Don't Let Inefficiency Eat Your Bottom Line:
8 Areas to Improve
Your Freight Brokerage

Freight brokers are resilient. You've stood firm during the recent economic storms, supply chain disruptions, and anything else thrown your way. If your company has yet to experience the expected upturn, stay focused. Better times are on the horizon.

Meanwhile, now is the time to focus on your company's long-term sustainability. When you use downtime to address process inefficiencies and enhance workflows, you set your company up for future success.

At REDACTED, we've identified and studied eight (8) common areas of improvement in the freight broker process. These areas are tasks or processes that, when not optimized, cause headaches for your team and customers. When you evaluate these eight areas of improvement, you may uncover hidden labor or resource costs that eat into your bottom line. You may also discover unnecessary internal steps that, at best, slow down your booking process or, at worst, annoy your customers. These insights can help you set up systems to work smarter, not harder.

Studying the eight areas of improvement has helped about 300 clients reduce workloads by 50%, which is a significant boost to their bottom line. You'll maximize your margins when you quote loads more accurately, using better data and with less labor. You'll be ready to hit the ground running when business ramps back up again.

The Eight Areas **of Improvement**

There are eight individual touchpoints in the transportation process where bottlenecks and increased costs often occur. To thoroughly study each area, gather your team and work together to answer probing questions about the people performing each task, the tools used, and the resources needed. These questions help identify and research the cause of everyday issues. In addition, the answers to those questions can offer clues to improving performance.

Receiving Orders *from Clients*

Quoting *Shipments*

Searching for *Load Coverage*

Track and *Trace*

Updating *Clients*

Gathering *Paperwork*

Carrier Bill *Audit*

Invoicing

To be clear, not every company will experience bottlenecks or inefficiencies at all eight touchpoints. Your process is unique. Focus on the areas that are critical to your team's workflow.

There are several crucial questions to ask at every step of the process. These universal questions will uncover areas for process improvement, expense savings, and gaps in necessary tools. There will also be questions unique to a certain task that will uncover additional optimization opportunities.

The TMS for Brokers

1 Is this task standardized, or does everyone have their own process?

2 Are the results or data from each task visible to everyone on the team?

3 On average, how much time does this task take?

4 What tools or software platforms are you using during each task?

5 What is our labor cost during this touchpoint?

6 What is the cost of other resources like tools during this touchpoint?

7 Are there automations or optimization efforts we can take during this touchpoint?

8 How can we make sure this touchpoint will scale as our business grows?

According to a November 2023 *McKinsey study,* cost management is the top challenge for both shippers (68%) and providers (80%) in transportation. Your goal in asking these questions is to uncover wasted resources, including extra labor hours, inefficient tools and software, and other expenses.

Keep in mind that speed is often more important to shippers than cost. Delays cause lost opportunities and customer service issues. Document any bottlenecks causing process delays. Optimization benefits your cost management efforts and strengthens your business relationships.

This mapping process may seem tedious, but you need this detail to make informed decisions. To illustrate the mapping process, this article will review all eight areas of improvement, including specific questions for each step and ideas for optimization.

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Step 1 | Receiving Orders *from Clients*

Every load order represents dollars in the bank. Yet, many brokers don't have a standard process for receiving and responding to orders.

If you receive orders by email, how efficiently is your team responding to clients?

If you receive orders by email, how efficiently is your team responding to clients? Overflowing inboxes can lead to massive inefficiencies. It is essential to understand how long it takes your brokers to open and respond to an email order. If you don't know, time them from the minute the email is received to responding to the customer. Calculate how much time you could save each team member if you eliminated the data entry step.

If your orders come through an EDI, is it reliable?

EDIs should boost connectivity and productivity, but many EDIs aren't maintained in-house. They are maintained by third-party vendors, who may not be reliable. Track how often you experience transmission failures and how much time your team spends troubleshooting issues instead of processing orders.

Are you recording every order coming in, regardless of booking?

