

Freight Brokers Academy

Training Manual



Freight Broker Basics Online Course:

Module 3: Your Customers - Shippers and Trucking Companies

Developing Shippers

The Approach

I recommend targeting a specific market segment. When you develop certain markets you will not only find you will be referred to other customers, but carriers are much easier to find as well.

- You can target your business based on the following criteria;
- The location of the shippers or the destination of the freight;
- Type of cargo (agricultural, perishable, oversized, bulk commodities, etc.); •

In choosing your particular demographic you need to consider what type of cargo you would be most comfortable brokering. You may choose to



broker general commodity freight that is more stable and less volatile or you may want to focus your expertise in areas such as heavy haul, oversized loads, temperature controlled or hazmat loads.

Once you have found a shipper, you will want to approach the right person. In this industry you will need to talk to the appropriate person in charge. This is generally the "**Traffic Manager**". Thankfully, in this industry, the "**Go to People**" are not that evasive and there are very few loops to jump through to get to the right person.

- Key Contacts
- Transportation Manager
- Logistics Department
- Traffic Manager
- Sales Agents & Brokers

What Do You Say?

When you approach your customer, you will want to speak in terms that they understand so that you do not appear to be uneducated in the industry. Shippers want to deal with reputable and established companies that can handle the movement of their freight with the fewest headaches. They need reliability for shipping their products.

It is best to have a good knowledge of the transportation vernacular prior to approaching a shipper for the first time. You only have "**15 Seconds**" to make a first impression. Do not worry if you have never had any previous experience in "**Direct Sales**" as most of the work in this profession is completed using a telephone and email. I suggest you log a little time on the phone or in practice sessions with a partner prior to setting up a perspective sales meeting with a client in person.

Prospecting For Customers

Finding Your Customer Base

If you want to be a successful freight broker you will need to have a good base of customers. Shippers are consistently looking for more efficient or cost effective ways to transport their product. Please review the information below. I think this will provide you with a general knowledgebase on how to find, appropriate, and manage your customer and freight.



Get the Information

You can literally use hundreds of means to find your customer base. It can be as simple as walking out your door and talking to people. If any product is manufactured in the U.S.A. it has to be shipped to the retail or wholesale distributor.

Your target market will be the following:

- Manufacturers
- Distributors
- Wholesalers
- Growers & Packers
- Warehouses & Cold Storage Facilities
- Trucking Companies
- Membership Associations

Databases

Informational databases can also be obtained by third party resources. I have purchased quite a few in my career. Before you purchase any database make sure you are getting the right information and make sure it is up to date! I suggest these companies.

- Info USA (Website Link -<http://www.infousa.com>)
- Selectory D&B (Website Link -<http://www.selectory.com>)
- ContactDB (Website Link -<http://www.contactdb.com>)

Learn To Search

I have found in my own personal experience that searching various membership databases will provide you with a plethora of sales contacts and information. Most of this information is freely available through the Internet. I usually search for membership directories in various trade organizations and also their buyer's guides.

Qualifying Prospects

Sales Strategy

When you are looking to market your freight brokerage, it is important to possess strong negotiation skills. Not everyone is good at negotiating many are intimidated. For those who do not like to negotiate, you will find this job requires frequent situations where negotiation skills are needed in the daily movement of your freight. Here are some ideas to help you overcome your fears and become a successful negotiator.

Understand your service value. Before you try to quote your freight rates, it is critical that you know and understand your product and its inherent value to your customers. Your previous customers will give you quite a bit of ammunition for fending off your competitors' products and services, as they will be able to tell you your weak points and your competitors' strong points (in their eyes). You have to be open-minded and willing to accept the criticism, and use that criticism to develop stronger value for your service in order to gain the advantage in selling to potential customers.

Know your competition

Research and study your competition. It is important to know what rates are being quoted on lanes selling and how they're getting them. Understand their price points and their perceived advantages to your prospect base. Also know that some of your current customers are likely shopping around. Keeping your competition in your hip pocket will help you continue to develop services that provide value to your customers, and will keep you strong at the negotiating table.

