



*Atex Freight Broker Training, Inc. - El Paso, Texas*

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## **Industry Overview**

- *About the industry, the FMCSA, & the Code of Federal Regulations,*
- *What shippers and carriers are look for,*
- *What brokers are looking for*

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### The industry

Freight brokers arrange for the transportation of cargo between shippers and motor carriers. There is a vast array of cargo being shipped every day - everything from produce to dry food to manufactured items to raw materials to live flora to swinging beef to live animals plus most everything else under the sun.

This industry is gigantic. Observe how many trucks you see out there on the highways. These are your FRIENDS on the road. Respect them and help them when possible. They are just like you and me - probably with family back home somewhere, probably with many hopes and dreams. They help feed your family, they bring you all the comforts of your home - they make many sacrifices for their family and for yours as well. I sometimes forget these things myself.

### Types of Customers

There are tens of thousands of shippers but not all use freight brokers for one reason or another. Your goal is to seek and find shippers who (1) use freight brokers, and (2) pay competitive rates. It is being done by many brokers all over the country - you can do it too.

## Types of trucks

Most cargo is shipped with either a dry van, a refrigerated unit (reefer) or a flat bed. Cargo is shipped both within local markets as well as long distance and coast to coast. We will focus on over-the-road (OTR) which usually is not local hauling but usually covers loads that run several hundred miles up to several thousand miles.

## Typical motor carriers used

Motor carriers may be either larger trucking companies who hire their own employee drivers; or they may have independent Owner Operators leased on to them. Other Owner Operators rely solely upon freight brokers or have a working relationship with several shippers.

Simply put, then, a freight broker brings shippers and motor carriers together and derives a commission for his or her matchmaking skills. Freight brokers are also known as "truck" brokers, "transportation" brokers and "property" brokers.

And the brokerage industry can span not only trucks but air, rail and ocean liners. This training and these materials will deal only with FT (full truck loads) in the trucking industry in the 48 contiguous states.

## What shippers are looking for

Shippers are working within cost constraints. They often set the rate as to how much they will pay. Most shippers are knowledgeable about the "going" rates for their particular "lanes" and loads. Some routes, or lanes as they are usually referred to, pay better rates than others. Supply and demand sometimes dictate how much particular lanes are paying. Urgency as well may be a huge motivating factor when setting rates.

If trucking rates get too high, shippers will usually look to alternative methods of transport including rail, air and ocean, etc. Vice versa, when rates are too low, drivers are

sometimes run out of business. Yet, trucking in general is the least expensive mode of transport and is always needed at some point regardless of whether air, ocean or trains are involved.

Shippers, then, are looking for carriers who will move their cargo safely, efficiently and cost-effectively. And they are looking for brokers who conduct business honestly, reliably and with an excellent service-oriented mentality.

### What carriers are looking for

Carriers also work within cost constraints. Many knowledgeable motor carriers know what their operating costs are and this helps them remain competitive. Knowing what is needed to maintain equipment, pay personnel and make a profit can make the difference between making it or breaking it.

Keeping the trucks or fleet moving is the primary concern of each trucking company. Each idle day could cost the company \$500 per day per truck and possibly more when fuel prices are high.

Recent legislation is creating more of a driver shortage in the name of "making our highways safer for the public". There is an element of truth here; but in reality, government overreach may create situations that, in the long run, may not achieve the very goals that are sought.

### What brokers are looking for

Brokers may first look to either shippers or motor carriers and then make a match to complete the transport requirements. If brokers first look to shippers, brokers need shippers who are willing and able to pay a competitive rate. Some do and some don't. Brokers need shippers who can communicate their needs and do so effectively and efficiently.

When brokers first look to carriers, brokers need carriers that can be prequalified effectively and efficiently. A carrier may be ready, willing and able to complete a haul;

but a broker needs to document the carrier's standing - legal, insurance and operational.

Consequently, a freight broker is required to use good research and negotiating skills to complete a "competitive" transaction whereby everyone is satisfied - shipper, carrier and broker.