No matter how your team receives orders, if they aren't recording each order in a database or TMS, you have no way can't accurately measure win rates. If your team manually enters bulk shipments in a TMS, ask if they include all load information or just basic details.

It's important to track not only the shipments you won but also the ones you didn't win. Why? Because data is power. Imagine identifying the loads your team lost due to processing delays or inaccuracies in quoting (our next area of improvement). Data is key to success in the short term and future scalability.

Ideas for optimization

There are software solutions or bulk import capabilities that can streamline your workflow by automating and recording the receiving process. Evaluate whether or not the solutions will actually save you time and resources.

Step 2 | Quoting *Shipments*

While your quotes should be accurate and competitive, your quoting process should also be efficient. Many customers may accept the first reasonable bid they receive, especially if they are in a time crunch.

Do you have a pricing specialist?

Brokerages often rely on one expert using a process they've perfected but never formally documented. There are more efficient ways to run or scale a brokerage. If you have one pricing specialist on your team, evaluate whether it slows down or confuses the pricing process. Ask your reps if they are waiting for quotes or if they would know how to quote a bid if the pricing specialist is unavailable. Also, consider the long term and evaluate what will happen as your business grows.

If you don't have a pricing specialist, what does your

Evaluate how your reps determine both spot quotes and contract rates. Measure how long it takes your team to respond to a client's quote request and the process they take. If there is no standard process, your less experienced reps are probably either taking too much time by doing a lot of research or making guesses at rates that may not cover your margin. In both scenarios, you're losing money. Growing a freight business without a standard pricing process is very challenging.
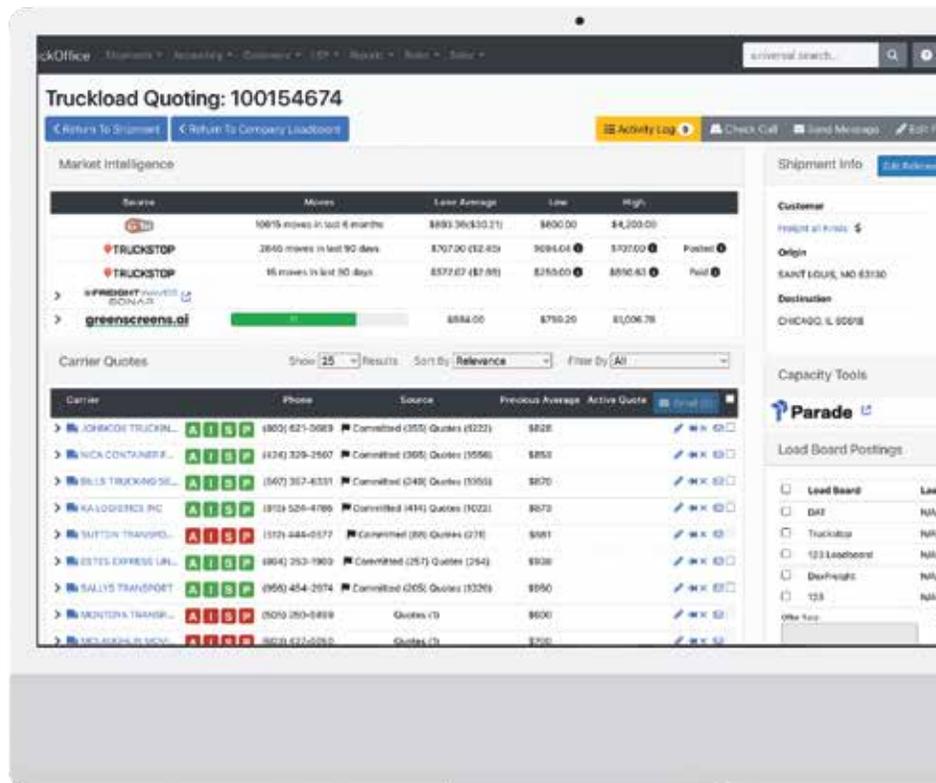
What tools are you using?