Know your sales strategy

How will you sell your services effectively? Know your strategy before you begin negotiating. You don't know how well your clients will have done their homework in advance, so have contingency plans for your backup plans. Make sure you put your strategy to paper and put it into action with each opportunity to negotiate a rate. The better and stronger your strategy for marketing your services, the better positioned you will be to come out ahead when negotiating with a prospect.



Quoting Rates

Spot Quotes

A spot quote is a rate quote for a individual Linehaul. For instance the traffic manager for a local steel company contacts you because he has been unable to find a flatbed to transport a load of steel pipe from Bethlehem, Pennsylvania to Oklahoma City, Oklahoma. You will need to start talking to carriers who typically run this lane. Before you talk to them you will however need all the information they are going to ask you questions about.

Dedicated Lanes

When quoting dedicated lanes for shippers you will need to do a bit more work. This type of freight is very competitive and your quotes will be considered against a number of others. Generally this type of freight is assigned on a Bi-Annual / Annual basis.

Since you are a non asset based freight broker it will be very important to furnish a quote to your shipper that will actually move the freight. Many brokers will provide lowball quotes to shippers so that they will get the freight in hopes of brokering it out to carriers. Unfortunately a lot of these freight brokers will not be able to move the freight due to quotes not being accurate. This is a principle reason shippers will not deal with a lot of freight brokers. You have to set yourself apart from the rest and here is how you do it!

Market Price Rates

Occasionally shippers will need carriers to move their freight due to a truck falling out or another vendor's inability to provide the service. This is when a shipper will have to pay the going rate for a truck to move the freight. This is where having a relationship with a lot of carriers can come in handy. You can make huge commissions on these loads as the shipper will most generally pay whatever is necessary to move the load.

Remember -"Pigs Get Fed and Hogs Get Eaten!" Do not gouge your shippers!

The Daily Routine

Your Day Will Go Like This!

Your daily activities as a freight broker will include a tremendous amount of phone time. You will be actively networking with potential shippers to assess their needs. Depending upon the shipper you contact, you could be extremely busy searching for carriers immediately or simply providing lane quotes for the shipper to use at a later date. The important thing is that you are building your database of contacts and getting your name out there to the shippers.

- 1 The initial load details that each broker will collect will be general in nature: cargo type or commodity, pick up and deliver locations, type of carrier required, anticipated rate for the load, and any special instructions to the carrier regarding the load.
- 2 Once you have this information, you will want to start entering these notes into your contact manager regarding when and where this shipper's loads move, and also the frequency of shipping. Remember, "**The Early Bird Gets The Worm**". I suggest contacting your shippers from starting as early as 6:00 a.m. Most shippers are preparing to arrange their freight around these times if they are shipping produce.
- 3 Once you have a relationship established with a shipper, getting loads will not be a problem. The shipper will inform you on what lanes and carriers are needed. Be sure you have any questions answered on the load immediately as you will be relaying these details to the carriers that are interested in moving the freight.
- 4 The shipper will either give you a rate that he wants to pay for the load or he will ask you to submit a quote for the lane. Once you have the numbers nailed down, you will now know what to offer the carrier to haul the freight. Most freight brokers make an average of 10% of the load amount. I, however, like to average 15%-20% of the load. It might take a bit longer to find a carrier, but it works out better at the end of the day.
- 5 If you do not have a carrier already in mind for the freight, you will have to start posting on load boards such as; Internet Truckstop, Get Loaded, or The DAT. These are not the only load boards on the Internet, they are however the load boards that receive the most traffic, you will also have the ability to find perspective carriers on these sites.
- 6 Once the load has been posted, you either move on to find more freight or start calling your database for interest in the load. While you are calling the database, you will also start to receive calls from prospective carriers who saw the postings on the load boards. Once you have received a "**Yes**" from the carrier to accept the linehaul, you immediately call the shipper to tell them that the load is "**Covered**" and that you have a truck.

