

## **V. Getting Loads and Working with Freight Brokers**

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### **Connecting with Freight Brokers and Checking Them Out**

By far the best tools to reach out to brokers are the load boards. There's two ways to do this:

1. You will post your truck availability, and
2. After posting your availability, you are looking to get calls from brokers

### **Checking Your Freight Broker Out**

Once you start engaging freight brokers, you may not want to work with every one that comes along. You will check them out initially to learn if they:

- Are active,
- What their days-to-pay is,
- Plus any other items you want to check

Even if you are factoring a load, it may be a good idea to see how quickly brokers are paying because the factor will base part of their fee upon how quickly the broker pays them.

So, you'll get the broker's DOT/MC# and go to the following website:

<https://safer.fmcsa.dot.gov/>

Here you will see, first of all, if they are active. Active brokers are good to work with and the next item of importance is their days-to-pay.

However, the FMCSA will not reveal any days-to-pay information on anyone. Usually, third party vendors, like credit services, may provide a year-long history of how quickly different businesses pay.

This is important, if you are factoring a load, you may not be too concerned about a broker's days-to-pay. But when you are expecting payment from a broker, you had better know WHEN to expect payment.

Financial software like QuickBooks will help manage your accounts receivable among other things.

### **What Your Brokers Are Looking For**

These items below may be apparent but you may find some brokers will emphasize one or two over the others. Learn this and work smart with them.

- On Time Pick Ups and Deliveries
- Following Instructions
- Effective Communications
- Your Availability
- Other

For "Other", you may have a broker, for example, that is VERY concerned about "how" your drivers deliver. Brokers may have specific instructions on both the equipment and the manner in which the driver enters the delivery point.

***Now, freight brokers may get into deep trouble IF they exercise too much control over the driver. Generally, a broker can tell you WHAT to do but not HOW to do it.***

When you encounter a new freight broker, you will get set-up with them. They'll send their package; you should have your own as well.

The information you receive about the broker's authority, etc., should coincide with what you discovered on the FMCSA website. If there is a big difference, check it out. Here is what to look for:

### **Freight Broker Set-Up Package Sent to Dispatcher**

- Evidence of Broker Authority,
- Evidence of Trust Fund or Surety Bond,
- Grant Letter,
- Broker-Carrier agreement,
- Broker's Payment Terms - Possibly,
- Credit Service - Days-to-Pay Information,
- Other

Note: this information is sent one time and should be stapled together and saved as permanent information.

***Also, the rate or load confirmation will be sent separately for each load you agree to take. You are legally bound to perform once signing and returning the "rate con".***

### **Dispatcher Will Return Info to Broker**

The dispatcher will sign, date and return the Broker-Carrier agreement to the broker as well as the following:

- Evidence of Carrier's Licensing, Authority and Insurance,
- IRS Form W-9,
- Certificate of Liability Insurance (COI),
- California CARB Registration - If Applicable,
- Other

Again, the rate or load confirmation will be received and sent back separately. Once the freight broker receives the signed and dated rate con, he will contact you and dispatch your truck for pick up.

Note: you will be signing these documents on behalf of your owner operator. It's a good idea to get a limited power of attorney that gives you permission to sign necessary documents.

## **Booking the Load - Taking the Order**

You had better get it right on this. NO mistakes. We'll list each procedure here and go through them during training:

- Broker-Dispatcher Communications - get in synch here, phone? texting? messenger?,
- Rates - know what you need,
- Pick Up and Delivery Information - get specifics,
- Pick-up Number - driver needs this to pick up,
- Type of Freight - food with live trees?,
- How Freight Will Be Loaded - can the driver observe?,
- Temperature Required for Reefers - produce, meat,
- Weight Requirements - driver responsibility,
- Special Instructions - know what the broker needs,
- Extra Stops - usually one, sometimes two or more,
- Fuel Surcharge - goes to the carrier,
- Touch and No-Touch Loads - driver assist?
- Unloading fees - be careful here,
- Detention - some carriers bill after 2 hours of wait,
- Dead Head Pay - will the broker pay?,
- Assessorial Requirements - tarping? dunnage?
- Fuel Advances - driver should get this if offered,
- Back Hauls - some brokers will keep a driver on the move

If ever during the process of booking the load you have questions or are uncertain - CALL THE BROKER. Forget the fear of sounding stupid. Get it ALL clarified BEFORE you dispatch your truck.

## **When It Comes to Rates**

There are several basic ways a shipper or a broker will pay. Here are some examples:

1. Flat rates,

2. Rate per mile,
3. Piece rate,
4. 100 cwt or 50 weight

1. Flat rate - Example:

From Denver, CO to Houston, TX - approx. 1,150 miles.  
The flat rate from the shipper might be \$1,925.