Digital integration is a common challenge for many transportation companies. The McKinsey report cited that 34% of providers have as many as nine different software solutions in their tech stacks. That is only a blessing if the solutions work well together. Evaluate the tools (TruckStop, DAT, FreightWaves Sonar, GreenScreens) your team uses, and the time it takes them to quote rates.

While tools are helpful in accurately quoting a price, accessing multiple tools and manually comparing and contrasting rates slow down your team's ability to price a load quickly.

In addition, if these tools aren't integrated into a single dashboard, the insights they provide are lost for future use. Ask your reps if they use these tools to track quotes and win rates to inform their decision-making.

If not, are they tracking load data manually or not at all?

FREIGHTWAVES
SONAR

greenscreens.ai

DAT®

🛑 **TRUCKSTOP**

Ideas for optimization

To reap the best rewards, your quoting must be accurate and timely. Make sure your team understands all the expenses that can affect margin so you aren't inadvertently losing money on loads.

Aside from tools, establishing a quoting process that is documented and visible to everyone on the team will eliminate bottlenecks and help your company scale operations. Also, if you employ pricing specialists, create a training process to onboard new pricing specialists successfully. In addition, make it a priority to track and store quotes and other load data for future analysis.

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Step 3 | Searching for *Load Coverage*

The areas of improvement in this part of your workflow hinge on two essential elements: the strength of your carrier network and your team's use of load boards.

How strong is your carrier network?

Optimizing carrier relationships is a priority. Ask if your team members know and regularly use preferred carriers. If there is no regular rating system or method to find your preferred carriers, track how long it takes a broker to find this information and/or whether they bother to do so. You will likely find inaccuracies and inefficiencies there.

Uncover how your team communicates with carriers when searching for coverage. If it's email, you may be losing critical messages in spam filters. Or busy reps may be burning response time. Ask your team if they have visibility into all carrier interactions for consistency and trackability.

In addition, carrier compliance helps your team stay accurate and honest and improves customer service. This starts with comprehensive carrier onboarding. Review your onboarding packet and the time it takes to onboard a new carrier. You want to find the optimal balance between accuracy and speed.

What percentage of your carriers come from load boards?

Load boards aren't always the most effective way to book a carrier for your customers, but they sometimes are the only option. Optimizing this process can significantly enhance your margins. Estimate how much time you may save if both posting and reposting were automated through your TMS.

In addition, evaluate how your team uses load board data to quote loads and where that data is stored. If your team isn't aggregating all quoting information into a central place, you may be missing out on valuable data that would help your team quote more accurately in the future.

Ideas for optimization

A solid carrier network boosts your team's productivity and customer satisfaction. It's worth the time and effort to find and fill gaps in services or compliance so that load coverage is seamless.

If your preferred carrier list lives in a spreadsheet or on individual broker's notebooks, explore digital options that can track changes and updates accurately and are accessible. If your team relies on emails, put tracking in place so that no emails get lost or caught in spam filters.

If your customers wait to hear back from you on their loads or your carriers are bombarded by phone calls, emails, and texts from your team, neither partner will be happy. A good working partnership starts with an efficient and consistent tracking process.

How much time do you spend on track and trace every day?

To evaluate your current process, map out your team's workflow. Note whether they are making manual phone calls to check on loads or using tracking tools from carriers or in-house tools. Check for areas where inaccuracies or gaps in visibility cause tracking delays.

For manual processes, track how long it takes for carriers to return calls and how long it takes for your reps to record the information. Find out if this process is used by everyone on the team or if every team member has their own process.

Ideas for optimization

Once you've mapped out your current workflow, search for ways to automate the process.
Some carriers have tracking apps that your team can connect to. Your TMS may have features that can help you automate this part. Keep in mind that you want to settle on a process that saves you money and time now and will scale as your business grows.

Step 5 | Updating *Clients*

As you study the track and trace step, remember that your rep must relay the information to the customer. Your customers expect consistent, timely, and accurate updates.

How do you update clients on their loads?

