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### **The Topics That Are Addressed in This Training**

We'll begin with a rather lengthy Introduction that includes answering the questions from the topic you see directly above.

We'll look at desired skills that dispatchers need to develop, benefits and challenges, how dispatchers conduct business, how they select owner operators to work with, the required licenses and permits that their owner operators need, plus more.

Then we'll discuss how to get organized as a freight dispatcher, the different options dispatchers have when working with owner operators, how you'll get paid as a dispatcher and we'll touch on doing invoicing or factoring with your owner operator.

Then we'll get into rates and rate negotiations.

***We'll look at your load board options where you will search for freight brokers with loads.***

We'll end this section by addressing transportation management software (TMS) that may make you life easier.

In the next section, we'll go into detail on getting loads and working with freight brokers. This will be where you'll be spending most of your time.

The next session deals with other business aspects such as extending credit to freight brokers. As a freight dispatcher, you'll need to work proactively as

you are trying to become valuable for your owner operators. We'll also discuss some financial and marketing ideas.

The last section will get you well-grounded in the industry legal issues including various constraints on your owner operator.

***Once you locate an owner operator to work with, what will he be expecting of you?***

Will he want you to locate a factor where funds can be advanced to his motor carrier company? Will he want you to invoice factors and/or the freight brokers you'll be working with? Will he want you to handle payables?

***Getting loads and working with freight brokers is super critical to master - research, communications and some analytical skills are required.***

We'll end with an action plan for you to implement. No sense in procrastinating.

### **What You Can Expect from This Training**

You can expect to get a lot of theory as well as practical information. Knowing WHAT TO DO as well as HOW TO DO IT will become the framework within which you will be taking action.

***The handouts will supplement the main content and provide specific tools for you to take action.***

Let's continue ...

### **Just What IS a Freight (Truck) Dispatcher?**

A freight dispatcher is responsible for coordinating and scheduling daily freight pickups and deliveries and communicating with drivers and brokers to ensure deliveries are completed on time and following all FMCSA regulations.

A dispatcher will employ people skills as well as doing research and analyses throughout the day.

A freight dispatcher may work for a transportation company, usually owner operators, and work on their premises as either an employee or an independent contractor. Usually, however, dispatchers work remotely as independent contractors.

***As this is being written, there is a renewed effort within the FMCSA and with industry advocates to better clarify the legal status of dispatchers.***

Some industry experts believe that, according to FMCSA regulations, a freight dispatcher can work under just one transportation company, one owner operator.

Many dispatchers are in fact working for two or more motor carriers and they do it either out of not knowing the current regulations or they just hope they don't get confronted.

Some industry advocates believe that those dispatchers working for two or more entities have to get their freight broker authority.

Fewer industry advocates believe that even working for one owner operator, the dispatcher needs to have a freight broker authority.

It's important for YOU to keep up to date on this issue as these training materials will not be clarifying this issue here and now - it's in limbo.

***There is much more to be said about this issue and it may take months or years before any clarity is found (hey, it's the government).***

You are safe working with one owner operator; if you want to work for two or more, do so at your own risk but the worst that can happen, in my opinion, is that you'll be required to get your freight broker authority.

You'll have some industry resources further along in these materials where you may keep abreast on the status of freight dispatchers.

Here is the current FMCSA regulation on this issue:

**Code of Federal Regulations (CFR) Title 49 -  
Transportation Chapter III - FMCSA, DOT,  
Subchapter B Part 371 - Brokers of Property,  
Subpart A**

**[Code of Federal Regulations Website](#)**

Generally, when the dispatcher works for a company, the dispatcher works either on a commission basis as an independent contractor or they may work as a W-2 employee where the employer, the transportation company, takes care of all, or most, of the expenses.

Where the owner operator exercises a lot of control over the dispatcher including providing office space and paying for necessary equipment, the more likely the dispatcher will work as a W-2 employee.

***Most dispatchers, however, work as 1099 independent contractors and are responsible for their own taxes and expenses.***

The Internal Revenue Service (IRS) provides guidelines to help business owners properly classify their workers.

Go here for more detail:

**[IRS Guidelines for Independent Contractors](#)**

Independent contractor dispatchers need to file an IRS Form W-9 for the broker that provides the dispatcher's business name, address and indicates the dispatcher's legal structure: LLC, sole proprietor, corporation or whatever. It also includes the dispatcher's federal employer ID # (FEIN) which could be the dispatcher's social security number or another number obtained with IRS Form SS-4.

***When dispatchers work as independent contractors, the transportation company owner may have another form for the dispatcher to complete.***

This form is where the dispatcher acknowledges that, as an independent contractor, they are responsible for all or most of their expenses including income and payroll taxes and other benefits such as setting up a 401K retirement program, for example.

## **What Is the Difference – Dispatcher, Broker, Agent?**

People often confuse these three forms of logistics' workers: dispatcher, broker and agent. So, make sure you seek a good understanding for these different roles.