- 1 If the shipper is already "**Set Up**" with you, simply have him fax you the rate confirmation and load sheet for you to sign and return. If you have not received the rate confirmation in a few minutes, do not worry, this is common as most shippers are extremely busy moving several loads.
- 2 Now, you have to clear your carrier through the FMCSA to make sure he has no prior history of accidents and that he has the proper insurance. Once this has been done, you will then fax your "**Set Up**" package to the carrier for him to sign and return.
- 3 Once the carrier has completed your initial "**Set Up**" package, you will then prepare the rate confirmation sheet and loading order and fax that to him. He will also sign and fax that back to your office for your records.
- 4 Once you have received the signed rate confirmation from the carrier dispatcher, you should call the truck driver and verify all the load details and dispatch him to the location to pick up the load.
- 5 During the transition of delivery of your load, you should have the carrier contact you daily with a status of the whereabouts of his truck. This is called a "**Call Check**". It is standard operating procedure to impose fines to the carrier for failure to comply with your "**Call Check**" policy. This policy should be notated on the rate confirmation sheet.
- 6 Once your load has been delivered, you should contact the shipper to let him know the status. It is standard operating procedure to require the carrier to fax a copy of the signed bill of lading when the load has been accepted so that you are aware of any problems with the load or to verify delivery to the recipient.
- 7 If there have been any problems with the load, you should contact all parties immediately i.e.; Shipper, Carrier, and Recipient and resolve them amicably. This is your responsibility as a broker.
- 8 Occasionally, this may seem to be redundant and a very mundane procedure but to insure smooth deliveries and also returning customers, I would suggest these procedures are followed directly every time. Remember all situations that may arise concerning any given load can be resolved with the exception of force majeure incidents "**Acts Of God**".
- 9 If you follow these procedures as a general rule, you will find quality shippers and carriers who wish to use your services on a consistent basis.

Freight Agents: How To Diversify Your Customer Base

Every freight broker wants to reach a broader audience to expand their brand and increase market share. It comes as no surprise that prudent business people work to have a plan of attack using proven strategies, growth and expansion for their business. With the current economic condition, it's become even more important to be on the offensive with a strategic plan to do this. Many of our own agents are looking to expand their customer base in order to diversify the mix of their client base, especially those with over 10% of their business coming from a single company or a certain industry. It's difficult to spread a book of business equally, but it only takes one bad experience of seeing a customer walk away that held 20% of your revenue to devastate your business. It can cripple you, especially if you don't have a plan to expand.

The question is, how? Here are two proven tactics to grow your customer base:

1. Reach out to current customers for referrals to their suppliers, vendors, or even customers and friends. After researching these potential clients and learning everything you can about their operation, try making some "warm" calls using your mutual acquaintance's name as your opener. There are still a lot of customers who prefer a phone call to gain their business over the "tech" ways of email or through LinkedIn.

Do you fear rejection? Have faith! Getting past the fear of rejection is surprisingly easy. The best way to get over your fear of "cold" calling is to practice. Look through your address book and start with clients you haven't done business with in awhile and expand to people beyond your immediate network and pretty soon, you'll have gained the confidence to dial and smile to perfect strangers!

2. Social media such as [LinkedIn](#) is a valuable and cost-effective tool to promote your services. You can search for businesses that match your current top customer list, and extend invitations to connect in a non-threatening manner. And you don't need a paid account to do this! Groups are also a great way to connect with potential clients and exchange tips that can result in business. Don't join the groups of other brokers, join the groups your customers belong to! There's no purpose in joining groups filled with your competition, so be different. Blogs are a creative way to use social media to boost sales. At Trinity, our marketing department puts a big emphasis on providing our sales and agent teams with quality content to share with prospects and customers to exhibit our expertise and keep our services in front of them.

Process For Acquiring Your Shipper Customer Base

It starts with PROSPECTING. That's right. Every sales person's favorite activity. Sometimes "warm" calling when you have existing industry contacts and referral sources or even some direct experience dealing with a prospect (i.e., you use to haul for them as a truck driver and now you're transitioning into the work of freight brokerage as a Freight Agent). But mostly during your first few months there will be a lot of COLD CALLING. Maybe not the most exciting thought BUT if you do it consistently and correctly (especially during your first 30 days of full-time effort) you will set yourself up for massive long term success. There is no substitute to getting the law of averages working in your favor.

*** (See the attachment - "**BBB - New Shipper Prospecting Script**")

1) Find shippers.

Contact shippers who need the services you provide. This can be done by pursuing your own leads, or by searching for loads on load boards.

2) Find carriers.