Measure the time and tools your team uses. Compare your team's process to the process your clients would prefer. Is it the same? For example, some clients prefer email, but your reps make phone calls. Because of this disconnect, clients may be missing your team's updates. Evaluate whether your team is using the best communication channels for updates.
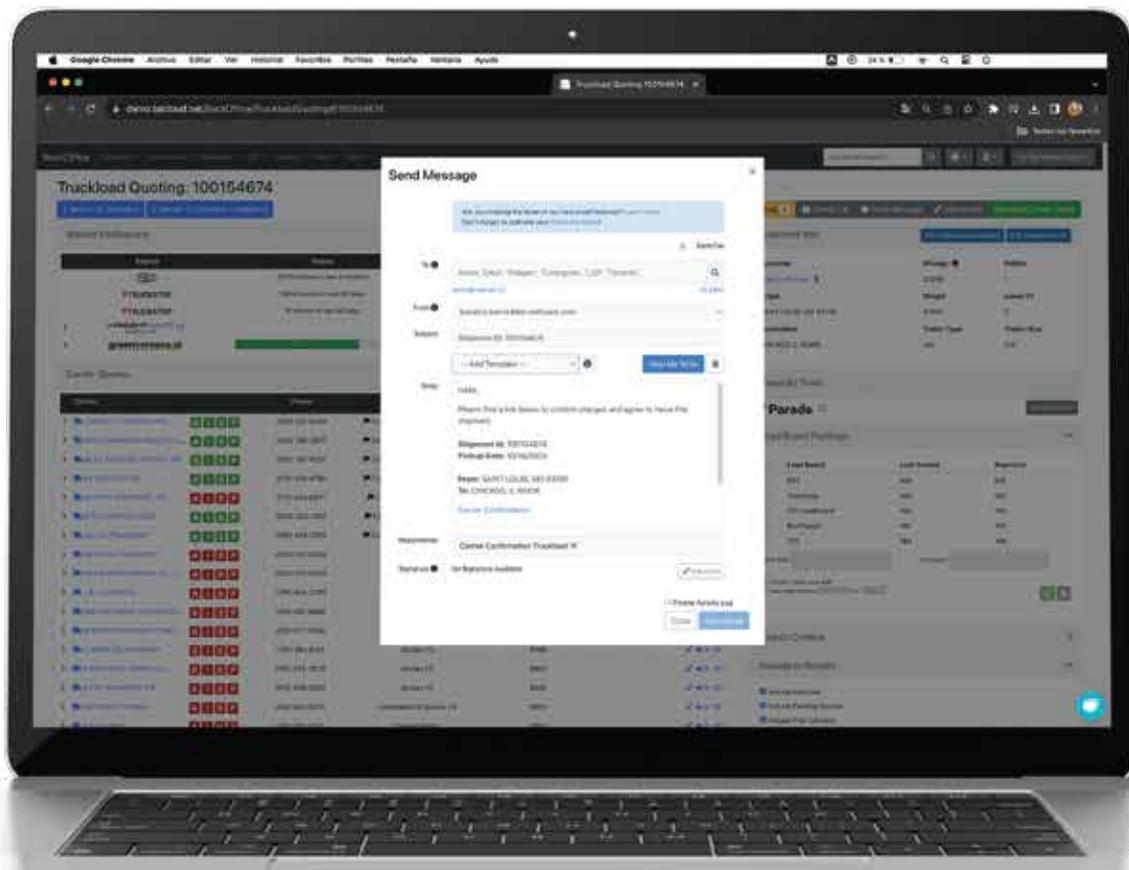
Ideas for optimization

Texts and emails can reduce the time your reps spend on the phone. Artificial intelligence and machine learning can assist your team in writing and sending these messages faster. In addition, some TMS platforms will send updates to customers in batches as information flows into the system.

Step 6 | Gathering *Paperwork*

Collecting the paperwork needed (invoices, POD, BOLs, and more) to bill a customer can be time-consuming and tedious. Yet, this crucial step is necessary for optimized cash flow.

Does this step delay invoicing and payment?

