

Building Your Fleet **BEN**

Buying Vehicles

All right. So buying vehicles. Okay. So growing and scaling your plumbing business, you're gonna need vehicles for your guys to drive around. Okay. So you just gotta do it. It's part of buying vehicles. And, you know, it's kind of goes against what you've been taught maybe growing up is like going into vehicle debt is bad. Right? Well, in the case of business where you're gonna buy this vehicle and it's gonna cost you know, a thousand to \$1,500 a month, but it's gonna make you, you know, 30 to \$50,000 a month. Well, in that case, it's a good thing. Okay. We'll kind of go into that a little bit greater detail later, but basically in this video, we're gonna answer these questions here. Should I buy new or used? What kind of vehicle should I buy? Should I finance or should I buy cash? When do I buy a new vehicle? And how many vehicles should I buy? Okay. So let's get to it. Should I buy a new or used vehicle? Okay. And I'm a big fan of buying new, right? Because there's less maintenance. It lasts way longer, right? You're gonna buy this van and your guys are gonna drive the crap out of it. So if you buy something that's already used, already has some mileage on it, it's gonna last you a very short period of time. As it is, these vans are only gonna last you a few years. You're gonna get them pretty much paid off and then you're gonna end up selling them and getting a new one, okay? Because your guys are gonna drive the heck out of them, they're gonna beat them up. So if you buy them new, you can have them for longer. Okay? Also buying new, it's easier to finance. Okay? So you're gonna wanna finance your vans, which we're gonna go over later in this course, but it's gonna be way easier to finance a new van. Most of you are just starting out and growing your business and banks are not gonna wanna loan you money on a new vehicle. But if you or sorry, on a used vehicle. But if you go through a dealer, they have a huge incentive cause they wanna sell you this van. So they're incentivized to get you a loan. So actually get you through programs to get you loans. K? So working with a dealership is actually a really good way to be able to get the loans for the vans. K? Number two, they're gonna look better. They're not gonna be all dented up. They're gonna be brand new. And because of that, they're gonna attract top talent. Okay? Oh man, I see these vans driving all around. They're all brand new. I get to go work on one of those. That'd be awesome. Right? So you're gonna attract guys just because you have the nicest vehicles. Okay? So in my mind, buy new. Buying used is just a bad idea. Unless you just absolutely have to buy used. Okay? Like, let's say you have bad credit and you cannot get anything but a \$5,000 old Chevy Express. Well, you gotta do what you gotta do, right? You gotta make this plumbing business work. In that instance, you might have to buy used. But when at all possible, I would buy new. So then what kind of vehicle should you buy? Okay. A lot of guys get wrapped up with this. Which van is better? Which van has the better motor suspension and can tow more and holds more and all that junk. Right? And the fact of the matter is like, you ain't gonna be driving around. So who cares? Right? If it can hold parts and it can drive a guy around then and it can make you money, then buy it. Okay? If you do lots of dig jobs, maybe you want a truck, maybe a pickup truck with toolboxes and a pipe rack would be a better fit, right? Maybe you need a combination of vehicles. Maybe you've got some small vans for stuff and some big vans for other things and some trucks for other things. And so the moral of the story is buy the one that best suits the work you do. Okay?

And whichever one you can get at the time, like vehicles have been hard to get. So if all you can get is Ford Transits, by all means, go buy Ford Transits. If you're a Dodge guy and that drives you insane, I'm sorry. But once somebody's driving around in it and making you money, you're probably not gonna care. Okay? So don't worry about what kind of engine or what kind of towing or all that stuff. It doesn't really matter at the end of the day. Okay? And again, should I finance or should I buy cash? So you can buy cash vehicles, right? But the problem is you're not gonna be able to scale very fast, okay? So if you just go finance, it keeps that cash on hand and then you can use that cash on more marketing. You can use that cash on making the payment. So it lowers the risk, right? Cash on hand lowers risk in your business. And then really the payments aren't that much and the customer's paying for it anyway. Okay. So as long as you have these payments in your hourly rate calculator, but you're gonna wanna have them in there even if you're paying cash, because at some point in time, you're gonna have to buy a new vehicle. Right? But if they're paying for it and that thousand dollar payment or \$1,500 payment can make you 30 or \$45,000 a month, To me, it's a no brainer to finance these. K? It's the only time I would ever go into debt to buy anything. Right? In your personal life, I feel like going into debt to buy a fancy vehicle, unless you've just flushed with cash, would be a bad idea. I've always been a fan of buying my vehicles cash. But for my business, you know, if I was to try and buy, I think we've got 11 vans now at, you know, 70 to \$80 apiece. That would have taken me a lot longer to build my fleet than if I just went and got loans for them. So it allows you to scale faster, which then you get to take advantage of economy of scale and lower the risk in your business by going into debt. Okay? So it's kind of backwards from personal debt. Okay? When do I buy a new vehicle? So you need to buy a new vehicle before you need it. Okay? That way you have it on hand when you need it. Okay. So if you've got four guys and you've got four vehicles, then, you need to go buy a fifth or if you've got four vehicles and you're about to hire on the fourth guy, then you need to go buy a fifth. Right? So you always wanna have one more van than what you need at least. And sometimes it might make sense to get two more vans. Okay? So let's say you've got five guys going already and you're out of vans. In that point in time, it might make sense to just go get two or three more vans because those five guys are going to be able to make those van payments. And if you're gonna continue to grow your business, you're gonna need those vehicles anyways. If you can just get three of them knocked out in one go, it's gonna make your life easier. Okay? So just think ahead with your vehicle purchases. Okay. I'm growing and scaling my businesses. I'm gonna need some new vehicles. I should go buy them now. Another thing to think about in timing is taxes. Okay? So as you make money, you're gonna have to pay taxes and vehicles save you a lot on taxes because you can depreciate a lot of it. Used to be able to depreciate the whole thing. But now with Biden's new tax laws, I think this year you can only depreciate, I think, 80% of it. But still on an \$80,000 van, that's a lot of depreciation that you can take the first year. Okay? And then how many vehicles should you buy? Right? So go back to your why. At the beginning of this course, not this course, but this whole course, right? We had you figure out, hey, what do you want out of your plumbing business? How much do you want to make? How many guys do you want? How big do you want to grow? Okay. So if you wanna grow to a 4 to \$5,000,000 shop, depending on where you are, you're gonna need eight to 10 guys. Okay. So that means you would want if you need eight guys, you should be able to go through your calculator and figure this out. If you need eight guys, it means you're gonna need nine vans. K? Because you wanna have a spare. What if one of your vehicles has