Identify carriers ready and willing to transport freight. Again, this can be accomplished through networking or by searching load boards for trucks.

3) Set rates.

Determine an appropriate rate for each load. Rate benchmarking software can help you see current rates for both the contract and spot freight markets.

4) Move freight.

Now you're on your way to a successful freight broker!

Choosing a Niche

There are many valid reasons for choosing a well-defined market niche. By targeting a specific market segment, you can tailor your service package and marketing efforts to meet that segment's needs. You'll also develop a reputation for expertise that attracts new customers.

You can design your niche based on geography (either the location of the shippers or the destination of the freight), types of cargo (agricultural, perishable, oversized, bulk commodities, etc.), size of loads, specific industries or some other special shipping need

To choose a niche, first consider what types of shipments and/or shippers you'd enjoy working with. You may opt to simply handle general commodity freight-materials that are typically easy to handle and don't require any special attention. Or you may want to develop some expertise in areas such as heavy equipment, oversized loads, perishable commodities or even hazardous materials.

Don't limit your specialization plan to the commonly accepted areas; instead, find your own niche. Bill T., for example, does some interesting work for retailers. One major national chain hires his company to handle the distribution of point-of-sale promotion displays that have to be delivered to hundreds of stores on the same day. Other big businesses use Bill's company to manage shipments related to store openings and closings.

Your next step is to conduct market research to determine if there's a sufficient demand for the services you want to provide. If there is, move ahead with your marketing plan. If there isn't, consider how you might adjust your niche to one that generates adequate revenue.

Finding Carriers

There are tens of thousands of carriers operating in the United States. Your job as a broker is to identify the ones that provide the services your customers need and to confirm their reliability before using them.

You'll find carriers listed in a number of directories and trade magazines. Word-of-mouth is also a good way to find carriers; as you're out there networking, pay attention to what others are saying about particular trucking companies, and follow up on good reports.

You can also look for trucks at truck stops and on the road. When you see trucks that are clean and well-maintained, speak to the driver and find out something about the company. If it isn't practical to speak to the driver, make a note of the company name and headquarters location (it will be posted on the truck or the cab), and give the company a call.

Income & Pricing

Freight charges are based on a number of variables, but the two main factors are the **weight of the load** and the **distance it must travel**. Rates are also affected by the type of truck needed, whether the driver needs to make one or more stops to pick up the freight, and whether the driver needs to make more than one stop to deliver the goods. Each shipment is entitled to one pickup and one delivery with no extra charge; you can usually negotiate the rate for additional stops with the carrier.

Before you begin shopping for rates for specific shipments, get an idea of the current "going rates" for the types of shipments you're likely to be handling. You can do this by requesting copies of tariffs from several carriers and studying them.

Your income is generated by the commissions you earn on each load. You'll be paid one of two ways: You can bill the shipper the amount you're going to pay the carrier plus the amount of your commission, or the carrier can bill the shipper directly and then pay you a commission from its revenue. The most common way to handle billing and commissions is to have the carrier bill you and then you bill your customers (which is how we do it).

Your commission is negotiable, and you can get whatever the traffic will bear. The average broker's commission is between 10 and 15 percent of the shipping charges, sometimes higher. Keep in mind that your commission is your gross revenue, and out of that you must pay your overhead: rent, taxes, payroll, sales commissions, utilities, debts and so on. Some estimates state that most brokers are lucky to earn a net profit of 1 to 2 percent after expenses. Your ability to build perceived value, negotiate rates wisely AND outwork your competition can dramatically help to improve those margins.

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Training Module #3 - Section Ending Assignment

- 1) Use the resources in this training program and/or any online resources you can find for this assignment.
- 2) Find 50 shipping prospects in the niche you are most interested in.
- 3) Input all the info you can gather on the company and the primary contact(s) at the company into your Prospect Tracking Log.
- 4) Find 50 Trucking companies or owner operator prospects based in the geographic areas and/or with the trailer types you want to target.
- 5) Input all the info you can gather on the company and the primary contact(s) at the company into your Prospect Tracking Log.
- 6) Save this information and keep it handy as you will be using it in your course ending assignment prior to On The Job training.

**Contact home office or your assigned Trainer to schedule review prior to moving on to the next training module.