Every minute your team spends gathering paperwork delays payment collection, which can be very costly. If some customers are regularly late with their payments, look back upstream to see if they are late because they are waiting for paperwork.

Thoroughly document how your team gathers, stores, and processes load paperwork. Note if documents are delivered in batches or individually and who can access them. Track the average time to collect all the paperwork and process each invoice.
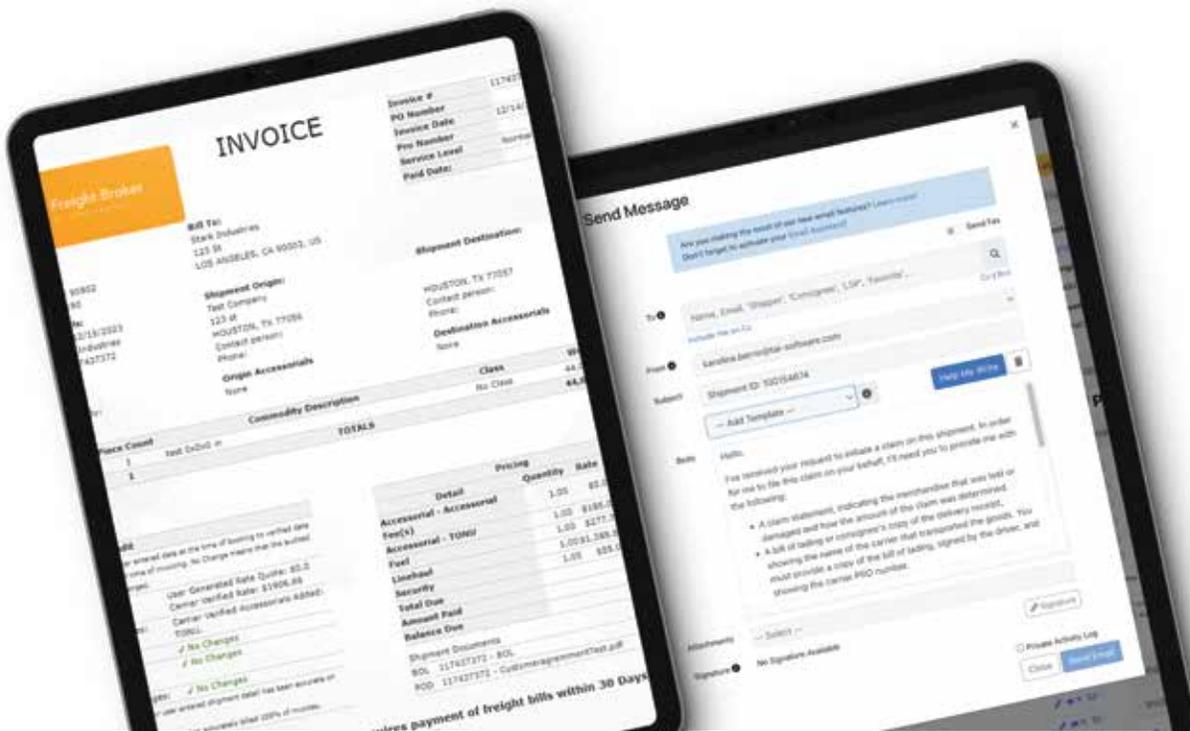
Ideas for optimization

Some TMS platforms can pull paperwork from emails and sort it under a load record. This can reduce extra tasks from your daily workload and time spent on the paperwork process.

Step 7 | Carrier Bill *Audit*

The audit process can be full of inefficiencies. As vital as this process is, comparing every invoice to the corresponding quote can be tedious, and it's time-consuming to follow up on any discrepancies. Any barriers to completing this step cause more delays in invoicing and payment. It will also hurt your company's cash flow and relationships with trusted carriers.

What is our auditing process?

Document your audit process, including its efficacy and the time it takes your team to audit bills and resolve discrepancies. Rebills and delays in payment can significantly hurt your relationships with clients. Evaluate how you communicate with clients when discrepancies happen.

