



## **The importance of your Trailer Equipment!**

To be a professional logistics service provider, you must be able to help build the business of trucking companies. For you to be successful, you must leverage your knowledge of 1 piece of equipment and become a professional with that equipment.

### **There are 4 main types of trailer Situations used today:**

1. Power Only – Truck with no trailer. (You Still Need A Trailer)
2. Van (Dry Box)- (53' 102") wide with swing doors. Air ride- food grade walls preferred with track system or load locks. Can haul 44k-45k lbs. 9inch floor members for heavy loads.
3. Flatbed (48' 102" wide) Can haul 48k lbs.
4. Reefer (Refrigerated) (53' 102" wide) Swing door. Can haul 43k-44k lbs.

### **Why only choose to work with 1 type of trailer equipment?**

The old saying of do one thing and do it well applies 100% to this theory when it comes to being proficient and most of all consistent with one piece of equipment rather than trying to move freight with multiple types of trailers and not being good with much at all.

- It's difficult enough to find freight for one trailer, how much more difficult is it for multiple trailers?
- Remember that you are new to this industry and you must establish yourself within logistics to become a professional.
- You open one door to a shipper, and you open many doors for your same trailers.
- You begin to create consistency within your field of work which is what Brokers must accomplish to survive financially.
- You become that "Broker" everyone will know and want to know for freight within selected industries for that type of equipment. You become "that Guy!" (ladies included)

## **What Type of equipment should I Be Willing to choose and work with at first?**

Logistics is full of limitations and to become successful we must remove as many limitations as possible. The limitations are but not limited to:

- Type of equipment (Do you have what you need)
- Driver availability (Driver must be knowledgeable with equipment)
- Industry needs (Supply and demand)
- Location of equipment (good rates or bad rates)
- Weather (Tarping flatbed freight in -10-degree weather is almost impossible.)
- Quality of equipment (New equipment is better. Don't break down with your shipper!)
- Consistency of freight (Top Important! Weekly freight = income)

**When starting new in the Broker industry, you must choose equipment that will allow you to remove as many limitations as possible so that you can quickly create consistent freight lanes!**

### **MY Choice of equipment in the beginning would be:**

- Power Only (Niche Industry since many owner operators do not own a trailer) **“The Golden Rule Of Trucking”**
- Van Trailer (Most Abundant)
- Reefer Trailer (Everyone Must Eat!)

### **“The Golden Rule Of Trucking “**

How far are you willing to go to become full circle? Being a true Logistics Provider can also mean owning equipment!

***“The person who owns the trailer Is the person who controls the industry, controls the driver and controls the freight!” ..... Michael Thomas***

## Owning Trailers can be lucrative and position you for success.

- Many owner-operators do not own a trailer for various reasons. Giving them a trailer to use puts you in control.
- Having a trailer allows you to control the freight and control the industry you are building into.
- Trailers produce on average \$1800.00-\$3000.00 monthly profit for the owner. Dispatch Fees including Trailer Rental Fees and Broker Fees- This is Better than real estate and paid weekly)
- Creating an equipment business can skyrocket your broker business and put you into what I call "Full Circle" logistics. This also puts you in control!

## Let's Look at a Real ROI Scenario Involving a Trailer

2023 Dry Box Trailer:

- Loan amount: \$45,000 (\$55,000 - \$10,000 Downpayment)
- Interest rate: 11% per year (converted to monthly:  $11\% / 12 = 0.9167\%$ )
- Loan term: 60 months

Using the loan payment formula, we get:

$$\text{Monthly Payment} = P * (r * (1 + r)^n) / ((1 + r)^n - 1)$$

where:

- P = Loan amount (\$45,000)
- r = Monthly interest rate (0.9167%)
- n = Loan term (60 months)

Plugging in the values:

$$\text{Monthly Payment} = \$45,000 * (0.009167 * (1 + 0.009167)^{60}) / ((1 + 0.009167)^{60} - 1)$$

$$\text{Monthly Payment} = \$997.82$$

Therefore, your estimated monthly payment for the trailer would be \$997.82.

ROI:

Using the same calculations as before, we can now determine the total cost of owning the trailer:

- Trailer cost: \$55,000
- Down payment: \$10,000
- Loan amount: \$45,000
- Financing cost:  $(\$45,000 * 0.11) * 5 \text{ years} = \$24,750$  (assumes constant annual interest for simplicity)
- Maintenance cost:  $\$3,500/\text{year} * 7 \text{ years} = \$24,500$

Total cost:  $\$55,000 + \$24,750 + \$24,500 = \$104,250$

Now, let's calculate the total earnings:

- Rental income:  $\$1,600/\text{month} * 12 \text{ months/year} * 7 \text{ years} = \$134,400$
- Sale price: \$23,000

Total earnings:  $\$134,400 + \$23,000 = \$157,400$

Finally, calculate the ROI:

- $\text{ROI} = (\text{Total earnings} - \text{Total cost}) / \text{Down payment} * 100\%$
- $\text{ROI} = (\$157,400 - \$104,250) / \$10,000 * 100\%$
- $\text{ROI} = 531.5\%$

Therefore, based on your initial assumptions, the estimated ROI for this trailer investment would be **531.5%**.

Remember: These are just estimates and the actual outcome may vary depending on several factors such as actual interest rates, vacancy rates, unforeseen repairs, and changes in market conditions.

***Logistics is an intricate game... Learn how to play it successfully and you will profit greatly!***

***Do You Know How Many Pallets Can Load On a 53' Trailer?***

In a perfect world with a trailer of 102" inside width, precision-made 40 x 48 pallets with no freight overhang, and a skilled forklift driver with a side shift carriage, it is theoretically possible to load 30 such pallets, two rows of 15, single height, 48" dimension across and 40" dimension along the long axis of the trailer. And it's a tight fit. And that's in a perfect world.

Additionally, if the freight is uniformly stacked on the pallets of equal height the freight is capable of being stacked, and the height of the loaded pallets does not exceed ~50–52 inches, you could double the number of pallets to 60. Again, perfect world.

Alternatively, if the pallets were rotated 90 degrees and loaded with the 40" dimension across, theoretically you could load only 13 rows of pallets for a total of 26 single-stacked, or 52 double-stacked. You would not need a side shift forklift, but it would be nice, and you could get away with a less skilled forklift operator.