

BRIAN: If you would describe your trucking accounting as a mess, we are your solution because we're going to help you today graduate from shoebox accounting.

ANNOUNCER: It's Brian Preston, The Money Guy, restoring order to your financial chaos. Retirement, investing, taxes, you've got financial questions. He's got financial answers. It's Brian Preston, The Money Guy.

BRIAN: Hey, guys and gals, it's your host Brian Preston. Sitting here across from me is Mr. Bo Hansen, and remember, on these money tuneups, we're here to really help you take your trucking business to the next level. You know, by day, we're fee-only financial advisors, and then we've been recently hired by Progressive Commercial to really kind of come in, be consultants and just load you guys up with as much free advice-- and that's one of the things-- I want to give a quick shout out and the fact that Progressive Commercial, when they approached us-- because, Bo, but we just do not do a lot of paid stuff because we feel like it's so important for us to focus on just giving as much free information away as possible. That's what we do on The Money Guy Show if you want to check us out at MoneyGuy.com. And then when Progressive Commercial came to us and said, no, that's exactly why we want to hire you guys is because we do-- we have a whole group of 3.5 million truck drivers across America who are keeping the country running strong, and we just want to make sure that we are providing them as much information as possible, essentially a resource for our customers. So, kudos to Progressive Commercial for bringing us in with only the parameters of just giving as much information away as possible.

So, what we're going to be talking about today, this one is so important. This really is the backbone of your business-- is basically your accounting because accounting is what's going to determine not how busy your business is-- I think sometimes as business owners, we get caught up thinking that if we're just busy, if there's not enough hours in the day, that we have a successful business, but then unfortunately, when it comes time to pay estimated tax payments as well as to pay your bills, making sure you're not getting behind on getting everyone paid so you're avoiding penalties and all these other unn-- unnecessary things that kind of things that kind of hit your financial statements, you're going to quickly realize, I cannot continue to do this the old shoebox way.

BO: Right.

BRIAN: And that's what-- you know, and I do have a background. I did tax preparation for 16 years.

BO: What do you mean the old shoebox way?

BRIAN: Well, and that's the-- this is the thing is I had-- every year, I had customers and clients that would come to me, and you can tell-- and it didn't have to be a shoebox. That's just what everybody knows but it could be a folder. It could be a bag, a trash bag full of just receipts and, you know, logs and all kind of just-- it turns into very-- it's messy. I mean, I can't think of anything-- it's just a big pile of poop. I mean, that's about all you can say is it's just not the way when you're thinking about what is actually paying the bills and keeping money on the table for your family as well as keeping your trucks running and all the other people that are counting on you. You've got to have a good accounting business, and this is-- the accounting system-- also, the other thing I tell people-- you don't really have a true, real business until you-- you actually know how everything's going-- you know, how it's doing. And because-- that's the part that I think a lot of small business owners-- you know, I-- the good part of being a small business owner is that, you know, it's built into our social fabric that it's-- you know, it's good to be a small business owner. You're-- you're considered the innovative people. You're the backbone of the country. You're what make our country great. So, everybody loves small business owners, but there's a dark side to being a small business owner that most people don't talk about is that it can be kind of lonely when you start this and you go out on your own and then-- because everybody says, "Hey, how's it going?" And you always put a smile on your face and you tell everybody how great it is, but a lot of times, the dark side is-- is that-- especially for owner/operators, it might not be going so well because especially as the market has gotten more and more competitive, I think it's become more common for people to take loads that are not even profitable anymore. So, busy doesn't always mean successful.

BO: Or even worse, not-- not that you know things are going bad but maybe you don't even know how things are going. Do you know if you're profitable? Do you know if things are good things or bad or you just kind of throw your hands up and if you-- if you have a job, that's good enough?

BRIAN: So, we're gonna help you turn your company into a full-fledged business where you actually know how well you're doing as well as just-- maybe this is the turnaround point where if you listen to this show, you go, "Hey, that is me, and, you know what? I am going to make this the year-- 2017 is the year I'm going to get my accounting system on track because I have some goals. I have some things I want to accomplish." This is going to be your step one. So, I'm so happy you joined us. I do want to give another shout out to Progressive Commercial

because this podcast is brought to you by America's number-one truck insurer, Progressive Commercial and exclusively available on truckerterritory.com, a website a hundred percent dedicated to celebrate and help the American truck driver. We not only appreciate you, but we're here to help you get the most from your hard-earned money. So, the first thing I want to do is get some basics under our belt, Bo.