2. Rate per mile - \$ 1.95 per mile -

When a shipper or broker pays by the mile, they will indicate how many miles they will pay regardless of how many miles the truck actually drives. Usually this is not a problem.

The rate may vary but the number of miles being paid on particular loads usually never changes.

Example:

From El Paso, TX to Phoenix, AZ - 410 miles at \$1.75 per mile.  
Gross rate - \$717.50 (410 x 1.75)

3. Piece rate - per box, bag, bin, etc.

Per bag, box, bin or sack (usually 40, 42 or 50 lb. equivalent weight). "Equivalent weight" is a term used which is similar to average weight. Some bags will weigh a little more, some a little less but the equivalent (average) weight will be such and such.

Let's look at two examples:

Example 1:

The broker indicates he will pay \$4.75 per bag or box, etc.

If 900 bags or boxes are loaded, your gross rate will be:  
\$4,275.00 (900 x 4.75)

Example 2:

The broker indicates he will pay \$2.75 per box and they will load 1,029 boxes on the floor.

If 1,029 boxes are loaded, your total gross will be:  
\$2,829.75 (1,029 x 2.75)

**4.** Per 100 weight (cwt) - i.e. \$7.50 per 100 wt (cwt)  
or \$5.50 per 50 wt -

The shipper will load each truck to the "legal max". Lighter trucks will load more product; heavier trucks will load less.

***Regardless of the amount loaded, the broker will only pay on the "delivered" weight.***

A "weigh" ticket (or "scale" ticket) indicates what the delivered weight was. The weigh ticket will be sent to you from your owner operator and he may include the bill of lading as well.

The weigh ticket reveals the "gross" weight and the "net" weight. The "net" weight is what was delivered and is what the shipper will pay on.

On the load confirmation that you send to the broker, they may use an estimate of either 40,000 lbs. or 42,000 lbs. when paying loads by the 100 or 50 weight. More on this further along.

### **Payments Over and Above Base Rates – Accessorial Payments**

- a) a fuel surcharge
- b) reimbursement for unloading fees (lumper fees)
- c) extra stops
- d) detention pay
- e) rerouting charges
- f) other ??? - for example, a tarping charge

Each of these additional items - the fuel surcharge, the reimbursement for lumpers, extra stops or whatever - may be negotiated with some brokers but more often they won't negotiate on these. Try it anyway ...

In regard to a fuel surcharge, the broker will at times tell you that the base rate covers the fuel

surcharge. This may or may not be true. You'll need to do some calculations to determine if this is correct.

## **Picking Up the Load and Making Delivery**

So, you get all the information from your broker, you give it a critical review, and you give it to your driver and dispatch him for pick up.

You will establish a routine with your driver where you are able to ascertain the pick up, then monitor the progress to delivery and, finally, look for feedback that the load has indeed been delivered.

If you use a transportation management system, you'll be provided with actual time stamps for delivery, unloading and exiting the receiver's facility.

Time is important and should be monitored.

## **After Delivery Is Made**

Drivers after delivery will receive the bill of lading from the receiver. If there has been a problem on delivery (or during transport), your driver should call, txt, messenger you with the situation.

You and the driver should always be ready for a load that has been fully or partially rejected (more on this further along).

While your driver is in transit toward making delivery, you will find a back haul or give (or ask) instructions on what the next move is.

## **Invoicing After Delivery**

Once you receive the bill of lading, you'll review it for any notations that the receiver may have entered. You can also prepare your invoice that goes to the broker unless the load has already been factored.

This means that if the load was factored, you should have already sent your invoice to the factor. You're left with getting the bill of lading to him. Other than the bill of lading, you might also be sending the scale weigh ticket and/or a receipt from the lumper.

If it wasn't factored, get the invoice created and get it on its way as soon as possible.

***Getting your invoice out quickly will help your carrier's cash flow.***

The tasks of invoicing and posting your truck availability should become a system that you follow each and every time after the driver delivers - and it needs to be done quickly.

### **Posting Your Truck Availability After Delivery**

At times, while your truck is getting unloaded, you may want to get your truck availability posted quickly and start calling brokers for the next leg. They'll ask if the truck is empty and where is it.

You will reply that it's getting unloaded as you speak and it's near-by, if that's the case.

There are times when produce, especially, is loaded until midnight or so. Your truck might be two hundred miles out in the afternoon so your truck still might be able to make pick-up by midnight IF that is okay with your driver's hours of service.

### **Brokers Calling in Response to Your Truck Availability**

The first thing a broker will say is that he's calling in reference to the truck you have posted. And he'll ask if it's still available.

Your answer will be either Yes or No - OR it could be Maybe if you think you MIGHT have it covered with someone else.

