan (IRP):** With IRP, you can travel through all IRP member jurisdictions under a single registration plate and experience consolidated licensing and reporting.
- **International Fuel Tax Agreement (IFTA):** Made between the Canadian provinces and the lower 48 states, IFTA simplifies fuel use reporting and normalizes fuel taxes.
- **Unified Carrier Registration (UCR):** You'll also need to complete your UCR registration and pay your registration fee if you plan on carrying cargo over state or international lines.

Meeting legal requirements isn't a one-and-done process. After your business is up and running, you must remain compliant with these laws and regulations. You'll have to renew your CDL, file your tax returns, and keep up with any regulation changes. On top of that, you'll need to handle your accounting! Luckily, DAT's trucker tax services partner, ABTS, makes bookkeeping simple.



6 Purchase insurance

As a carrier, you'll spend a lot of time on the road, exposing yourself to risks. There are thousands of car crashes daily — and trucks aren't immune to accidents. In fact, large trucks were involved in 112,000 crashes that resulted in injuries in 2018. It can happen to anyone, so getting good insurance is essential.

Trucking insurance types include:

- **Primary liability insurance:** You'll need at least $750,000 in primary liability coverage for any damage or injuries that occur in an accident for which you are liable. Some brokers and shippers require $1 million in coverage to work with you.
- **Cargo insurance:** When it comes to cargo insurance, you'll likely need $100,000 in coverage in case of damage or theft for each load, but it all depends on what you're hauling. Want to reduce your annualized insurance costs, have increased flexibility, or be able to cover specialty loads at the drop of a hat? Purchase per-load insurance.
- **Bobtail insurance:** Bobtail insurance will cover you if you're in an accident and aren't hauling a load for someone else.
- **Physical damage insurance:** Physical damage insurance offers protection in situations where your vehicle is damaged due to a collision with an object or another vehicle.

Carriers deserve coverage that fits their needs. With the right team of trucking insurance specialists, you can find customized insurance plans tailored to your business. They approach every interaction with authenticity and transparency and have a dedicated customer service team ready to advocate on your behalf at any moment. In short, accessing high-quality trucking insurance has never been easier.

7 Get the right tools to help your business thrive

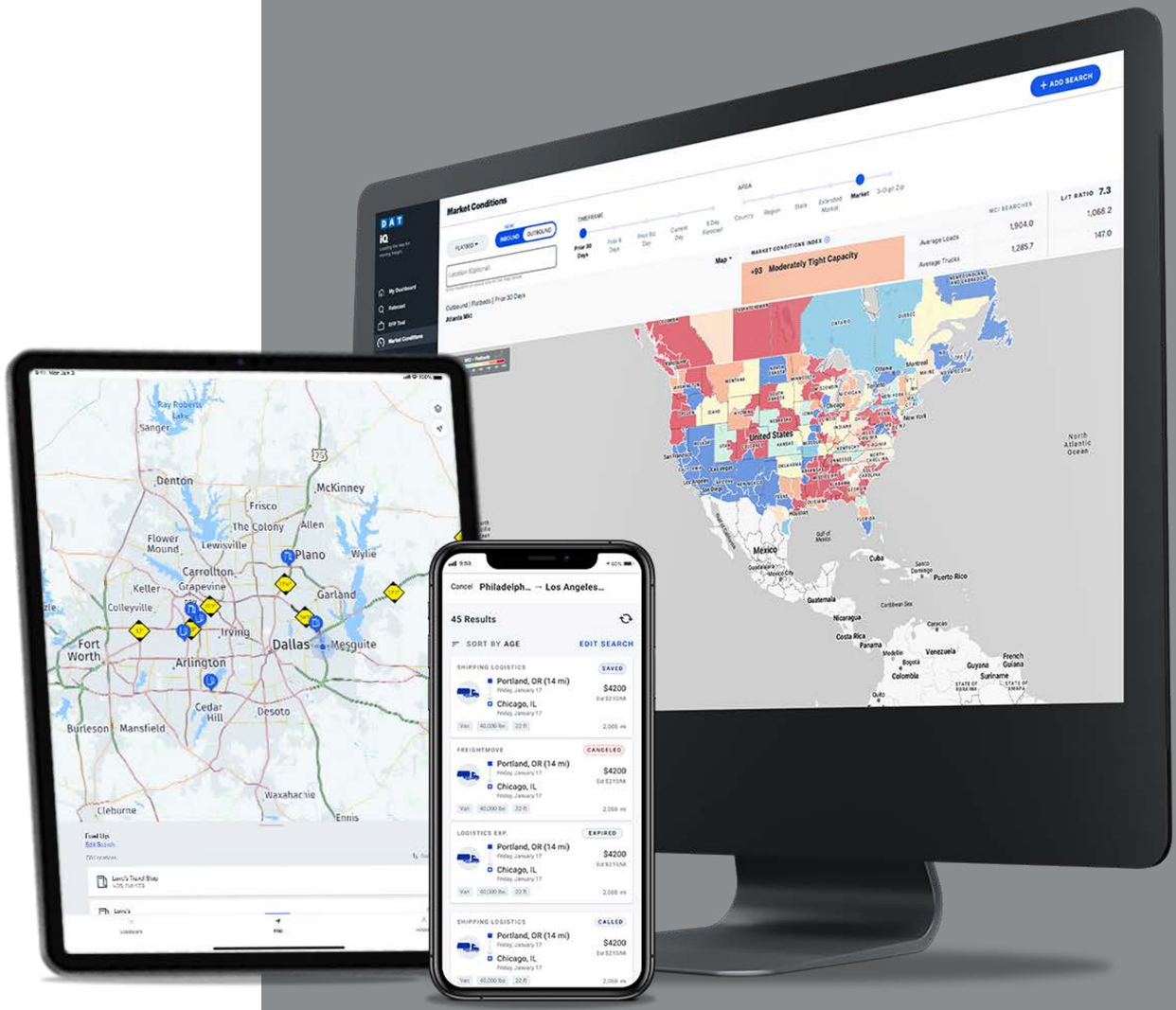
Finally, you'll need the right tools to grow your business — and DAT has exactly what you need.