BO: Okay.

BRIAN: The first-- you have to understand that I think the majority of you guys who are listening to this podcast, you know, when you sign up for your new accounting software, it's going to say are you going to do accrual-based accounting? Are you going to do cash-basis accounting?

BO: Whoa, whoa, whoa, you've already lost me. What in the world do those mean?

BRIAN: See, this is nerdy accounting stuff. Let me go ahead and give you the answer so-- in case you zone out briefly during the actually nerdy accounting answer. Most people are going to be cash-basis taxpayers, meaning that when you collect money, you receive money, you recognize that you just got paid and it's just like when you stroke a check or pay for with a credit card for expenses, that's when you expense those items, whereas with accrual-basis, it works off of-- that's when you start getting into account receivables, when you bill people, when you have accounts payables. It gets much more complex. No reason to-- so were not going to focus on the accrual basis. I want to focus primarily the cash-basis accounting because that's what most of you guys are doing. So, after you figure out while you're setting up, you know, your new system and-- because a lot of you guys are just using notebook paper or ledgers. You might even pull in a spreadsheet 'cause you went out there on your computer and you saw it had either like Excel or Sheets if you're one of those Google people, but I'm telling you, you probably need to go a little bit further than that because the typical business, a good efficient and functional business, is going to need the following financial statements to really kind of be your barometer of how you're doing. You're going to need an income statement. That's your profit and loss. That's going to show you, you know, how much revenue. When I say "revenue" that's just-- when you go out to bill up a customer and invoice them, that's the money that's coming into the business, and then you've got your expenses, and then after you get through all the expenses-- and I'm going to break out what the expenses are in a minute to a degree because I want you to know how much it's costing you per mile to run your trucks. But you'll get your-- your income statement leads to your net profit. That's how successful your business is. That's at the end of the day, what's left for you and your family.

But the next document that's also important is your balance sheet. That's where you're recording the assets that you purchased as well as the cash that you have in the company and then unfortunately the negative side, the debt. You might have-- you know, 'cause you have-- you have your assets equals your liabilities and then your owner's equity. That's-- that's kind of the layout of a balance sheet. So, income statement, balance sheet, those are your two most important financial statements you need to keep up with, but I want to put a caveat. It's not required, but it's something I am going to tell you guys, you need to know is your cost per mile. That's a calculation you can do, and you can use that income statement to really help you out because what the cost per mile's going to do is it's going to help you figure out am I even profitable? When I take on a new job, when I take on to take a load, is it going to be successful, profitable for my company because we all know it's competitive and there's-- as I shared in the last podcast on taxes, there's a large number of owner/operators that unfortunately are getting themselves in a lot of trouble because they're just-- they figure any money coming in is good money, and that's just not the case, and, you know-- and a lot of deals are getting pushed out there, and people are just taking it, and that's actually pushing the market down on what you're getting paid. So, you have to know what your true expenses are so you don't get caught. So, when I say knowing what your expenses are, let's break this down, Bo.

BO: Okay.

BRIAN: This is-- this is so meaty, but it's so good. You need to know your fixed expenses. When I talk about fixed expenses, here's what we're-- were talking about stuff that really doesn't ma-- it doesn't change whether your truck's rolling or whether your truck's sitting in a parking lot somewhere. This is your truck payment, your insurance costs, you're-- if you have an office that you're leasing to keep up with things or you have some employees there, your health insurance, your-- your permits. These are all the things that you're having to pay whether your truck is rolling or not. So, if you add those up, you know, you're going to have your total fixed expenses for the month. Now what I would encourage you-- because this is the thing. Because you want to get immediate feedback. Start tracking how many miles you do a month. You should already be doing that because you have to keep logs of your-- of your-- of your trips anyway but if you can figure out what your-- how many miles you do a month, it makes this a lot easier because as-- for-- for simplicity's sake, we're going to say you do 10,000 miles last month.

BO: Okay.

