



Is Your Freight Broker Stuck in the Past?

*7 Questions to Distinguish
Old-School vs. Modern Brokers*

» A STRIVE TRANSPORTATION BRIEF

IS YOUR FREIGHT BROKER STUCK IN THE PAST?

Are you using freight brokers in the same way you were ten years ago? If so, you may be missing out on benefits only available through today's modern brokers.

Technology is being used by brokers in new and different ways to source capacity, manage carriers, and connect supply chain partners. Unfortunately, of the 16,000 U.S. freight brokers, only a small percentage have broken out of the traditional posting board-driven model to develop more powerful systems and approaches. The rest are stuck using old-methods—and you may be stuck with them.

Ask the following seven questions to distinguish old-school brokers from modern brokers and find out if your 3PL partner is capable of delivering today's technology-driven freight management solutions.

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1. WHERE DOES A COMPANY OF OUR SIZE FALL INTO YOUR CUSTOMER RANKINGS?

This question helps you understand the level of priority your company's freight will have in the broker's overall operation. In simple terms, the freight brokerage industry is made up of microbrokers (operations of one to three people), megabrokers (billion dollar organizations with global scale), and everyone in between.

Microbrokers dominate the freight broker landscape because the barriers to entry—essentially \$7,500 and an internet connection—are so low. These include the stereotypical “guy in his basement” who spends his day looking for freight and then searching posting boards to find a match. Hard working, yes, but unlikely to deliver the resources or capacity you require over the long haul.

If you're a small fish within a megabroker operation, you'll have access to technology and a much larger base of carriers. But you'll lose that personal touch and may end up just a numbered account speaking to a different rep on every phone call. When capacity gets tight, will this broker's larger customers get the bulk of their resources and capacity?

You may be best served by a medium-sized broker that combines a megabroker's technology and buying power with a microbroker's high-touch approach to customer service—but with a high-tech twist.

2. WHAT IS YOUR PROCESS FOR SELECTING CARRIERS AND HOW WILL YOU REDUCE MY RISK?

Most brokers do not like this question because 80% to 90% of their capacity is sourced through truck posting boards. Since this is something you could do on your own, what value is the broker adding to earn their fee? This approach also introduces considerable supply chain risk since little effort is made to flag unsuitable carriers.

Modern brokers leverage technology to vet carriers and select those that best match your precise requirements. Each carrier is profiled in the broker's transportation management system with detailed data such as:

- Years in business
- Safety performance (automatic interface with DOT database)
- Cargo and liability insurance limits

Detailed profiling allows the modern broker to dynamically match your requirements with quality carriers whose service is on par with your asset-based partners. In fact, the right partner should be able to add your existing asset-based carriers to their system and exclude these carriers from load-matching logic to avoid conflicts of interest.

3. CAN YOU DEMONSTRATE QUALITY PERFORMANCE WITH LARGE, DISCRIMINATING SHIPPERS?

Every broker will tell you they deliver high-quality service. But where's the proof? It's critical that you insulate your company from inexperienced brokers that can damage your reputation. Look for broker partners with at least ten years of experience and ask to see their "resume." This puts the onus on the broker to back quality claims with hard evidence.

- Do large shippers recognize them as a top partner?
- Have they won awards for service excellence?
- Have they worked with large shippers that have an arduous carrier selection process?

Reputable brokers that are in it for the long haul will be able to answer "yes" to these qualifying questions.

4. WHAT IS YOUR PRICING METHODOLOGY?

Freight pricing is a science, not an art. If your broker's response to this question suggests a solely human-based approach – "Harry in procurement provides our rates" – watch out.

Predictions on future pricing should factor in real-time market data and historical pricing and economic trends to arrive at an accurate price. This approach requires a robust pricing tool loaded with detailed analytics. If your broker lacks a technology-aided pricing methodology, your rate may be the product of guesswork. As such, you'll have no insulation from market volatility and your rates may be higher and far less predictable, month to month.



