



# Balancing Act

## How Freight Brokers Help Shippers Navigate Uncertainty

The need to ship assets from one location to another may be common, but it's also critical. A late or lost delivery can lead to unhappy customers, lost business and additional costs.

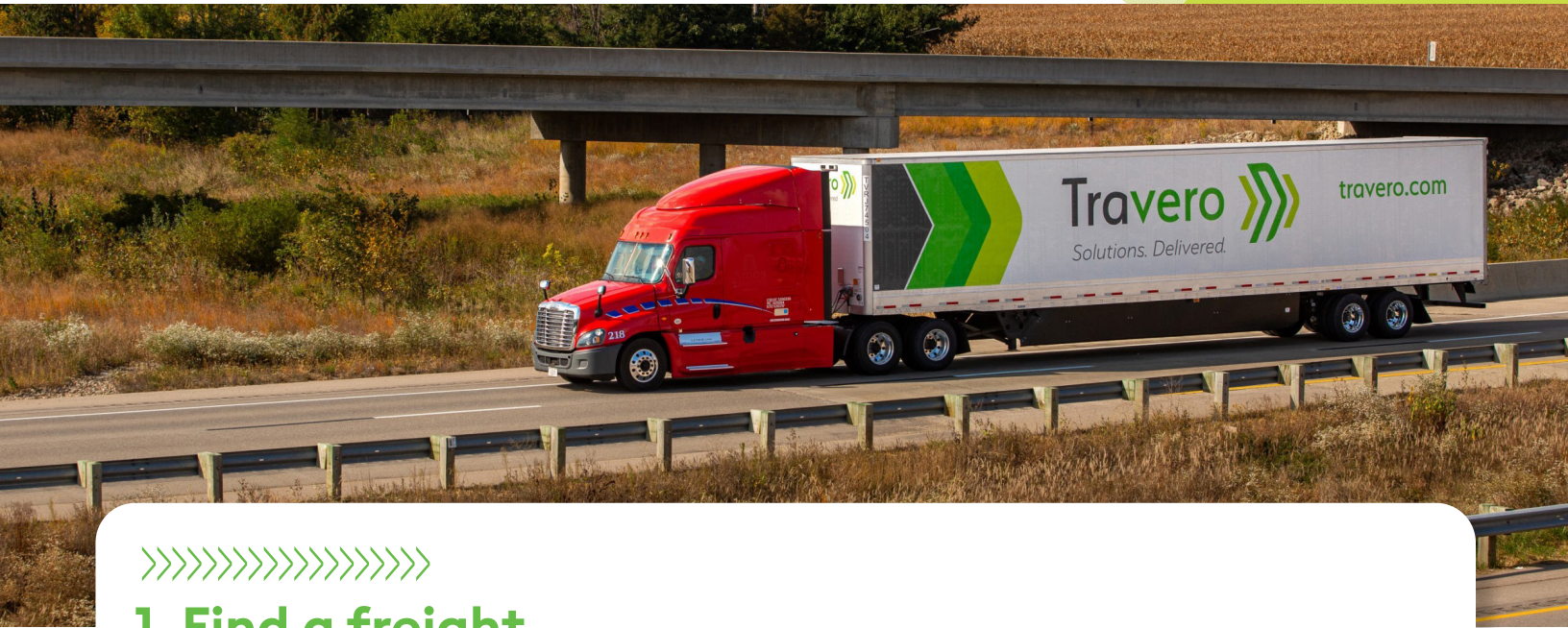
Such consequences are avoidable when you have an effective transportation logistics process. However, the ability to reliably transport freight is a lot more complicated in times of systemic and economic uncertainty. Many factors can impact the availability and price of good carriers, including labor shortages, disruptions in supply chain, population patterns and politics. To stay on schedule – and competitive – shippers need transportation solutions that allow them to be flexible.

“Transportation isn't a static industry,” said Ron Leibman, partner at McCarter & English and leader of the firm's transportation, logistics and supply chain management practice. “It constantly is shifting and changing, so you have to plan for the stasis, but then have a backup solution.”

Freight brokers, whether you're using one or considering using one, can help build needed flexibility into your existing logistics process or help you develop a better process. Working with a freight broker can give shippers more options to help get their freight to customers. However, not all freight brokers are created equal. Shippers need a partner to truly help streamline shippers' logistics to achieve maximum value.

**Here are five ways to develop a more valuable and efficient transportation logistics process.**





## 1. Find a freight broker you can trust

Like every good business relationship, trust is foundational to a partnership with a freight broker. By definition, a freight broker is a third-party intermediary between shippers and carriers that arranges the transport of the shipper's freight. Working with a freight broker inherently requires a higher level of trust, as shippers give control of their freight to a broker's relationship with the carrier. In addition, high-profile instances of carrier fraud in the trucking industry have made shippers rightfully wary of falling prey to scams.

"Freight brokerage is a very fragmented industry. There are over 15,000 licensed freight brokerage companies in the industry," said Landon Weninger, general manager of Travero Logistics, a division of Travero Inc., a logistics company offering full-service, customized logistics solutions, including freight brokerage, warehouse management, rail and barge terminal services. With locations in Iowa and Wisconsin, Travero is in a unique position to connect with many carriers and shippers in person, leading to strong, trusting relationships. According to Weninger, maintaining good relationships and being a reliable partner is what's led to Travero's success.