BRIAN: And you can divide it by each of those things, so if your truck payment was, say, \$1300 and you did 10,000 miles, you'd know that your costs per mile would be

about .13. So, \$.13. You know, you can do the same thing. If you knew your insurance was \$700 a month, you'd know that basically a little over a nickel. It's be seven cents to cover your insurance. You'd add up all these things, and you might figure out if you added the truck payment, the insurance, the lease, office lease, health insurance, permits, that you might have, you know, \$3600 of fixed expenses.

BO: Okay.

BRIAN: So, you do the math on that on 10,000 miles and you're like, well, gosh, so I know every-- every mile I drive, \$.36 per mile. So, you do that-- and I'd do it every month until you get to a year so that way you can balance out the cycles, because there's going to be some seasonality and other things that go into it. But the fixed expenses, like I said, those are-- whether you're rolling or not rolling, these are expenses you-- you know, you're just going to be paying them no matter what. So, then you transition over to the variable expenses. These are expenses that the more you drive, the more these expenses go up, so it's very-- it's imperative that you know what these are, and this can be your fuel costs, your tires, your regular maintenance, because you do need to take into account-- obviously you need to be reserving some money for the tires and the regular maintenance as these things come up, the repairs, the lodging, the meals, taxes. These are all going to go into your variable expenses, and if you just assume that was-- I'm going to use another example. Let's just say that was \$3700 a month on the same 10,000 so once again, we're now at \$.37 for your variable expenses, and then the last category that I always tell people is your salary. What are you having to pay to have somebody drive your trucks, and if you're driving your own truck because you're an owner/operator, then what is your time worth? You know, figure out what you need to be making as just the-- from a salary-type employee pulling out of the company? And you could say that that was \$4000 a month. So, you'd know that on 10,000 miles, that would be essentially \$.40. So, you could add up all those things that I just explained to you and know that at a-- at a minimum, you can't do anything unless it exceeds \$1.13 a mile. You know, so somebody comes in and offers to pay you, you know, \$.95 a mile or, you know-- or something like that, you'll-- like unless I can-- I have something else I'm putting on the truck or there's something else that's going to make it better, it just doesn't make sense.

BO: Sure.

BRIAN: So, if you can understand your cost per mile, you're going to be heads and shoulders above your peers and this is the other thing that I like about it is that you're going to have all these tools based upon the things that we're about to talk about with this income statement and the accounting systems. You

already will have all of these variables at your fingertips if you just organize yourself right. So now that we've talked about the financial statements, I want to keep you compliant. Because unfortunately--

BO: That sounds fun.

BRIAN: Yeah, I know. Here's the thing. I was so worried, Bo, when we did this podcast. This is-- I'm so passionate about this subject because I know that this is what's going to push our listeners to the next level of their business. If they can start tracking this stuff and get energized about getting their company to be as profitable as possible, then it will push them to the next level, but I know it gets kind of-- very meaty. There's a lot of stuff that can-- that can be pushed through here, but we're going to keep going forward because I think it's so successful for our listeners. So, contract labor versus W-2 employees. When I was doing some con--when I worked in public accounting, we actually worked with some trucking companies, some rather large trucking companies, and it was very-- it was a very contested and-- you know, or---- I shouldn't say contested, but it was something that was a lot-- a talking point. A very hot button issue was-- because people I think want to treat their drivers as 1099 employees, as independent contractors, because then you don't have to pay the payroll taxes. You know, it really protects you and shields the owner from a lot of the expenses versus once you take them as a W-2 employee, you're responsible for a lot more costs. But this is something you have to be very careful about, guys, because the government is-- is very aware that-- that a lot of people are trying to shed this responsibility. So, the quote I had was-- and this is what the difference between an independent contractor and an employee-- or a worker is. A worker who is required to comply with other persons' instructions about when, where, and how he or she is to work is ordinarily an employee. This control factor is present if the person or persons for whom the services are performed have the right to require compliance with instructions. Let me sum-- sum this up. If you can tell somebody when and where they have to be, you probably have them as an employee.

BO: And that means W-2.

BRIAN: Yeah, so make sure you understand when you want to stay compliant that you're probably-- if you're telling people when and where they have to be, they're probably an employee, and you have to treat them like a W-2 employee.

BO: We get asked a lot-- does it matter if someone is part-time versus full-time? For the conversation we're having right now, if you still have to tell them what they have to do and when they have to do it and where they have to do it, even if it's a part-time person, then it probably still needs to be a W-2 employee.