5. CAN YOUR CAPACITY SCALE TO MEET URGENT AND UNPREDICTABLE DEMAND SPIKES?

Shippers are consolidating their broker base, not expanding it—and for good reason. You don't want to ship 20 loads through five different brokers. To streamline the booking process, you want a broker with the resources and capacity to cover all your loads from key origin points, even when volumes spike unexpectedly.

Shopping loads through multiple brokers can unknowingly increase your costs. These brokers are likely calling the same carriers to cover loads. When carriers spot high demand for a single lane, they raise the price, not knowing that the different requests are for the *same shipper's* business.

To identify a modern broker with scalable capacity, look for a partner with:

- Depth of in-house resources to manage a large volume of bookings in a tight timeline
- A large base of carriers, including an ability to dispatch trucks not visible to the open market
- Detailed examples of high-volume projects they have handled

6. WHAT IS YOUR TECHNOLOGY PLATFORM AND WHAT ARE ITS LOAD MATCHING CAPABILITIES?

For most shippers, if a broker has purchased one of the well-known, off-the-shelf transportation management systems (TMS), that box is checked and they move on to the next qualifying question. But these standard software packages provide no incremental benefit to the broker's customers. These TMS packages offer countless features, except the one that matters most to broker customers – the intelligence to precisely match loads with ideal available capacity.

For old-school brokers, the focus is often on getting the load first and then working to find capacity. Modern brokers have a more capacity-driven approach. They work to uncover hidden capacity in the market – often the backhaul runs of smaller carriers and private fleets – and then load this data into intelligent systems that automatically match available capacity with load demand.



For instance, Strive Logistics brokers are trained to spot patterns and use the company's LoadRunner® system to identify regular moves on a specific lane. They then compare this schedule against the regular backhaul runs of asset-based carriers. The resultant match is a win-win that reduces the carrier's empty miles and gives that shipper reliable, high-quality capacity for a run that was perpetually handled through the spot market.

That's how you want your broker to leverage technology, not by checking posting boards.

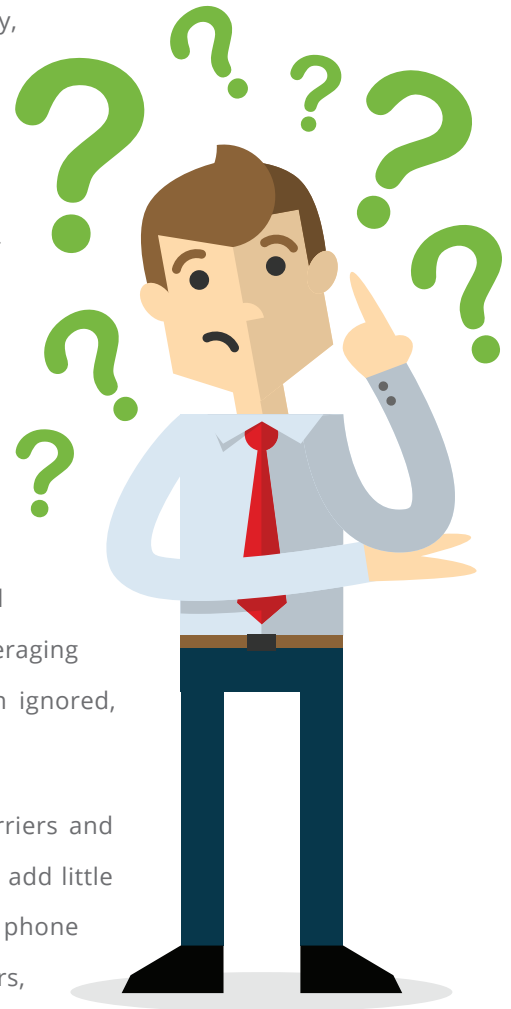
7. CAN YOU DELIVER THE RELIABILITY OF AN ASSET-BASED SOLUTION WITHIN A FREIGHT BROKER MODEL?

That's the nirvana most shippers seek, right? Getting flexible, on-demand freight capacity without sacrificing the dependability of an asset-based solution. Until recently, the two were mutually exclusive. But today's modern brokers can deliver both benefits simultaneously.