***Bear in mind, however, as stated above, there is an effort to make modifications to these definitions, especially those of "dispatcher" and "agent".***

### **Dispatcher**

Generally, a dispatcher works for an owner operator. Normally, the dispatcher works as an independent contractor but some may work as employees for the owner operator.

Now, let's also define an owner operator.

Owner operators are drivers or owners of their trucking company that have their authority through the Federal Motor Carrier Safety Administration (FMCSA).

Owner operators may have other drivers leased on to them or other drivers who are employees of the owner operator.

The drivers who lease on to an owner operator are normally independent contractors.

Now, back to the dispatcher ...

A dispatcher gets loads for a certain number of trucks from the load boards where freight brokers are posting loads. Dispatchers develop relationships with numerous brokers who supply the dispatcher with loads and this may result in a continuous arrangement.

***A few dispatchers may go directly to shippers for loads but this practice is under scrutiny and may be disallowed entirely.***

Now, what about brokers

### **Freight Broker**

A freight broker is required to get his broker authority through the FMCSA and he works as an independent contractor. He works with any number of motor carriers and, instead of getting loads from other brokers on the load boards, he goes directly to the shipper, manufacturer, distributor, etc. for loads.

Once he obtains loads, he then is open to work with any number of motor carriers who can then move freight for the broker and, ultimately, for the shipper.

### **Broker Agent**

An agent is normally an independent contractor, working under the authority of a freight broker. The agent is free to conduct business just like the freight broker that he works for.

The agent's job is to find loads and trucks and complete the entire process from pick up to delivery. Again, he's doing what any broker does. Normally, an agent works for just one freight broker.

So, in summary:

**Dispatcher** - independent, gets loads from brokers on the load boards and gives them to the trucks they are dispatching. Currently, no authority required.

**Freight Broker** - independent, goes directly to shippers for loads (not to the load boards) and posts these loads on the load boards and then contracts with motor carriers who agree to pick up and deliver. Authority required.

**Broker Agent** - independent, does the same thing as the broker does. The agent, in effect, is helping the broker build his own business and the broker splits part of the profits with the agent. No authority required.

### **WHO Can Become a Freight Dispatcher?**

There are no prerequisites of formal education, training or experience for becoming a freight dispatcher. There ARE, however, industry specific

skills and/or mindsets that would-be dispatchers should learn about.

One example, would be how new dispatchers need to endure days of ups and downs. Until a dispatcher gets a consistent flow of loads for his drivers, there may be a lot of frustration.

This is but one example of what dispatchers need to deal with and you will find more examples of what dispatchers need to be aware of in another section of these training materials.

### **HOW Can Someone Become a Freight Dispatcher?**

There are no restrictions to becoming a freight dispatcher other than those skill sets that are outlined in another part of these training materials.

You, as a dispatcher, however, would have to pass muster with the owner operator(s) that you seek to work with.

If a dispatcher chooses to register a business entity, that would be another form of requirement.

This position is a perfect home-based opportunity that will accommodate a host of home-bound people. Wheelchair-bound workers may excel as dispatchers so long as they possess the right skill sets.

### ***The biggest challenge that dispatchers may face at the outset is in finding one or several qualified owner operators to work for.***

Is the owner operator properly authorized, licensed and insured? What is their safety record like? These two items are easy to learn about on the FMCSA website. All you need is DOT # to investigate potential owner operators that you might want to work for.

What type of equipment do they have and is the equipment in good working order?

Can they effectively communicate what their goals are and how they want to operate?

Good communication is required here.

## **What Are the Start-up and Operating Costs?**

Start-up costs are minimal but the monthly overhead expenses need to be understood.

Here are some items for which a dispatcher may have costs:

- Computer,
- Printer, scanner, copier,
- Internet connection,
- Cell phone,
- Load boards,
- A messenger app,
- Email provider,
- Perhaps TMS software,
- A registered business name,
- A registered domain name - not necessary,
- A website, etc. - not necessary

You most likely already have most of these.

At least two telephone lines are required: one for outbound calls and one for incoming calls.

***Your biggest expense may be subscriptions to the two best load boards: DAT and TruckStop (two of the best out of maybe a hundred). You may start with one but eventually you want both.***

We'll cover load boards further along.

Go to the **Handouts Resource, I.1** to view an itemized list of potential start-up and operating costs.

## **How Freight Dispatchers Get Paid**

Dispatchers get paid in essentially one of two ways: a flat fee per load or a percentage of each load.

For the flat fee, you may be looking to get at least \$50 per load; for a percentage, you may be looking to get between 5% to 10% per load.

***Your total revenues may depend upon what kind of value you bring to your owner operators. Are you established with freight brokers? Can you help out with some of the "back-room" tasks?***

Your income will certainly depend on the number of drivers you work with, the number of loads per week that get delivered and how fluent you work with your drivers and load providers.

We'll look at potential income scenarios and how you get paid in another section of these materials.