- BRIAN: Um, income taxes. Your tax preparer, whenever you're trying to keep yourself compliant with the government, they're going to need your profit and loss statement, which is another way of saying your income statement, your balance sheet, any payroll records as well as any details on equipment purchases or disposals, and then here's the thing. Being that you're self-employed, you're going to have to make estimated tax payments. Those things are typically-- you would think, okay, well, what common sense is they'd probably be due every quarter.
- BO: Makes a lot of sense that it would be done that way.
- BRIAN: (overlapping) You would think, you know-- and every quarter-- as we all know, the first quarter ends on March 31, the second quarter ends on June 30, the third quarter ends on September 30, and then of course year end December 31. But somehow our brilliant people in Washington, here's their estimated payment schedule.
- BO: All right.
- BRIAN: Now realize, I know that they are different when they fall on the weekends, but I'm just going to give you the basics. Your first quarter, payment will be due April 15.
- BO: Makes a lot of sense.
- BRIAN: Hey, that one is reasonable. March 31, April 15. Hey, 15 days after quarter end. Second payment, June 15.
- BO: No, that must-- you must've said something wrong, Brian. You mean July 15, right?
- BRIAN: I know, that-- that's what you would think. I mean, it cracks me up because, I mean, I struggle with this too, guys, because I-- like I said, I'm a self-employed guy myself. You know, I have to make estimated tax payments. It defies logic, but indeed, it is-- June 15 is when that second payment is due, not July 15 as Bo said. So, it is right in the middle-- or I should say right at the end of the second quarter. The third payment is due September 15, which, once again, they double down on the fact-- fact that it's not at the end of the third quarter. It's right there. I-it's in the last month, and then the fourth one just because they wanted to keep you guessing is actually due January 15 of the following year. So, that one is back to reasonable. So, you have two that are reasonable and then two that, like, what the heck are they doing over there when they designed this? But you will need to make sure you're keeping up with your estimated tax payments.

Property taxes, obviously, your local authorities are going to want to know what assets and equipment you have, and they're going to require you to pay some-- some fine taxes for having the privilege of operating your business out of their area.

And then of course we have IFTA. IFTA is the international fuel tax agreement. You're going to have to keep up with where you're buying gas if taxes were, you know, taken on that when you-- when you paid at the pump. It-- there's all kind of things with your fuel taxes that you'll want to stay in compliance with as well as international registration plan, which has the tax reports and tax returns that you'll also have to keep up with. So, that stuff, and in addition to this-- because I don't want to go too much in the weeds because I want to make sure I save a lot of time to talk about the accounting systems, you know, when we get into the accounting systems for making sure everything is organized. But the, the DOT is going to require a lot of compliance, whether it's drug testing, you know, the logs and one of the things-- I always try and throw out some-- some tips and tricks on how to keep yourself compliant. Like on the drug testing side of things. The easiest way to comply with the drug testing program is that you can just ask your drivers to be a member of the Owner/Operator Independent Drivers Association.

BO: If they join OIDA and become a member of the drug testing consortium, is it more expensive or less expensive?

BRIAN: It's much more cost-effective than doing a lot of this stuff independently. So, something that, you know, is a quick tip that can help you out on just trying to stay compliant with that. So, transitioning from compliance, I want to talk a little bit about accounting software and which one you're using. Now the first thing, if you hear me say, "Which accounting software are you using?" and you say, "Wait a minute, Brian, I don't have one," this could be a problem. This is-- this is your first clue that you are the poster child for shoebox accounting, and that's what goes back-- maybe you are one of those people that says, "But, Brian, I have Excel," or, "I have Google Sheets and I'm keeping up with everything perfectly fine on that." I always say, "Well, tell me this. If you just replaced a starter on your truck and, you know, you bought the part, got it repaired, three, four months goes down, and you start having trouble with that piece of equi-- are you going to be able to go pull the data points on that and know exactly when you repaired the truck?" I mean, if the answer starts to be, no, I'd have to go dig through that-- that folder over there-- essentially the shoebox-- you really have a problem because that's the problem when you-- when you're doing it only through Excel spreadsheets is you that you-- you just don't have an easy searchable function to make everything work for you. So, that's why you're going to want to consider looking at a software package that will kind of get you

organized, help you answer those questions of things that you're not doing well plus-- let me go ahead and shed some light on something that I'm so excited about.

