

Atex Freight Broker Training, Inc.



Seven

Skills of Highly Effective Freight Brokers

John D Thomas

www.AtexFreightBrokerTraining.com

www.AtexFreightBrokerHomeStudy.com

Introduction

Just as in any other business, the journey towards becoming a successful freight broker requires various skills. First and foremost, you must be a business person. You need to enjoy being in business, know what it takes to succeed and be good at it as well. You also have to be service oriented and be in it for 100% customer satisfaction. Below is a look at some of the skills you will need to master in order to become a highly effective freight broker.

1. Telephone skills

Telephone skills are important qualities of a highly effective freight broker. Remember that this type of business will involve spending long hours on the phone speaking to customers in various locations around the country. Contact with your customers cannot be face-to-face all the time. For this reason, you need to develop the skills to effectively communicate over the phone to get the job done. Be prepared for the eventuality of routine, which could get very boring at times. However, so long as you have a passion for what you are doing, you should be able to easily overcome such periods of boredom.

After you work with a number of customers and carriers, your time on the phone becomes less apprehensive. Starting out in your business, they don't know you and you don't know them. But when you are focused on good, old-fashioned customer service, you will find that you all start working as a team – you, the shipper and the carrier.

You will spend less time haggling over rates and things move along smoothly (for the most part). Everybody should be rowing in the same direction and learning to trust each other with each passing day.

After you become a seasoned freight broker, your biggest challenge might be keeping the fire going. That is, keeping the same passion and good service that you had in the beginning. Many shippers have started looking in other directions for a new freight broker when their current one starts getting sloppy on the service.

Keep focused and use the telephone as a tool to not only do your daily business but to call and thank your customers and carriers. Let them know you appreciate them and how important they are to you.

2. Computer skills

In addition to telephone skills, you will need to cultivate your computer skills as well. For this, you will need to improve on your abilities to perform certain tasks over the internet such as carrying out searches online. The ultimate goal is to find hungry shippers who are looking for brokers. You will accomplish this by using both traditional and some non-traditional methods to focus your attention.

You will also need to learn how to effectively use load boards to post your loads and search for trucks. With each new customer and each new carrier you get, you will need to collect information on them and place this information in a database.

Databases are used to store records and information and used similar to an electronic rolodex. You will also need an area on each record where you can post notes that are specific to a customer or carrier.

Using word processor software will help you create letters and other forms. The demands are not too great for generating a lot of correspondence; but you will need to know enough to at least do enough to put together your set up packages for both your shippers and carriers.

Equally important, using a spreadsheet will be required. With spreadsheet skills, you can create templates to record and monitor your activity. There are a number of key financial statistics that need to be evaluated to help you make good business decisions on where to focus your time and energy.

This certainly holds true when working with shippers. You will find that some are more valuable than others. These are the ones you want to cater to.

Unless you outsource your accounting work, accounting software is necessary to enable you to keep track of your business income and expenditures. This way, you are able to determine if you are making a profit, as well as how to analyze your expenses. While there is good freight broker (or dispatch) software on the market, it can get expensive.

And expensive software won't help you find customers. This should be your focus as you begin your new business. After you get established and when the business justifies it, you can then start thinking about automating your business more.

Keep this in mind: even with the best and most expensive software, you may still need to download the activity to a spreadsheet to do various analyses.

For those who are not proficient in working with accounting software, there are actually several good manual recordkeeping systems that have been around for years. These are good enough to start with for some business owners.

3. Negotiating skills

Another key quality that every freight broker should have is that of negotiating skills. For this, you will need to learn how to negotiate with both your shippers and carriers in order to get the best possible outcome for your business AND for the others as well. While doing this, it is important to remember to always be reasonable with your shipper. On the other hand, remember to always give your carrier a good competitive rate.