Additionally, Travero puts each of its carriers through a rigorous vetting process, holds each to a carrier compliance contract and leverages technology to protect all stakeholders from double brokering and from fraudulent brokers that pretend to be carriers.

"We're very mindful that we're putting a heavy piece of equipment on an interstate and traveling at high speed," Weninger said. **"We want to make sure that everybody involved in that arrangement is safe."**





## 2. Centralize your carrier network

Arranging reliable transportation for your freight can be challenging. In times of driver shortages or carrier capacity constraints, shippers will want to maintain multiple carrier relationships to prevent finding themselves without a driver. Shippers can create more flexibility in their logistics by centralizing their carrier network through a partnership with a freight broker.

Rather than having to identify, vet and maintain relationships with multiple carriers, shippers work with a single source, the freight broker. Qualified freight brokers have the knowledge, experience and connections to ensure your freight will be reliably transported and delivered on time.

Additionally, outsourcing the transportation function to freight brokers gives shippers additional time and resources to invest in other aspects of business. This can be especially beneficial for small to midsize shippers that may not have adequate bandwidth, labor or connections to maintain a sufficient network.

“A broker can give them access to all of these carriers and the ability to do reporting, visibility, vetting and other things without capital expense,” Liebman said.

Vetting carriers is a process Travero takes seriously, according to Weninger. Each carrier in Travero’s network must meet certain qualifications, which include a minimum number of months active and a good safety record, among other criteria.

“We’re also fully transparent with who the trucking company is and who the drivers are,” said Weninger. “Open collaboration between the carrier, the broker and the shipper is really important.”



## 3. Balance inbound shipping and outbound shipping

One area shippers can evaluate for a more efficient logistics process is their prioritization of inbound and outbound shipping.

Inbound shipping involves the shipment of inventory, supplies or raw materials into a business. Outbound shipping refers to moving goods or products out to customers.

Although operations for inbound and outbound shipping often occur separately, they are complementary functions that must be balanced to fit the type of shipping business and its needs.

For example, an engine motor manufacturer will require lots of inbound freight to build the motor it will ship outbound to customers. In that case, the outbound product can’t exist without inbound. Conversely, suppliers may need to prioritize outbound shipping to fulfill customer orders.

Shippers will benefit from ensuring both logistics processes are adequately coordinated and optimized to meet their business needs. Freight brokers can help shippers align their budgets to their business goals by saving costs.



## 4. Leverage the right technology

Like most business functions, transportation logistics can be made more efficient and effective with technology. Shippers will have access to numerous technological solutions when working with full-service freight brokers.

“Our customers benefit from our carrier payment platform, so that’s one less expense they have to worry about” said Weninger. “We make the ease of working with carriers effortless with technology to track status updates, manage carrier payments, and identify the location and ETA of trucks.”

Travero can either connect customers to the transportation management systems (TMS) platform it licenses or integrate with customers’ own TMS.

When it comes to selecting a TMS, shippers are faced with a myriad of software options – many of which claim to offer unlimited capabilities or data. Leibman said you can select the right platform when you remember you don’t need everything.

“The first thing you need to do is look at your logistics process and determine what you need,” he said. “You may care about trailer location or trailer capacity.”

Having the right data available to you in real time can provide a significant ROI. Metrics like costs per piece and on-time delivery and pickup can help you evaluate how much your transportation arrangements are costing your business.

According to Leibman, the more useful data you have, the better you can see how your goods are moving, and the better equipped you are to make changes to improve your logistics.



## 5. Avoid unexpected costs and risk

A flexible transportation logistics function will serve a business well and provide maximum value for your dollar. The balance between cost and quality can be difficult to achieve in transportation, where price is often driven by capacity. However, the cheapest rates and best service often don’t go hand-in-hand.

“The number one factor people look at is price,” said Liebman. “Is it worth using someone based on price that may not meet your criteria?”

Choosing a freight broker that understands the market and is committed to aligning its business objectives with yours can give you the best of both worlds. Brokers can also offer additional ways to reduce costs and risk.

### CUTTING COSTS

When working with a freight broker, you remove the internal costs associated with handling the transportation of freight. Not only that, but freight brokers have the influence and connections to negotiate lower rates than what a small or midsize shipper typically could.

Additionally, freight brokers, like Travero, are dedicated to finding cost-effective solutions – such as consolidation, lane optimization, rate revisions or shipping by alternate modes of transportation like rail – to meet shippers’ goals.

“If our customer has cost savings goals, we’ll find a way to make it happen for them,” said Weninger.

### MITIGATING RISK

Working with a freight broker reduces the liabilities of working with an unqualified carrier. Carrier contracts are held by the freight broker, who has the motivation and expertise to ensure carriers are reputable, safe and in compliance.

Another risk shippers often encounter is liability associated with uninsured carriers or trucks. Travero verifies all carriers have active insurance by requiring live insurance certificates and validating each truck’s VIN number is on the policy.



## Are you considering partnering with a **freight brokerage firm?**

Travero's knowledge and expertise working with all types of shippers and freight allow them to create smart, customized solutions for any shipping challenge. If you're ready to learn how Travero can help your company achieve its goals, call 1-877-205-9707 or visit [Travero.com](https://www.travero.com).