I'm just like you guys, by the way. Being a small business owner-- and, Bo, you know this because you see behind the curtain of how I run the business. It is so hard-- in the past, it has been so hard for me to keep up with the accounting, you know, and here's-- this is-- I do resemble this. So, I'm going to read this out to you, and this will tell you that you're probably at the point that you-- that you might need to consider taking advantage of some of-- some of the new automations out there. I was letting-- where I was getting behind on my books meaning that it-- maybe two months had gone by, and I had not reconciled my bank statements, I had not gone and made sure I input all the expenses into the system, and that's-- that's a problem because your financial system, your accounting system is going to be your ability to go in at any point in time and say, "How's the business doing? What's the health of my company?" And if you're getting behind two and three months on just inputting in all of your expenses as well as billing your cl-- think about that. You've gotta invoice these customers, and if you're getting behind on that, you all know you need the money. And so, you think about it. You send those invoices out, it's going to take 30, 60 days for the customer to turn it around anyway. So, your-- your inorganization is keeping you from getting paid, and that's a big, big problem. So, when you look at this, you need to figure out are we talking about a generalized accounting software like QuickBooks? QuickBooks is, by the way, the biggest provider of accounting software, and-- and here's the thing, I have no relationship with QuickBooks other than I do use them for some of my businesses, but there's no paid-- pay-for-play or anything like that for telling you about it, but they are the biggest provider, and they have done some great things, and all-- a lot of the softwares I'm about to mention have some key benefits for you is that-- in the past, it used to be you had to manually input everything. I mean everything. You had to go in there, and you had to put the date, you had to put the check number, you had to put the description, you had to put the category.

BO: Sounds a lot like a spreadsheet.

BRIAN: Yeah, it was-- it was-- nowadays with technology and everything being primarily out in the cloud-- and when I say the cloud, it means out there in the-- you know, on the-- on the internet and the web. The thing is, that's perfect for a trucking company because you guys are on the road. Think about the fact that you can use your phone. You could use your-- your tablet or whatever to go into the app that they usually will have-- like I know QuickBooks has one, and I'm going to talk about some other trucking-specific software that also has apps. You could go out there and hit update, and it goes and connects with all of your banks, all your

credit card companies, downloads the transactions. You just basically click and say, yes, that should be meals and entertainment. Yes, that should be repairs. And it let-- it truly automates a lot of the process. So, guys, this is the time in the 21st century here now, it's easy to keep up with your accounting system. It's not one of those tedious things. I-I've often wondered if my bookkeeper-- and I'm going to talk about what it takes to hire a bookkeeper here in a minute-- but my bookkeeper, I've wondered if she-- when she caught on that I was now downloading the majority of the transactions and they were going into the system before she even had to go do it...

BO: Right.

BRIAN: My bills started going down. My costs to her started coming down. So, these are huge benefits of taking advantage of the latest technology. So, let's jump into the actual software that you can consider. As I-- as I mentioned, the biggest one was QuickBooks. And people like QuickBooks because it's not hard to find a professional that can work with you that's very familiar with QuickBooks since most pe-- most accountants, most, you know, CPAs, tax preparers, anybody who's helping you out with your financial statements probably has some experience with QuickBooks, but here's the thing. Trucking is a very specialized business.

BO: Sure.

BRIAN: It's so specialized that there are actually software companies that have sprung up over the-- over the last few decades that will help you keep up with everything, that will-- that are kind of unique. They're fleet-specific where they can keep help you with load tracking, you know, settlements say well as your IFTA tax reporting. These are all things that are very specialized to your industry, and it's nice if you can have an accounting software that also will help you with some of those specialized reports. So, I want to just throw-- you know, I don't-- like I said, I have no affiliation with any of these companies. I actually pulled this from doing just-- just doing some Google research when we were preparing for show prep today. But the-- the accounting software that's specifically for trucking companies-- and I just-- this is a short list. There's many more companies that you just need to go do your own due diligence and research on, but from my-- my-- my-- my short research, these were the top companies I came up with. There's Pro Transport. (stammers) Try saying that three or four ti-- Pro Transport actually has-- and several of these software applications do-- has a trucker built into the fabric of where the company came from. So, you go to Pro Transport, you can go find out a little bit. It's more specialized. Like I said, it's going to be able to help you out with this dispatch, tracking vehicles and equipment and other things so that's something you can go look at. Trucking