After you build relationships with brokers, you want to be working "proactively". This means you may be able to keep the truck moving for a week or much longer without your needing to post the truck's availability after every delivery.

***Keep this on the top of your mind – good brokers with a good database of loads WANT and NEED you – and you want and need them too. This type of attitude keeps the wheels moving.***

Brokers usually know what rates they need and you will know what you want as well. Sometimes you'll negotiate a load to your liking – sometimes you have to pass or settle for a little less than hoped.

Maintaining your desired rate **on average** is essential, however. If you take a load at less than your desired rate, you'll need to make up for it with other loads.

As you can understand, brokers derive their value for their shippers by locating and contracting with trucks to move the broker's customer's cargo.

YOU, as a dispatcher, should work as the king pin in making sure that your owner operators are provided "good" loads for "optimum" rates.

***As a dispatcher, you may need to discuss "good loads" and "optimum rates" with your owner operators so you can quickly and efficiently cover their truck.***

Carriers look to get rates that cover their costs plus a certain profit on top of that. Your owner operators should have a good idea of their costs per mile which becomes their "cost to run" (CTR) and then add a margin on top, maybe 10-15%.

Owner operators really need to add a profit on top – otherwise, why would they want to work just to cover costs? That doesn't make sense unless they have factored in a good amount for their salary if they are driving.

***By understanding what your owner operators need to cover their costs plus the margin will help you better negotiate rates with brokers.***

This is important because many owner operators don't figure in all their costs as they should (medical insurance, vacation time, their own salary, miscellaneous expenses, etc.) and they don't have a good idea of how much per mile they need.

Or, if you are working as a dispatcher without knowing what your owner operator needs per mile, it might cause you to ask for more than what is really needed - and you lose the load for lack of understanding how and when you can bid lower.

***There is an art and science to rates and rate negotiations.***

### **Dealing with Problem Loads**

Every driver is different and sometimes there is a wide disparity between them when it comes to dealing with problems on the road. Be wary of a new owner operator; and be proactive and let them know you want to be as helpful as possible.

Tell them you would welcome any discussion on how to deal with problems while they are on the road. This will be a great learning experience for you and you be building a valuable relationship with your owner operator.

***Having said this, it's not easy to tell you an exact way that you should work with your drivers.***

For example, let's say a load of produce has been partially rejected. You would want to know if your driver knows what to do.

Sometimes rejected cargo can be taken home and consumed by the driver and his family or friends. After all, believe it or not, some rejected produce may actually have nothing wrong with it. Sometimes he knows where he can take it either to sell or donate.

Learn how you can help. I've said it once and I'll say it again and again.

### **Damage Claims**

Generally, when the motor carrier has possession of freight, the carrier is responsible for damages and/or missing pieces. The shipper is the entity that should initiate the claims process not the broker.

Some of the larger brokerages may file damage claims as an added service for their carriers. But you may never encounter this.

Regardless of which entity files a damage claim, your owner operator will more than likely turn it over to his insurance provider. Depending on the nature and severity of the damages, an insurance investigator may ask for input from you and/or your owner operator.

### **Here Is a High-Level, Step-by-Step Overview of What to Do When a Broker Needs a Truck**

1. Either the broker will call the dispatcher when they need a truck or the dispatcher will proactively seek out brokers on the load boards,
2. The broker will explain what they need – van, reefer, etc.
3. The dispatcher will negotiate, accept or reject the offer. If the offer is accepted:
4. The broker will send their set-up package to the dispatcher,
5. The dispatcher will sign, date and return the documents,
6. Once the load (rate) confirmation is returned to the broker, the broker will summarize the trip with the dispatcher or driver and dispatch him,
7. Driver makes pick-up, sends message to broker/dispatcher on pick-up,
8. Driver makes delivery, sends message to broker/dispatcher,
9. Receiver signs off on BOL,
10. Driver sends BOL to dispatcher,
11. Dispatcher posts truck availability to load board unless owner operator advises otherwise,
12. Dispatcher reviews BOL and prepares invoice to broker unless load has been factored,
13. Driver/dispatcher receives funds unless load has been factored,
14. Rinse and repeat ...

This list above may be intimidating if you are a new dispatcher. Prepare a checklist for each load if it helps.

Stay calm ...

With time and experience, this gets easier but always be alert to hitches that may pop up.

***Accuracy and communications are super critical.***

At times, a broker may receive the wrong delivery address from the shipper; at times the dispatcher may receive the wrong delivery address from the broker. It happens, don't let it happen to you. Repeat back everything to the broker.

As much as everyone wants to get the truck dispatched, just a few extra minutes to give a recap on what's supposed to happen may save many hours down the road.