Are our processes before this step causing delays in the audit step?

It may help to look upstream for inefficiencies. For example, if you don't use a common pricing model, your team may inadvertently generate inaccurate quotes, resulting in more audits.
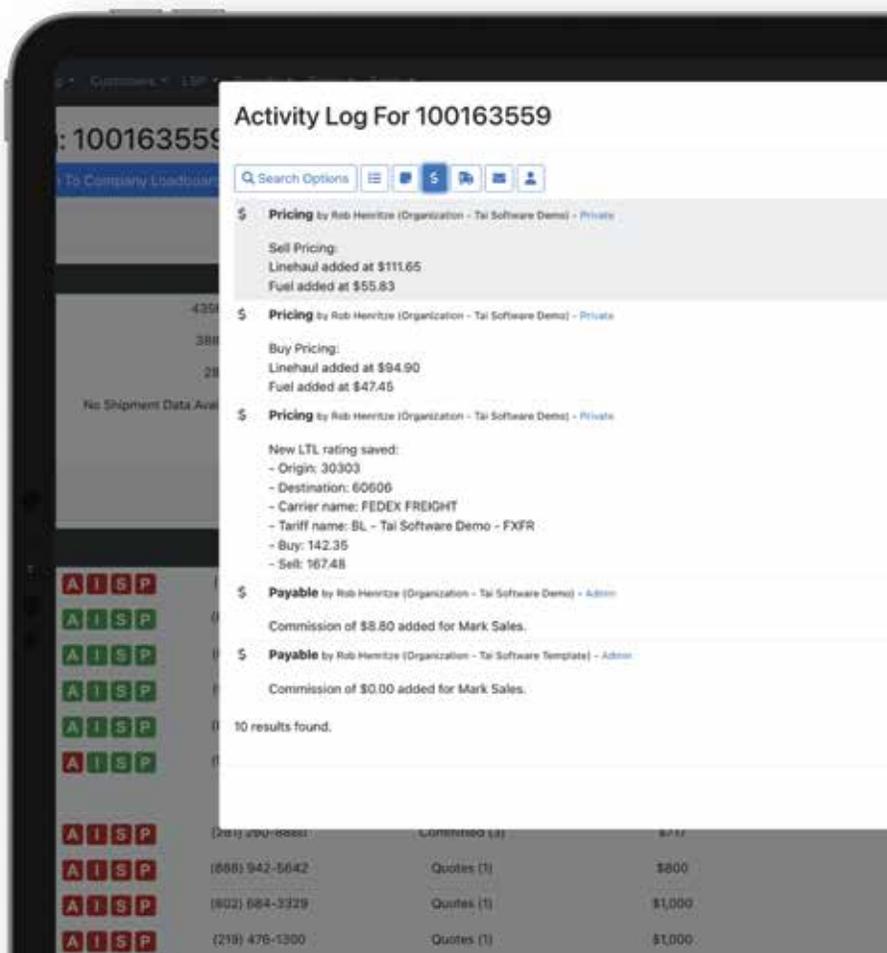
Ideas for optimization

Some platforms can scrape documents as they are delivered to an email inbox, sorted into the correct load record, and flagged for follow-up. Evaluate if these tools are available in your current software solutions. If not, research whether they may help your team be more efficient in this step.

The TMS for Brokers

Step 8 | Invoicing

There is often a 30-day difference in payment terms between shippers and carriers, leaving you limbo. The sooner your invoices are released, the faster that gap closes.

Are we using invoicing tools that integrate with our TMS?