Office is another option that's out there. There's a Rig Books, Truck Bytes, there's a whole bunch of other ones that I'm not even going to get into 'em today, but go out there and just-- I would go tour the websites, see how user-friendly you feel like the interface-- if their website's good, that's probably gonna be your first clue that they're gonna be a-- create a good experience for you as a-- as a client as well. Go-- a lot of them have videos that you can kind of watch and overview then and see if-- if they-- they hit you and make you feel inspired to work with-- with them and their products.

BO: So, this sounds awesome, and it sounds like it's-- can be an incredibly useful tool but, Brian, I'm a small business owner, owner/operator, is it expensive? I mean, am I having to shell out tons of dough to be able to use one of these services?

BRIAN: It's-- truthfully, look, I don't like to spend money on anything, but for what you get, because you can connect now with your apps and-- you know, out there on the cloud and update your software at all times, to think you can get all this for \$21 month or \$28 a month-- because that's like-- that's what a lot of these things can be just a-- you know, less than-- you know, less than \$100 a month, for sure, but I know QuickBooks specifically, their-- QuickBooks essential is \$21 a month. If you want to go to their-- their-- their plus product, it's \$28 a month, and a lot of these specialized ones that let you do the load tracking and other things that are specialized for fleet services with the trucking industry, yeah, they can get up to 60, \$65 a month, but, guys, in the grand scheme of the amount of money you're running through your business, I would not cut the corner on the accounting software. Go and compare the services that they offer, and if there's a \$20-a-month difference, you know, we're talking about \$240 a year. Yes, that's real money, but in the grand scheme of efficiency, one missed payment and a penalty fee or interest that you have to pay on a credit card or-- or a a-- a provider or maybe you get behind on a bill, these things quickly pay for themselves. So, don't let that extra 15, \$20 a month be what holds you back. Just make sure you get the software that works specifically for what you need and your business.

So, let's talk about is it time to graduate to a bookkeeper? Because a lot of you are listening and saying, "Oh, my goodness, I have--" if you're even still with us, but a lot of you are so-- this is so specialized, like, "Brian, I need a partner. This is something I just do not feel comfortable. I'm a great truck driver. I'm great at going out there and getting business and making sure that we have things-- that we got things rolling, but I need a partner. I need somebody to work with me to make sure that we're getting the bills paid and we're also doing a great job of keeping up with it." So, you probably need a bookkeeper if you resemble the following things. Do you find that you're 2 to 4 months behind keeping up with your books? I've already told you I was-- even though I'm a CPA by training as

well as having 16-plus years of tax-preparation and accounting work, I even hired a bookkeeper because sometimes, guys, you just get so busy trying to grow your business, you just don't have time to be doing some of these basic necessary events that need to occur. So, are you getting behind 2 to 4 months? Is your accountant or tax preparer charging you extra because there's extra work required to prepare your taxes?

BO: Yeah, yeah.

BRIAN: Think about that. If your CPA is charging you, I don't know, 175 bucks an hour, 250 an hour and then, you know, they tell you, "Gosh, I could have saved you some money if-- if--"

BO: You didn't bring the shoebox.

BRIAN: If I didn't have to create that spreadsheet just detailing everything that you didn't do throughout the year or maybe you just had an IRS notice and then you paid a penalty because you underpaid what you were supposed to at the end of the year-- and talking about making you feel poor. You think that you had a great year in the business. You have some money in the bank, and then you go to get your taxes done and then your preparer says, "By the way, you owe them \$15,000 more." You're like, well, wait a minute. I thought I was successful. I thought this was working out. Or, you know, just the idea of working on your books gives you a sense of dread. If you're chewing your fingernails because you just don't want to keep up with your accounting system, go get a bookkeeper. So, let's kind of talk about what you need to do to hire a good professional bookkeeper. And here's the good news about the whole process. Their fees are 100% deductible to your business. That doesn't mean it's free, but it definitely helps when you know that Uncle Sam-- assuming you're in the 25% bracket, maybe you have a 5% state income tax-- isn't it nice that Uncle Sam's probably going to pay 30% of the cost of your bookkeeper by being a deductible expense?

