



OVERVIEW AND DESCRIPTION OF CONSULTING SERVICES AND SCOPE OF WORK

Consultant will assist Client in setting up a turn-key Semi-Truck Fleet Company. Generally, its usually preferable to save your cash flow and finance or lease the newest truck you can afford. If you have the budget for a Trailer too, this will allow you to maximize your weekly revenue. A "decent" used truck (no trailer) can cost you \$65-\$85K, while a newly leased vehicle can cost you \$1300-\$1800 weekly depending on your credit. A good warranty is preferred, if you acquire a used truck. Estimated time frame for completion of all work is 90 - 120 days.

1. Set up Company (these expenses covered by the Consulting Fee of \$6,999)
 - a. Register new company with the Secretary of State
 - b. Obtain Articles of Organization or Incorporation
 - c. Obtain EIN from IRS
2. Create Simple Company Logo (and signage if setting up a Truck Authority)
3. Purchase preferred website domain, create simple website, create company email account
4. Assist in purchase Semi-Truck (This is done by the Client and *supervised* by the Consultant)
 - a. Consultant and Client will identify the model Semi-Truck with the lowest miles through wholesale/ Dealer connections within budget. A Trailer can be rented (or purchased) at a later date if so desired.
 - b. Consultant will screen and supply expert input before Truck purchase
 - c. Client will fund the purchase of the Truck (under the Consultant's direction)
 - d. Consultant will help to have certified diesel mechanic do a pre-purchase inspection of the Semi-Truck (Client will pay for this service.)
 - e. Consultant will assist in the preparation of registration and Heavy Duty Tax Exemption filing
 - f. Consultant will assist in the filing for Registration and Apportioned Plates (tags)
 - g. Consultant will assist in purchase of all necessary Insurance coverage for Truck
 - h. Client MUST submit title to local DMV to transfer title within 30 days of purchase. (Title transfer fees will apply and varies by state, typically 6 - 8.5% of vehicle sales price.)
 - i. We will arrange storage of your Semi-Truck until it is road ready if necessary (Client pays for this)
5. Recruit, screen and hire drivers (Consultant covers these costs)
 - a. We will recruit the best qualified driver for you:

- b. We (Consultant) will pay for the necessary ads and recruiting fees as well as drug screen, background check, MVR reports, and verification of previous employment. These costs are capped at \$1000 (for a single driver). The Client will pay for any additional costs, for example if Team Drivers are recruited, Client will pay for these additional costs.
- c. The pre- hire Driver orientation is provided by Consultant
- d. After the driver has been cleared and approved, Consultant will prepare Driver Contracts and coordinate travel arrangements for pick up of semi-truck. *Client covers these costs.*
- e. Driver Pay = Gross Revenue (revenue after admin %) - Fuel Cost x 30% (starting pay for drivers). Drivers will have the ability to earn a pay increase after their 90 Probationary Period and every 90 days thereafter through our Performance Pay Increase Program. Maximum split not to exceed 50%.
- f. Driver is not responsible for Fleet Owner expenses associated with the operation cost of the truck. Such fees include Workers Compensation Insurance, Occupation Accidental Insurance for the driver, Trailer rental (if applicable), Non-Trucking & Physical Damage Insurance for the truck, Equipment Rental (Trailer), Security Deposit and Escrow Maintenance Account. These fees can range from \$200 - \$800 per week.

8. Loads (Dispatching)

- a. We secure dispatching/factoring for your semi truck thru our partner Carriers
- b. We secure a contract with a local Shipper (if applicable)
- c. Complete contract paperwork required
- d. We connect you with freight brokers and 3 Party Dispatchers (if applicable)
- e. We are responsible for optimizing weekly Truck Revenue and producing weekly reports

9. Management of the Driver

- a. Consultant will manage and oversee the operations of the Client's business as it grows. Management services will include management of drivers, communication with carriers, oversee loads dispatched to the truck, coordinate all repairs and maintenance, maintain maintenance records through Fleet Hub (Fleet Management Software), maintain bookkeeping of income and expenses through Excel Sheets, and process weekly payroll for drivers via ACH/direct deposit.
- b. Client is responsible for ALL maintenance and repairs of Semi-Truck, Trailer and driver pay.
- c. Client must set up a Maintenance Account with a minimum of \$800 for such repairs, maintenance and driver pay.

10. Weekly Settlement Statements, ACH Deposits from Carrier and Driver Pay.

- a. Weekly ACH deposits will be deposited directly into the Client's business account by the

Carrier. The Carrier will deposit the weekly ACH deposit into the Clients account and or Consultant's account. A reconciliation of all funds due to all parties involved (Truck Driver, Client, Consultant, Carrier) will be disbursed post haste once a week. The Consultant will be responsible for distribution of funds to the Client and the driver. The Carrier will issue a weekly settlement statement reflecting the gross load revenue, fuel expenses, weekly fees and net pay to the truck. The Consultant will use this statement to calculate the drivers pay and net profit to the truck.

- b. **Net Profit.** Net Pay to the Truck - Driver Pay - Management Fee
- c. **Driver Pay.** Company can pay Driver a simple 25-30% of the weekly gross (depending on experience). Or Company can pay the driver up to 50% of the gross revenue of the truck minus fuel cost. Drivers will be eligible for a pay increase up to 2.5% every 90 days through the Performance Base Pay Program. Starting pay percentage = 28-30%.
- d. Drivers are not responsible for your weekly fees.