As you review the tasks involved in this step, look for opportunities to speed up the process. If you manually create invoices and email them to customers, measure how long it takes to turn an audited bill into an invoice.
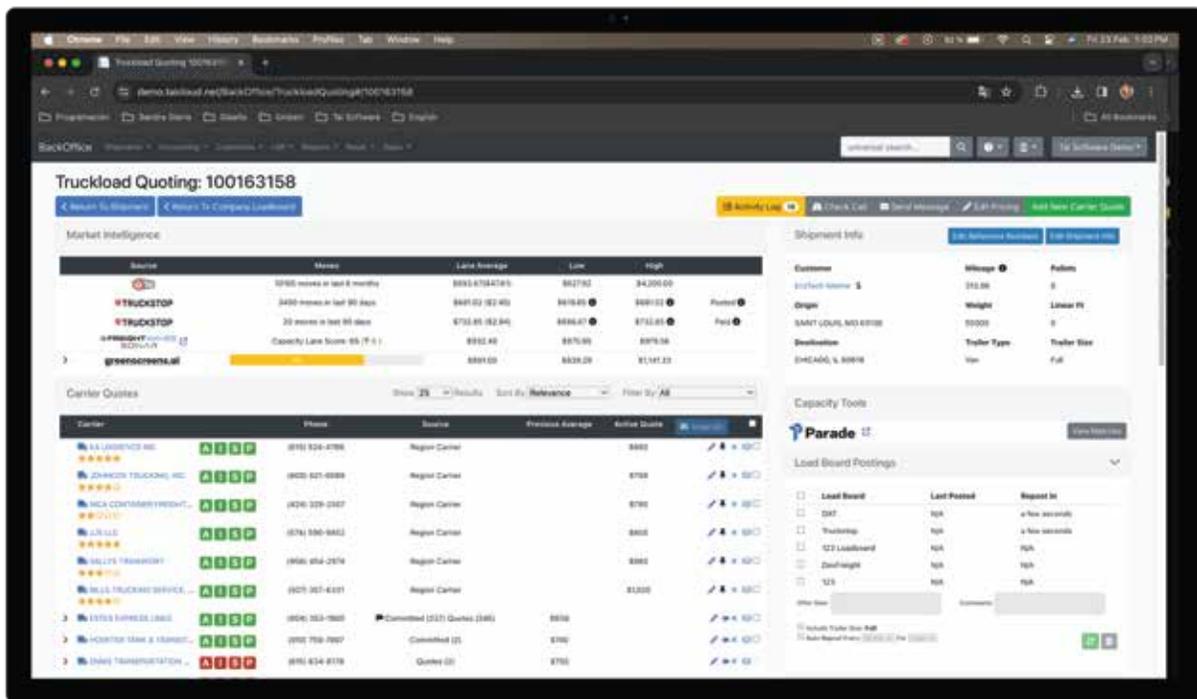
Ideas for optimization

Invoicing software within your TMS or separate software may integrate with your TMS to take the workload off your brokers and streamline the process.

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Putting the Data Together

Now that you've documented each step, combine all the answers to your questions and put the whole process together. When you view the steps as a whole, you may find additional optimization ideas. Create a flowchart outlining your current process using a whiteboard, sticky notes, or a software application—layer in ideas and opportunities for streamlining each step.

Review your total labor and resource costs and take these critical next steps.

- Calculate how much money and time your team would save by implementing some streamlining ideas you uncovered.
- Prioritize the ideas that will help your team optimize multiple steps since they will save you the most resources.
- If there are areas in your workflow where you don't have an optimization solution, consult your team and your existing software partners for ideas.

As you implement these new ideas, recalculate your costs at each touchpoint and update your pricing models so they are always accurate. Also, measure and track your results at every touchpoint to successfully calculate your margins. Use this data to negotiate more loads with your customers and win new customers.

Wrapping Up

Here's the bottom line. The Fed may be in a "wait and see" holding pattern, but that doesn't mean you should be. Smart brokers use this downtime to ruthlessly evaluate every operational system, process, and tool in their arsenal for efficiency and productivity.

This article outlines the common areas of improvement our clients face. By taking the time to document your team's process, you will uncover opportunities to reduce your team's workload, which will reduce your overall labor cost and increase your margins. Streamlining processes will also help your team improve their win rates and customer retention through upgraded customer service. Best of all, you'll set your business up to hit the ground running when the market opens up.

It's simple.
Efficiency + Productivity = Profitability + Scalability

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