



## NOTES FROM THE ROAD

### Happy New Year!

All are wondering what truck availability and pricing will be this year compared to last. In 35-years as both a carrier and a broker, I had never seen anything like 2018. Industry analysts reported 100% truck utilization, and are predicting something around 94% for this year. I'm convinced truck utilization actually topped the scales of 100%, but anything beyond that mark is difficult to measure.

The same analysts are predicting, "Strong freight demand and bullish markets driving steady rate increases through 2020." Since last year's challenges caught most by surprise, many shippers are doing what they can to be better prepared for whatever the New Year may bring.

Bob Farrell of Global Enterprises wrote in a recent issue of Transport Topics about how shipping companies need to be a "Shipper of Choice". He points out that technology has put more information in the hands of truckers. Asset utilization often means more than rate-per-mile. A transportation plan should include understanding and minimizing all the time a carrier is on a shipment other than the transit time. That includes addressing any inefficiency on the part of your consignees.

If your plan includes engaging a mix of carriers and brokers, negotiate a volume commitment from your carriers. If they have a brokerage business as well, hold their brokerage business to no more than the same contract pricing. Otherwise, you will likely see them brokering more of your freight than they are hauling. That is particularly true if freight prices heat up. The "contract rate" becomes insignificant, and they are only further fueling the sport market.

Years ago, a good broker worked hard to develop a large following of loyal carriers for their customers. They could price any freight...anywhere... and could predict equipment availability. It took years for a broker to get that good. With the advent of internet-based load posting services, a "broker" does not need to know or understand much at all. Many boast of having thousands of carriers "under contract", but have often worked with many or most on only a single-transaction.

At least occasionally, every broker uses the internet to post loads. There is a time and a place for doing so. The larger brokers have their own sites and are less in the public domain. The questions are: Is that their first and/or only step? Are they working the freight at a price you are aware of? Are you familiar with their written carrier vetting procedures? Does their contract in place with the carriers satisfy your company's concerns? Is this broker cultivating repeat carriers that meet your expectations? In short, is the broker managing your freight in the way most valuable to you?

In our next Newsletter, I will write more about what to look for when considering adding new brokers. I will also share what I believe is the best way to get the most benefit out of the brokers who you have brought on board.

*Be Safe,*

**MARK**

**MARK WESTBY & ASSOCIATES, INC.**

**918-632-0010**

**Website: [www.mwestby.com](http://www.mwestby.com)**

**Email: [customers@mwestby.com](mailto:customers@mwestby.com)**