

IT'S OFFICIALLY CRUNCH TIME!

A MARK WESTBY NEWSLETTER

Spring Edition, 2018

ARE YOU READY?

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Crunch Time !!

Morgan Stanley puts out what I think is the best research on the truckload freight industry. The graphs serve as a capacity report with the highs meaning more freight than trucks, and the lows meaning more trucks than freight. You can see that 2018 is off to a crazy start.

As asset-based trucking companies are seeing more freight than they can possibly handle, brokers are busier than they have been in a long time. DAT reported that brokers handled 29% more volume this past February than they did the year before. No doubt, brokers help to find trucks; particularly those smaller carriers that make up the majority of industry.

If you find yourself doing more business with brokers, I have a few tips for you. To start, please don't assume that offering the same loads to several different brokers would be to your advantage in any way. It works to your disadvantage and drives up your pricing.

Many brokers will say they have thousands of trucks "under contract", and that they can cover freight all over the country. Many of those same brokers often do nothing more than take freight and post it on the internet for any trucker (and other brokers) to see. In truth, every broker has its strengths and weaknesses. So, make sure adding a new broker makes sense to your specific needs.

Here are some other suggestions:

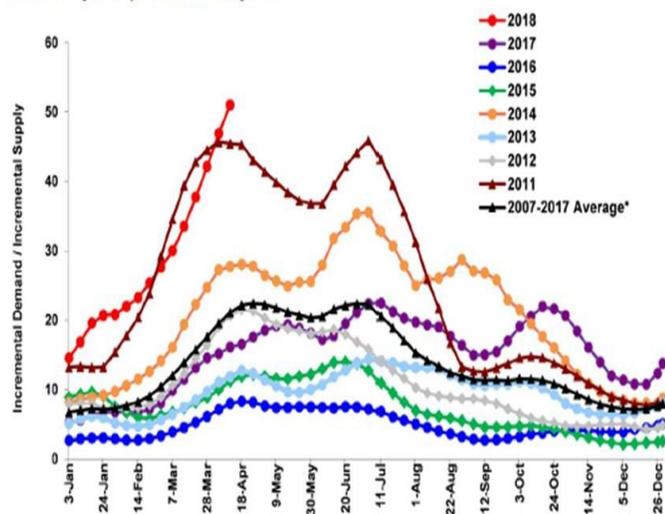
1. Understand the broker's compliance procedures and request to have a copy. If you are ever questioned why you picked a certain broker to arrange your company's freight, a copy of those procedures will demonstrate your diligence in only working with brokers committed to safety.
2. Do your diligence in ascertaining the broker's financial health. One of the most common stories we all hear are those where brokers closed their doors without paying the truckers. I was thrilled when I learned one of our customers actually ran a Dun & Bradstreet report on us.
3. Any broker should have at least \$1M of Contingent Auto Liability Insurance. It is not a federal requirement, so many do not have it.
4. Your broker's Contingent Cargo Insurance should be "non-following form". Smaller and newer trucking companies often purchase cargo insurance without knowing the myriad of exclusions the policy may contain. If your broker has "following form" coverage, then it only mirrors the coverage the carrier actually has,

Be safe,

Mark

Flatbed TLF

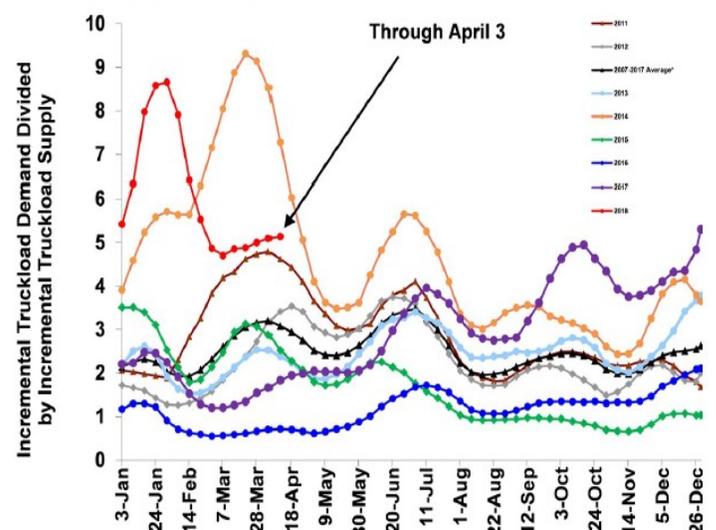
Exhibit 55: Morgan Stanley Flatbed Truckload Freight Index



Source: Morgan Stanley Research, *2007-2017 average trend line excludes financial crisis years of 2008 and 2009

Dry Van TLF

Exhibit 54: Morgan Stanley Dry Van Truckload Freight Index



Source: Morgan Stanley Research, *2007-2017 average trend line excludes financial crisis years of 2008 and 2009



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