And as for the spread (the difference between what the shipper is paying you and what you are paying the truck), you need to ensure that you always get your profit margin. You

will want to keep a little solar powered calculator next to you and work the figures quickly and accurately. You may need to sharpen your math skills but most of the time you will be thinking in terms of working percentages – 10, 15, 20% or whatever. This is the average gross profit margin you generally want to get for each load and for all the loads that you work with.

Both the shipper and carrier are working within certain cost constraints. The freight broker is in the middle and needs to understand where these people are coming from. The freight broker will encounter many professional shippers and carriers; while other times the freight broker will have to deal with some who are very difficult to work with.

The bottom line is to be prepared for anything, know what YOU need and know when to hold ‘em and when to fold ‘em.

4. Customer skills

Just as in any other business, the freight brokerage business requires good customer service skills. Always keep in mind that the customer is king as you go about in your dealings with them. Be sure to find out what exactly it is that your customers need and want. Some will be more “cost-minded”, some more “service-minded”.

Try to find out what type of previous experience that have had with freight brokers: Was it positive? Was it negative? There are subtle ways of getting some of this information without having to ask blunt questions. (But don’t neglect asking blunt questions when and where appropriate).

You should also take the time to find out what your carriers need in order to be able to conduct business with them more smoothly. Once you know their needs – both shippers and carriers, you should be prepared to go the extra mile in getting them what they want. On the other hand, do not expect too much from your customers or carriers, but remember to remain positive and express your thankfulness nevertheless.

You may get a lot of negative feedback from various people you deal with. Take it for what it is worth but do not always fall victim it. There is nothing worse than you falling into a downward spiral of negativity that will drive people away from you.

Focus on how you can help your customers and carriers. Focus on asking them for an opportunity to work with them. You just want an opportunity.

5. Multi-tasking skills

A freight brokerage business demands a lot of multi-tasking, a skill which you will also need to be good at. This is because you will need to effectively handle the frequent, and sometimes overwhelming, number of incoming and outgoing phone calls from customers and carriers. Moreover, at the same time, you will also need to send and respond to faxes in a timely and professional manner.

In addition to phone calls and faxes, you will be completing paperwork such as reviewing the broker-carrier agreement for correctness, reviewing the bills of lading, preparing the confirmations, entering information into your accounting system and other management tools.

This type of business requires that you always remain thinking on your feet and planning ahead. For a more personable interaction with your colleagues, be sure to also add a bit of humor which always goes a long way in cementing lasting business relationships.

6. Organization skills - prioritizing

Prioritizing your organization skills is a quality every freight broker must cultivate. It is one thing to be able to work fast. However, knowing what to do next is quite another. For this reason, you should have all your tasks listed down in order of priority at all times. This way you can complete them in a timely manner to ensure the smooth running of your business. Before you take loads, ensure that you have a checklist or some strategy in place. You should always know what to do during the moving of loads, as well as what to do after moving the loads.

But don't get overwhelmed into thinking too far ahead. Focus on one step at a time with another eye out for what to do next. It's like walking down a dark path at night with just a flashlight: you first point the flashlight toward your feet and begin walking, you occasionally flip the flashlight up in front of you 10 or 20 feet and then quickly bring it back to your feet.

All this is important to know because there are a number of individuals who cannot multi-task. They scramble, thrashing through paperwork, stuttering on the phone. There probably aren't many classes a person can take on how to multi-task; but with some experience and with a real conscious effort, you can come across as a real professional rather than an air-head.

It has been mentioned above, but it is worth mentioning again: if you run across someone you really, really enjoy working with, take a few minutes out of the day and thank them. Let them know how you appreciate them and let them know exactly what it is that you like. This is powerful if you do this regularly and sincerely.

7. Cash management skills

In order to succeed as a freight broker, you may need to sharpen your cash management skills. This requires managing the money that is coming into the business versus that going out. One of your top priorities should be to pay your carrier promptly. The general rule of thumb is to pay them within 21 days. Some companies make it their regular business practice to hold on to their money for as long as possible. They may have a practice of paying bills within 30-60 days or longer. This delay of payment will NOT work in the freight broker business.

