

A Family Cab Company

While the distributions will be great wealth creators for society as a whole, it is evident from some of the example families that they will not create an abundance of wealth for any particular family. Bubble-up wealth (wealth borne directly from the distributions), tends to be modest. In an AFFEERCE economy, significant personal wealth is created by innovation and increasing the efficiency of the marketplace. Capital will accrue to those who bring great products, services and thus great wealth to the nation. It is the free market, not the distributions that will allow significant wealth to accumulate to those who deserve it.

This next family runs a jitney cab operation. Their skill at automobile repair gives them an edge in what will likely be a highly competitive business. They aim to keep a fleet of cabs in top shape. Suppose this is a family of 8 adults with three auto mechanics. They support a fleet of 12 cabs, with the intention of having 8 in the field at all times. One family member cleans and polishes cabs, as well as maintains and schedules a pool of drivers. Another member studies the dispatch data to locate the best routes and discusses this with the drivers. The other three adults maintain the household, although all of them are able to drive. However, the drivers, in general, will not be members of the family.

There is an attempt to schedule cabs and drivers so eight are out in the field at any one time. If a driver calls in sick or is a no-show, usually one of the mechanics will fill in and bring in extra money. All of the family members drive from time to time.

Assume that the average cab is half-full and travels 20 miles in an hour with 20 pickups and drop-offs. This is \$40 in revenue. Subtracting \$4 for gas leaves a net of \$36. In the contract, \$18 plus tips goes to the driver and \$18 goes to the jitney family. Since the driver will take breaks, and go to and from routes, assume that the cab is active for 20 hours a day. Thus a cab brings in \$360 per day. If a cab without warranty costs \$40,000 and lasts 2+ years with good maintenance, then \$50 in depreciation + \$10 in replacement parts per day is generous. Major collision and liability is \$600 per month, leaving a net of \$280 per day profit per cab. With eight cabs in the field at any one time, that is a profit of \$2,240 per day. In a year's time, the family can fund 4 children and have \$600,000 remaining. If family members drive from time to time, the money brought in will be that much greater.

This business did require an initial investment of \$480,000 for the first fleet and probably several hundred thousand dollars for the body shop plus a starter home for the family. If financing was provided by citizen investors at 6%, an added expense of \$42,000 a year for interest would cost only 5% of profits. However, because only scrip can be paid when a citizen investor loan is extant, and during that time family members would do much of the driving, the loan would be repaid in about 6 months.

Businesses that do not rely on distributions can be very prosperous, bringing immense wealth to a large family.