BO: Hear, hear.

BRIAN: The other thing is, is that it's much cheaper to pay your bookkeeper than it is to pay the IRS, your banks for any fees that you have there, credit card companies, or just your-- your vendors. I mean, think about this. If you have somebody that you're buying, you know, whether it's your fuel, rewards, you know, equipment, repairs, if you get behind on stuff, I tell you guys, people talk. If you want to be a successful businessperson, carry it all the way through so people know you always pay your bill, that you show up when you're supposed to, you do everything appropriately, and paying your bills on time is right in this-- just as important as you making sure that your drivers and that the loads are delivered

when you say they're going to be delivered. So, make sure you're keeping up with all that. So, here's what to look for with a bookkeeper. Here's what I would use as a guideline. You need to ask them what their-- their depth and variety of accounting experience? Specifically, have they worked on trucking and the unique compliance requirements that are involved with...

BO: Sure.

BRIAN: ...you being a trucking company? And then how many years have they been in accounting? Is this somebody who's green? I would try to find somebody with at least five years of bookkeeping- and accounting-type experience so that you're not letting them learn how to do their job with your books.

BO: Sure.

BRIAN: It just doesn't make sense. Check their tech-- technology. Ask them which accounting packages-- we just went over some of them-- which accounting packages are the most comfortable working with? Do they have any certifications? And do they have the capability where you can login through the cloud and, you know-- do they have an account access to do that? Because that's one of the cool things that I have found is that-- for instance, guys, my bookkeeper for my businesses? Not even in the same state, and I think that is perfectly fine with modern technology now. They'll have their own user ID and login information. You'll have your own user ID and login information, and then you control their access. So, if you ever get frustrated with this bookkeeper, you can cut off their access to your company through the data that's out there in the cloud, and I don't even think-- I didn't even play this up. By having your data also in the cloud-- because I had-- I was reading in some forums as-- preparing for this podcast, and I had this happen to me in the second year my business was i-i--- you know, started up. I had my computer stolen out of my office. My office was broken into, had stuff stolen. If you're keeping track of everything and you're not backing it up, it can be catastrophic for your business.

BO: Sure.

BRIAN: So, the good thing about all the accounting system being out in the cloud and having a bookkeeper that can work with you out there on the cloud as well is that that data is constantly and always going to be backed up for you. So, find out what they're comfortable with, and then here's a big one, and this one's probably hard just being self-reflective-- I know that not all of us are the best in this-- is personality. You know, when you-- when you think about your ideal bookkeeper, you know, you're probably like, oh, no, this has gotta be somebody who probably loves numbers. That could be--

BO: Super nerd.

BRIAN: That could be kind of scary, but the truth of the matter is you have to enjoy working with this person. So, when you're interviewing your bookkeeper, see if this is somebody that you would feel comfortable with, because you're hoping that this is not a short-term relationship. A good bookkeeper might be somebody you're working with for the next 10, 15 years. So definitely pay attention to, you know, what's going on and if you like their personality. Because that's one of the - the biggest-- you're letting them into the biggest secret of your life, which is complete transparency with your finances. So, make sure you do like this person. And then find out how you work together with this person. You know, it's-- like I said, my bookkeeper, I work with them and they live in a completely different state than me, but some people-- you know, maybe you're so disorganized, you actually need somebody who's coming by your office or your house and, you know, they're-- they're taking your shoebox and turning it into something beautiful because that's a-- that's a-- some people just can't change their behavior. If you know you're so disorganized, you know, you're able to keep up with your receipts, you're able to keep up with your logs, but you just don't know-- you're not good at getting it all turned into financial statements, you might need a local bookkeeper that can actually physically come to your place, look at your shoebox and turn it into a-- you know, a legitimate accounting system. So, those are the things, and then the last thing kind of to close out your relationship with the bookkeeper is just ask them how will billing work? Are they gonna they bill you on a monthly basis? Are they gonna bill you quarterly? You know, is there extra charges around tax time that they have to do some compliance with your 1099s because they're gonna be sending out the 109-- 1099s for you? And then find out how much they get charged. Do they charge you by the month? They charging you-- and what are they basing that on, by the hour or just by the project? These are the things that you need to ask your bookkeeper to make sure nothing is overlooked and also because if you talk about these things on the front end, there'll be no missed expectations, and you won't be disappointed, and they won't be disappointed. It'll be a better relationship.

