

IV. Tools of the Trade

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- Spot Rates vs Contract Rates
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- Routing Software
- Communications

Calculating Rates

Rates and everything about them can be considered "tools" of the trade. You'll fine tune your ability to work with rates including doing so quickly on your feet.

Rates fluctuate most every day based primarily on supply and demand. Other factors affect rates such as lanes, geography, weather, etc.

Few brokers, unlike shippers, may want you to bid on loads giving them your desired rates; most, however, are ready to give you loads without going through the bid process.

Spot Rates vs Contract Rates

Spot rates or spot loads are rates and loads negotiated individually; contract rates are negotiated usually every year.

In recent months, however, contract rates are negotiated every three months.

Working as a dispatcher, you'll run across spot loads rather than brokers asking you to enter into a contract.

At times spot rates are higher than contract rates; other time it's the opposite.

Rate Negotiations

Your broker will determine how he will pay you and it probably depends on how the shipper is paying him. There are several methods.

For example, you may be paid a flat rate, a rate per mile, a rate depending on how many pieces are picked up and delivered, etc.

The longer you work with a broker to the point of having a great relationship, the less time you will spend in negotiations. This is good.

Using the Load Boards

Load boards are where you will post your trucks as they become available; and you will search for brokers that might have loads.

You will also use the load boards to find out what the going rates are.

New dispatchers usually want to know - what is the average rate? or what is a good rate for certain lanes?

Several load boards and other services provide going rates for different lanes and these load boards are tailored to different types of trailers - usually van, reefer and flatbed.

But you might also find LTL loads and hotshots.

Here are the two best load boards:

Truckstop.com - post loads and truck search plus a whole lotta other stuff

DAT Express - post loads and truck search plus a whole lotta other stuff.

And there are several free load boards. You can try one or several -

Free Freight Search No cost.

- but DON'T neglect getting one of the other above, DAT or Truckstop, to get started. And later, get both of the above. They are worth it.

Note: Many load boards are constantly redoing their services and offers. Keep this in mind while exploring them.

It's difficult to view these websites without knowing how to focus. Here's a guideline and what you need to focus on in your search:

If you are a dispatcher, you may need services related to:

- Posting your trucks,
- Searching for loads from brokers,
- Broker credit and days-to-pay info,
- Rate mate or Rate view to learn the going rates,
- Mobile app features (if you're into using apps)

By the way, you will get access to these load boards by using your owner operator's DOT or MC# IF they agree to this.

You will then set up a subaccount with your own login and password and you would pay the load board directly.

If for some reason your owner operator won't allow you to use their account, you will set up your own account and indicate the owner operator you are working for.

The load board will then verify this before allowing you to have your own account without your having DOT #.

Note: load board policies may change from time to time so you will call the support line for current policy on the issue of getting the use of the load board.

Keep this in mind: if you are dispatching for two or more owner operators, you may have to choose just one in the future or you may be required to get your broker authority.

Some load boards include additional features and services. The extras most likely have additional costs. So, when you are speaking with load board support, go over the features that you have access to and inquire what may be other helpful features.

If you need some additional features, speak with your owner operator and discuss the cost, etc. with them. Note: you don't need all the bells and whistles.

Here are several extra features other than rates:

Load-to-truck ratios - for a given area, find out what your negotiating strength is.

Heat Maps - maps of the U.S. are shown with three shades of a color to show the degree of demand for a reefer, for example. Dark green=high demand, Medium green=average demand, Light green=low demand.

Deadhead miles - normally included in a basic package. Trucks deadhead when they drive empty to pick up a load. Some brokers may pay for deadhead miles.

Carrier Performance Rating - even though you are not looking for carriers, you can check out the load board to see if the information you provided to the load board when you signed up is the same as what you see on the load board.

How to get started using load boards - first review the website and explore it - but don't get bogged down in details just yet. Second, register for the demos they offer.

You can explore YouTube videos for information; but unless you know specifically what you are seeking, you may go in circles without absorbing a lot of coherent information.

Plus, many videos have presenters who talk too fast; it like their house is on fire and they gotta leave.

Searching for Owner Operators to Work With

First, understand that you don't need an owner operator in your local area. It doesn't matter where they are because you'll most likely be working remotely.

However, if you prefer someone nearby there are search options for local searches such as Craigs List, or

just do an internet search with your city in the search parameter.

The link below may be a great resource for finding owner operators. There is a free version (along with two paid versions) but you have to be either a broker, a carrier or a shipper.

You can search by region if you like.

[Go Here to Find Owner Operators](#)

This can be a helpful source in finding potential owner operators who might be looking for dispatch services.

You can also search the FMCSA Federal Register as new carriers (and brokers) come on line. Some industry advocates, however, want the FMCSA to stop making this information public.

Transportation Management System (TMS)

You may want to check out several transportation management systems. A TMS will help manage the logistics side of dispatching with accuracy and efficiency.

DAT's transportation management software (TMS) here:

[Go Here for DAT TMS Software](#)

This dispatch service pulls all of your DAT modules into one. DAT's fees for this service might be a little pricey if you are a new dispatcher because they are targeting brokers who may have 30, 40, 50 or more loads posted at the same time.

One feature in particular that I THINK might be helpful is the accounting system that is included. Without doing a detailed investigation, it remains uncertain, however, if their accounting system would be able to replace QuickBooks.