A freight broker simply will not get a good following if payments are not made sooner rather than later.

Here is the hitch: the shipper generally won't pay for 30-40 days or longer if a freight broker gets lax in collections. This requires a freight broker to either have a cushion of money set aside or to get a draw down on a line of credit or to use a factor company to get money up front. Planning ahead has never been so dearly needed. This way you will be able to fill the gap in cash flowing in and out of your business.

Some established freight broker companies set up payment terms which allow the carrier to select how quickly they want to get paid. For example, the payouts offered might be 3 days, 7 days, 14 day, or 21 days with the national standard being 30 days. Some carriers may even want advance payments.

If a freight broker has a good, reliable carrier that has proven to be dependable, by all means the broker should offer some type of quick pay. For new freight brokers, however, it might be best to wait on giving quick pays until a good relationship is build up with the carrier.

One very simple method to get started is to create a spreadsheet listing all the larger, anticipated disbursements in one column and all the larger, anticipated cash receipts in another column. The third column should have the beginning cash balance at the top. The far left column might have each day listed. For example, July 1 through August 15. The spreadsheet formula would be to take the beginning balance, add the cash receipts and subtract the cash disbursements for each day.

You would continue to update the anticipated cash receipts and disbursements as you come across them.

The ending balance will reveal how much over or short your bank account will be. Do this for a six week projection and see if it doesn't help you keep focused on your short term cash requirements. This method should help you prevent or avoid those surprising cash shortages.

Here's a partial screen shot of this method. It's a great tool.

Month	Cash Receipts	Midnight Express	Flying R	All Nations Trans	B&O Trans	Roadsure Trucking	C&G	Go Cargo	LOC	Balances
1										10,000
2										10,000
3		1,460								8,540
4										8,540
5										8,540
6										8,540
7	Santa Ros	1,600								10,140
8										10,140
9										10,140
10										10,140
11										10,140
12	Zuni Prod	1,675								11,815
13										11,815
14										11,815
15										11,815
16										11,815
17										11,815
18										11,815
19										11,815
20										11,815
21										11,815
22										11,815
23										11,815
24										11,815
25										11,815
26										11,815
27										11,815
28										11,815
29										11,815
30										11,815
31										11,815
Ending cash on hand										3,195
Beginning cash on hand										10,000
Running balance										(6,805)

For your longer term cash needs, you may want to construct a formal cash flow projection. In our freight broker training, we provide ready-to-use cash flow spreadsheets for clients.

These spreadsheets enable clients to enter anticipated cash receipts and disbursements similar to the six week method above. The difference being, however, that the long-term cash flow projection will encompass all of the cash disbursements, not just the larger one.

With some accounting software, you are able to enter a budget for the next year. You would then run a report that reveals your actual cash receipts and disbursements as compared to the budget. The result would be the variances.

With these variances or differences, then, you can analyze the larger deviations and try to determine why the actual was over or under budget.

One of the nice things about electronic spreadsheets is the fact that you can do multiple “what if” scenarios to help you do your cash planning. It sure beats the manual method.

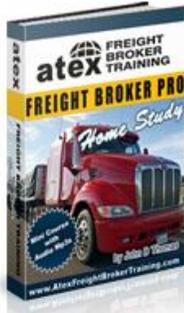
Summary

Succeeding as a freight broker requires mastering all the skills above and not just one or two. A person might relish in the thought that they excel in one or two; yet, ALL of these skills need to be dominated. These are your weapons that will wield great force if used in tandem with the others.

Once these skills have become second nature to you, you will find your freight brokering business soaring to even greater heights.

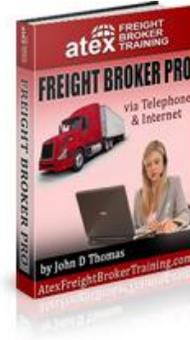
In our training programs for Freight Brokers, you will discover the details on how you will be using each of these skills.

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