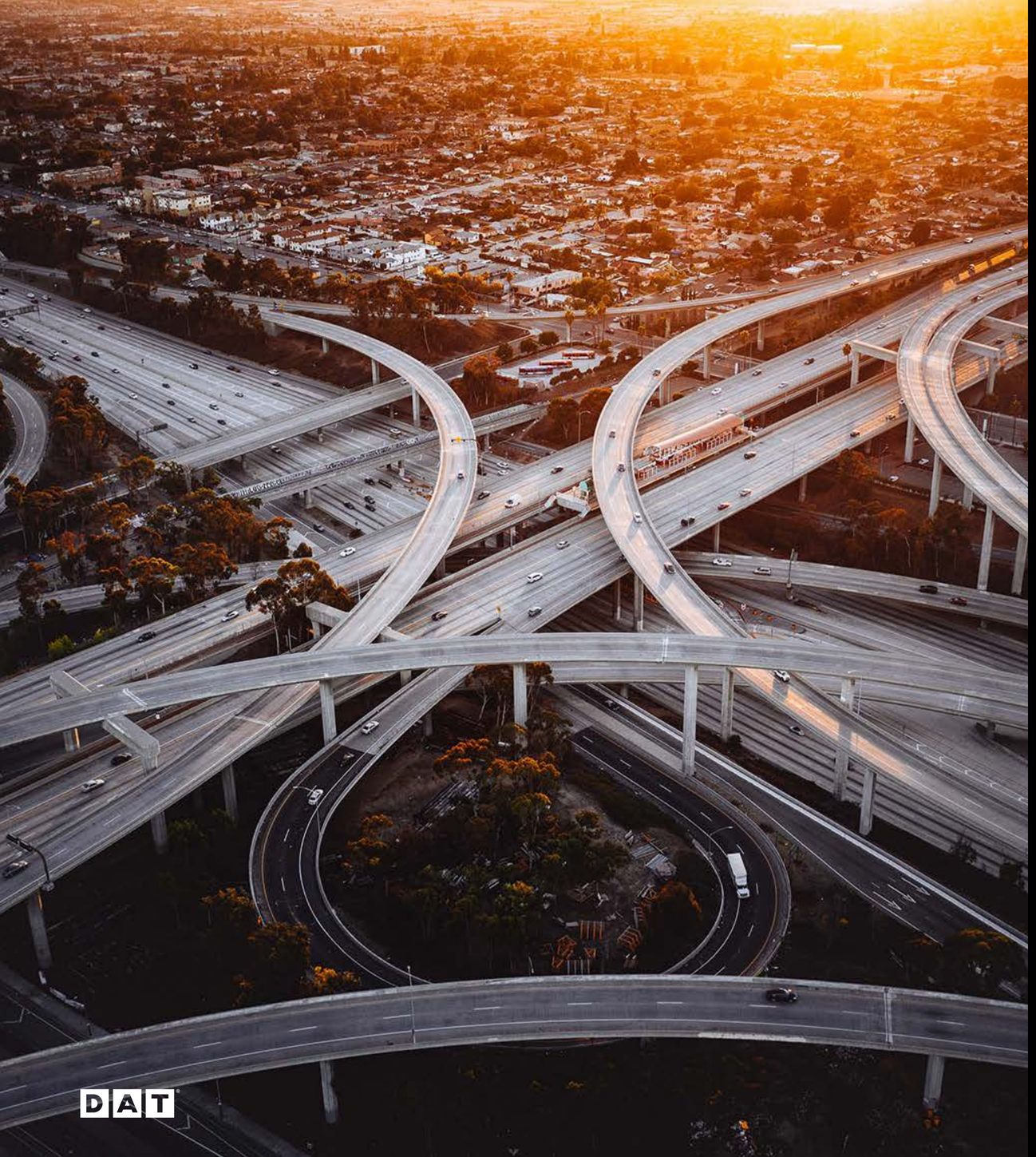
Want to find the best loads at the right price? Use the DAT load board. With real-time updates, easy filtering, automated alerts, company reviews, and more loads than any other board, DAT can help you find the perfect load every time. You can also post your truck and let brokers come to you!

DAT can even level up your negotiation game, helping you turn a bigger profit on each load. With current market rate data for over 68,000 lanes, DAT makes bidding, quoting, and negotiating simple. We gather the information you need and present it in an easy-to-understand way. Say goodbye to spending hours on research and hello to simplicity!

DAT can even help you if you're out on the road. With our mobile app, finding the closest rest stop, truck stop, or service station will be a breeze! Likewise, our TriHaul tool makes finding higher-paying routes easier than ever.

From per-load cargo insurance to a quality TMS, factoring services, and more, DAT has everything you need to get your trucking business started and grow it into a major success. See how else DAT can help today!





Ready to start your trucking business?

If you're ready to start your trucking business, but need help wrangling all the paperwork and navigating all the steps, you aren't alone. At DAT Authority, our experts are ready to guide you through every step of the process so you'll be your own boss in no time! We'll get your operating authority quickly and handle your permits, so you can concentrate on building your business.

Contact us today to get started!

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