But then, QuickBooks is hard to beat – they are the preferred accounting software for just about every industry.

A question remains: will it do live driver tracking? Regardless of whether you have one or seven or more drivers, having a good tracking is a must.

Let's look at another TMS option - AscendTMS:

[Go Here for AscendTMS Software](#)

Benchmarks to Evaluate Owner Operator Progress

Just looking at rates alone won't tell you much. Whether you are getting \$2, \$3, \$4 or \$5 per mile it should be compared to the Cost to Run (CTR) which is what your owner operator(s) need per mile to cover expenses plus a profit.

For example, if your CTR figures to be \$1.95 and you are averaging \$2.19 per mile for either a particular broker or particular lane, your CTR margin is 1.12 (2.19 / 1.95).

If you are averaging 1.70 per mile, your CTR margin is .87 (1.70 / 1.95).

You can figure your CTR margins by broker or by lane for whatever time frame you like. You can sort them by broker or lane to learn where your best and worst profits are.

Broker 1 - 1.12	Lane 1 - 1.12
Broker 2 - 1.10	Lane 3 - 1.10
Broker 3 - 1.05	and so on ...
Broker 3 - .87	

Any result above 1.00 is good and the further it is above 1.00 the better; those results less than 1.00 are not so good. And the farther below 1.00 it is means it's that the broker or lane is not the best choice.

If you track this information, it's very easy to sort your list from good to bad for both freight brokers and lanes that you run.

There are other factors that help determine which brokers and which lanes to use: geography, weather, access/egress, detention, accommodations, back haul success, how many loads are being tendered to you, how quickly you are getting paid, etc.

Make it a high priority to discuss what rates and other items your owner operators want or desire.

Let's look at another method to monitor profitability: the Load Manager Monitor where you will record all load activity to monitor your progress overall as well as for each broker. And you can track this for any time frame you desire.

Load Manager Monitor

Load Manager Monitor (These are hypothetical loads and figures)														
No. of Loads	Load No.	Driver Name	Broker Name	Gross Pd by Brk to Driver	% Due to Driver	% Due to Dispatch	\$\$\$ Due to Dispatch	\$\$\$ Ave Due to Dispatch	\$\$\$ Ave Due to Driver	Date Load Delivered	Date Pymnt Received	Ave Days in Collect	No. of Miles	Rate to the Truck
1	10	Jumpin Jed	ABC Brokers	\$ 1,525.00	92.0%	8.00%	\$ 122.00			4/20/2014	5/26/2014	36	650	\$ 2.35
2	11	Harley	ABC Brokers	\$ 1,460.00	92.0%	8.00%	\$ 116.80			4/26/2014	5/28/2014	32	910	\$ 1.60
3	12	Jordan	Zuni Logistics	\$ 1,560.00	92.0%	8.00%	\$ 124.80			5/7/2014	5/27/2014	20	990	\$ 1.58
4	13	Harley	Santa Rosa Brk	\$ 3,200.00	92.0%	8.00%	\$ 256.00			5/1/2014	5/30/2014	29	1,575	\$ 2.03
5	14	Jumpin Jed	Zuni Logistics	\$ 1,760.00	92.0%	8.00%	\$ 140.80			5/27/2014	6/19/2014	23	1,075	\$ 1.64
6	15	Jumpin Jed	Chicago Brk	\$ 2,560.00	92.0%	8.00%	\$ 204.80			5/16/2014	6/9/2014	24	1,250	\$ 2.05
7	16	Jordan	Chicago Brk	\$ 1,700.00	92.0%	8.00%	\$ 136.00			5/27/2014	6/24/2014	28	975	\$ 1.74
				\$ 13,765.00			\$ 1,101.20	\$ 157.31	\$ 1,966.43		Ave. Days	27		\$ 1.86

Here is where you make decisions on which brokers to pursue for more business and which ones you just want to dump.

Routing Software

The first comment here is do NOT use Google Maps for your routing needs. Now, your owner operator may already have a routing resource and, if so, keep tuned-in to his thoughts on whatever platform he's using.

Is it working for him? Does he like it?

If you need to help search for suitable software, you will find more than several companies for routing solutions with an internet search.

It's always difficult to decide which way to go in your software selection and the free trial periods are just too short. Get used to this.

With routing software, you need more than a GPS, you need software to take in to consideration weight and dimension capacities, traffic patterns and more.

You may want to stay away from software geared for large fleets or those that are just downright too expensive for the value.

Years ago, PCMiler seemed to be the software of choice; however, who knows how it compares these days - changes come almost every day.

Now days, the best feature you may want is Automatic Route Optimization to identify the quickest, safest and shortest route.

Here's a resource that has several reviews:

<https://www.forbes.com/advisor/business/best-route-optimization-software/>

Communications

Speaking with drivers over a cell phone may be essential in some critical cases where you or your driver needs immediate feedback.

Other than actual talking, texting is common. Or there may be other messenger apps to communicate with.

Work with your owner operator to determine the best communications for both of you.

Hint: if your owner operator has to sit for awhile either for making a delivery or a pickup - or even driving - DON'T let them kill YOUR time with idle talk on the phone just because they are bored.

You need to master your time management effectively.