to go in the shop? K? If you need 10 vans, you know, 10 guys hit 5,000,000. If 5,000,000 is your goal and you need 10 guys, then you're gonna want 11 vans. K? So just always have a spare. Think ahead. Think about how many guys you want. Think about how big you wanna grow. Go buy some vans. Go into debt to get them, and you guys will be rocking and rolling.

Vehicle Maintenance

K, guys. So one thing you're gonna wanna think about is vehicle maintenance and how you're gonna take care of that. K? Because they're gonna need oil changes fairly often because your guys are gonna be rolling around in these vehicles. They're gonna need oil changes. They're gonna need brake pads. And you need to make a plan of how you want to get that done. Okay? So you can take them in to get serviced. Sometimes when you buy a new vehicle, can buy a maintenance plan and then you can take it to the dealer and they'll go through and do your oil changes and all that kind of stuff. Or you can just service them yourself. So what we do at my shop is we service them ourselves. So we have the guys track their own mileage. You know, we drive these Mercedes, they're diesel. So we change the oil every 10,000 miles, just like the manufacturer recommends. And we just keep oil and filters at our shop, which keep oil filters and brake pads and a set of calipers at our shop. And the guys know every 10,000 miles like clockwork, give or take a couple of miles, they can roll into the shop and change their oil. And the reason we do that is because taking it to a shop to get serviced usually takes an entire day. Okay? And I don't want my van sitting there for a whole day because it costs me a lot of money to have my van sitting there for a day. So my guys can roll in. Our vans are so tall. They're four wheel drive. They slide a five gallon bucket underneath the oil pan, pull that plug, and off they go. Right? Twenty minutes, they got their oil changed. We've got all the tools there, everything set up for them to do their brake pads or even their rotors. So they can come in. They can literally change their oil in twenty minutes. They could probably have all their pads and rotors done in an hour, and then they're done. So in a two hour time frame, they can pretty much service anything that needs serviced on the van. And that's why we do it that way. So but whatever. Right? You need to make a plan and go, okay. This is how we're gonna do it at my shop. K? And whether that's take them in, then you need to get a system in place for taking them in, make sure you guys know where to take them, how often to take them. Or if that's doing it in your shop, then you need to have a plan. Right? Okay. We come to the shop, we change our own oil. We do it this often. And here's all the tools. Here's all the oil. We keep this in stock. Do it yourself. Alright? So think about how you wanna do it and go make a plan.

Vehicle Storage

Another thing you're gonna wanna think about when you're thinking about vehicles is whether you're gonna let your guys drive them home or whether you're gonna store them at your shop. Okay? So I elect to drive my or let my guys drive them home. Okay? For a few reasons. Right? So imagine you've got a shop where you gotta store your vehicles. So now you either need to keep them inside where they're safe or you need to have a fenced in area that can fit all your vehicles. And then when all your guys show up, they need to park their personal vehicles there, and you need to have enough space for them to park as well. So by having them take the vans home, it kind of solves those problems. They can just drive their, you know, company van in and then drive their company van home. That's also a good perk to get people to come work for you. Okay? You wanna build a place that's a good place to

work. Well, if they don't have to pay for gas to get to work, then that's way better. The third benefit is that, you know, they're driving these after work and before work. And I even tell my guys, like, I don't care if you drive these on the weekend because in my mind, these are a giant billboard driving around town. So if they go to the store, go to the mall or whatever, I don't care if this thing is sitting in the parking lot and they're driving it around all weekend. I could care less. We just ask them to refill it with gas. But in all honestly, I don't even really care if I'm paying for the gas. Right? So because it's free advertising and it's really good advertising, okay? It's a physical thing like in front of their face. So it's kind of up to you, but you got to think about that. Another benefit of them taking their vehicles home is that they don't necessarily have to show up to the shop in the morning. So maybe you're in a big city or maybe you're in a rural area where it's real spread out either way. And you can have a guy that lives way over here. Well, you could assign him jobs in the morning near where he lives. So that way he can get to his jobs really quick. Right? You just wanna make sure and lay that out with your guys so that they know, hey, drive time is on you. Okay? So if you're gonna go to somebody's house, you need to not leave your house at eight, but you need to be there at eight. Just like if you were to show up to the shop, you would have to be here at eight. Okay? So that's something to think about when you're thinking about your vehicles and hiring guys and buying a fleet is where you're gonna park them. Are they gonna drive them home? And to kind of think of the pros and cons of both. Honestly, I would elect to drive them home if I was you guys because of all the benefits that I just went over.