We can discuss the best driver pay to suite your taste. You may want to pay them by the mile.

1. **Consulting Fee.** \$6,999.00 (up to 2 trucks and trailers) and covers all of the cost associated with the Services and Scope of Work listed above except where noted.
 - a. Client shall pay Consulting Fee upon execution of Consulting Agreement. Payment of this fee will engage the consultant and begin the process.
 - b. If multiple trucks are brought on at the same time initially (3 or more), Client shall pay \$6,999 for the first two (2) trucks and \$2,000.00 for each additional truck.
 - c. If Client currently owns their own truck (but needs a driver), the Consulting fee shall be \$3,500.00 per truck. Trucks must be approved by the Consultant and pass DOT inspection. Repairs may be necessary and Client will be responsible for such repairs.
 - d. If Client currently owns their own truck and has a driver, the Consulting fee shall be \$1,500 per truck to get the truck and river road ready. Trucks must be approved by the Consultant and pass DOT inspection. Repairs may be necessary and Client will be responsible for such repairs.
2. **Management Fee.** 15% of weekly gross per truck (factoring is an additional 3% to Factor company) for Owner Operators, and 18% of weekly gross per truck for full Truck Authority management
 - a. Consultant will manage and oversee the operations of the Client's business. Management services will commence upon Truck and Driver receiving the first load.
 - b. Management fees will be processed on the 2nd Week after Truck and Driver hit the road.
3. **Additional Expenses.** In addition to the Program Fees mentioned above the Client may have additional expenses as related to purchasing the Semi-Truck. Additional fees include but are not limited to Temporary Insurance Binder, DOT Inspection, Transport fee, Title Transfer fee, Minor repairs, Driver Expenses and Fuel Cost. Consultant shall invoice Client for additional expenses. See Fee Chart Below for an estimate of Additional Expenses.

OVERVIEW OF PROGRAMS OFFERED TO DRIVERS

1. **Performance Pay Increase Program.** Under this program, drivers are rewarded for outstanding performance and encourages drivers to perform their best. Drivers have the opportunity to earn up to 50% of the net profit. Based on the driver's performance during the Probationary Period, he/she will be eligible for a percentage increase of up to 2.5%. Their performance will be evaluated after the 90 day Probationary Period and every 6 months thereafter. Max = 50%
 - a. Drivers will be evaluated on the following key performance indicators:
 - Safe and legal operation of your vehicle
 - On-time service
 - Production
 - Maintenance of vehicle
 - Fuel performance and management
 - Communication
 - Customer service
2. **Owner Operator Program.** Under this program, drivers have the ability to **own** their truck after 2-3 continuous years of employment.

We developed this program for two reasons.

1. To promote motivation for the driver to stay committed to driving for you.
 - Most drivers want to own their own truck but it's an unattainable goal due to finances, credit or lack of business knowledge. So what we do is after 6 months of continuous service, we restructure their compensation percentage, so at least \$1000 a week goes into an account to pay for the truck.
 - After the newly minted Owner Operator receives the title from you or the lending institution, they have the option to stay with your company or leave out on their own.
 - We will help you to replace the Truck and Driver for \$1000 which covers our consulting fee (our standard New Truck acquisition and Driver replacement option).
2. In the Trucking Industry, most Fleet Owners replace their trucks every 3 years. In 3 years, your truck will be approaching the 1 million mile mark. Although most trucks will continue running strong well over 1 million miles without any major issues, why take the risk. Assuming we are still doing business together under this contract, we will help you to replaced aging vehicles at no additional consulting fee.

FEES/COSTS	Truck w/ Low Miles
Consulting Fee	\$6,999
Semi- Truck (expect to spend \$65-85,000 on a road ready vehicle)	\$65,000+
ADDITIONAL FEES TO BE PAID BY CLIENT OUTSIDE OF CONSULTING FEE	
Temporary Insurance Binder <i>Typically does not exceed</i>	\$1,400
Truck Transport Fee + Truck Temporary Storage	\$1,250
Apportioned Plates (Tags)	\$1,400
IRS 2290 - Heavy Duty Vehicle Tax	\$850
Registration & Title Transfer Fee	6 - 8.5% of Vehicle Sales Price <i>will vary per state</i> \$4,400
Miscellaneous start up costs - <i>Minor Truck Repairs, Fuel, Driver Expenses, Escrow Setup , Mobile DOT Inspections (2)</i> <i>Typically does not exceed</i>	\$4,500
TOTAL Estimated INVESTMENT	\$85,799

Client's total investment will vary based on the cost of the semi- truck, the broker loan fee (if financing required), miscellaneous cost and title transfer.

As you can see, in this document, I spent the most time focused on the expenses so that a potential Investor can go in eyes wide open. If you get a truck in good working condition on the road with a good driver, you will make money. This model assumes we set up your company as an (Investor) Owner Operator and we lease your vehicle (with driver) on to one of our partner Carriers. This is the fastest and cheapest start up model. If you desire your own Truck Authority, add \$699 to the consulting fee (\$6,999 + \$699 = \$7,698) to cover additional filing costs and labor. Also note that you have to make a significant deposit to secure the binder insurance for your Truck Authority (\$3-7K) depending on what state the authority is domiciled in, truck, equipment and MVR of your driver.

Potential Profits:

You can estimate a net profit of \$800 - \$1200 on the average Semi Truck without a Trailer, after you pay out all of your expenses.

You can expect a net profit of an additional \$1000-\$3000 per week per truck net, depending on the type of Trailer, condition, etc.