The key is to first identify the market's hidden capacity. Modern brokers invest considerable time speaking to carriers and documenting their regular runs. This capacity most often comes from:

- **Smaller, asset-based carriers.** They have regular runs using the same drivers and welcome opportunities to partner with shippers who can fill empty backhauls. Often they are willing to lower rates in exchange for consistent freight.
- **Private fleet operators.** To cover the steep investment in equipment and maintenance, private fleet managers must operate like a profit center, leveraging unused capacity to generate revenue. They are an excellent, but often ignored, capacity source.

Small microbrokers simply don't have the resources to contact regional carriers and private fleet managers daily to learn about backhaul needs. As a result, they add little value and source freight the way they did 10 and 20 years ago – by making phone calls to the same carriers relied upon by hordes of other brokers. Megabrokers,



while they have large carrier networks, may not have the load-matching technology to create the most advantageous shipping alliances.

To get a truly asset-like experience from a broker, seek a partner that maintains an up-to-date database of routes and available capacity from asset-based carriers, and has the proprietary technology to precisely match that hidden capacity with your load demand.

TURNING YOUR FREIGHT BROKER STRATEGY INTO A COMPETITIVE WEAPON

Sometimes going old school is the right approach. But that's not the case when it comes to freight brokerage services. The best brokerage relationships are between parties that share a long-term perspective.

Traditional brokers see themselves as a solution for spot freight and seek to maximize revenue for whatever window the freight is available. Sure, they may fill a practical requirement to cover a load, but they will never become strategic partners for capacity management.

In contrast, today's most advanced brokers use intelligent load matching techniques to develop sustainable, long-term solutions, often at a lower price, in an effort to cement the relationship for years to come. Anything but old-school, these brokers are reshaping perceptions of freight brokers and transforming their roles within shippers' supply chain organizations from tactical vendors for spot freight to strategic partners for capacity management.

ABOUT

Strive Logistics is the best third-party logistics company because we combine technology, innovation, and industry expertise with amazing customer service to deliver world-class transportation services. Since 1995, clients across North America have relied on our efficient, effective, and easy-to-use solutions to deliver their business.

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EXPERTISE EVERY STEP OF THE WAY

We dedicate a team of logistics professionals to make sure your freight is managed from every angle. You'll work with members of our Customer Sales and Customer Operations teams – each with the experience and knowledge to make shipping as easy as possible.

"[Strive has] a customer service and operations team second to none – with constant communication and accessibility to accommodate our needs."

—Transportation Operations Manager, Food & Beverage Industry

TECHNOLOGY THAT DELIVERS SUCCESS

LoadRunner® provides you with access to one of the most powerful transportation management systems in the industry. LoadRunner® reduces operational costs while increasing market opportunity through business analytics and real-time freight matching. With LoadRunner®, you don't have to wait days to hear from us — we match your freight with available capacity in seconds.

TRUSTED CARRIERS

Our exclusive partnerships and experience with premium suppliers allows us to be proactive in choosing the carriers we work with. We carefully screen our carriers to ensure that you receive a consistent, reliable, high level of service. We maintain a Carrier Scorecard in LoadRunner® and utilize our matching system to ensure we put the most compatible carriers on your freight so you never have to worry about carrier management – we've got you covered on every load.

PRIVATE FLEET

Reduced capacity, seasonality, and driver constraints can disturb your supply chain. We offer exclusive partnerships with private and dedicated fleet providers that remove service volatility and help deliver a consistent and reliable experience year round – no matter what.

INDUSTRIES SERVED

From produce to paper products, we have experience shipping for every industry:

- » Building Materials
- » Commodities
- » Consumer Packaged Goods
- » Food & Beverage
- » Produce
- » Glass, Plastic & Packaging Materials
- » Hazardous Materials
- » Beer, Wine & Spirits
- » Paper & Corrugate
- » Piping
- » Steel
- » Automotive
- » Many more