BO: So, if I'm hearing you right, Brian, and I am somebody who's ready to graduate from shoebox accounting, there's really three things I need to do. The first is sort of get organized so I'll understand how profitable my business is, and the in one to do that is by calculating my cost per mile, all my fixed expenses plus variable expenses plus salary and personal expenses based on the number of miles I drive. So, once I know that, I know how healthy or unhealthy my business is. And then I need to make sure that I'm keeping all the regularary-- regulatory authorities happy with me, make sure I'm staying compliant doing the things I'm

supposed to be doing, and then I need to think about, at that stage, if I really want to go to the next level, hiring some help. The first piece of the puzzle in hiring that help is possibly getting some software to help me with my bookkeeping and then even if that's not quite enough to allow me to stay on top of it, I might even want to get an actual bookkeeper to help me graduate past that process.

BRIAN: Without a doubt, that is the perfect executive summary, Bo, and that's what-- guys, this is an exciting topic for me because it's one of those things-- I think there is an amazing thing that goes on behind-- be-- between your shoulders-- and I'm talking about your head-- is that a lot of you guys, you're like, "What will change for me about my business just because I'm doing accounting?" What I have found is whenever I write something down, when I put down goals, whenever I start reviewing financial statements, I don't even have to specifically put a goal out there. Something just happens I think in the back of your mind where it starts-- when you start seeing and reading and looking at things and tracking it, it will get better. It-- it sounds mystical to say that, Bo, but remember we tried this. We've tracked our customers, we-- because when you have a good accounting system, you can start organizing your customers, which ones-- you see which ones are the most profitable, which ones are the least profitable, and you-- you might look at it when you first do this, you'll be like, oh, my goodness, 40% of my customers are horrible.

BO: Yeah.

BRIAN: And-- you know-- but then you'll come back three months later, and you'll be like, wow, that number's down to 25%. I'm doing much better about the jobs that I'm taking on, and then I wouldn't be surprised because this happened for us for our own business when we got more organized and we actually implemented these things, we talked about it. You might come back 12 months later and be like, man, I am night and day from where I was 12 months ago. Now look how much more-- my cost per mile, I mean, it's gone down because I'm paying attention to my expenses. My profit per mile has gone way up, and my employees are happier. My wife and-- or my husband are happier because we're just doing a more efficient job. We're not letting this stuff build up. All this can be yours if you'll just spend the time and graduate from that shoebox accounting.

BO: Brian, isn't it amazing that Progressive Commercial even gives us the opportunity to put this opportunity to put this information out there? They are America's number-one truck insurer. And they make this information exclusively available out on truckerterritory.com, which is a website that's dedicated 100% to

celebrating you, the American truck driver. Not only do we appreciate you, but we want you to be able get the most out of your hard-earned dollars.

BRIAN: If you like what you hear, you know, please let us know. Go on truckerterritory.com and let them know, but also let us know. You can e-mail us directly. I'm Brian, B-R-I-A-N @MoneyGuy.com You can also write my co-host, Mr. Bo Hansen at Bo, B-O, @MoneyGuy.com.

BO: Yeah, Brian, another thing you can do is you actually go right out to [Facebook.com](https://www.facebook.com) and leave a comment directly below this post.

BRIAN: Let us know if there's additional things that you want us to talk about. We're going to be doing this every month until the end of the year, and we just want to make sure that we're giving you as much information and really helpful information to become the best version of your trucker self as well as make your business as profitable and successful as possible. I'm your host Brian Preston. We'll talk you in the next month.

ANNOUNCER: The Money Guy podcast is hosted by Brian Preston. Brian Preston is a principal with Abound Wealth Management. Abound Wealth Management is a registered investment advisory firm regulated by the Security and Exchange Commission in accordance and compliance with the securities laws and regulations. Abound Wealth Management does not render or offer to render personalized investment or tax advice through The Money Guy podcast. The information provided is for informational purposes only and does not constitute financial, tax, investment, or legal advice.

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