Mark Westby Company

CRUNCH TIME 2.0

The lack of equipment to meet the demand for flatbeds is at a point I have not seen in 35 years. Some of our customers would define it as “critical.” We are looking at freight paying well over $4.00/ mile on the spot market.

Pricing for vans has gone from a sharp spike to a more steady upward creep. With good notice, most of our customers are getting their loads covered but paying more for next-day pickup.

It all begs the questions: “When will things ease up, and what should we do now?”

As manufacturing activity gained some steam, we may have seen our first big push of post-COVID freight hit the docks, and most of those shippers wanted it all out by the end of the month. However, our sense was that 30 percent of the loads we handled were not urgently needed by the consignee. That would suggest maybe some reluctance to add inventory.

Freight tonnage for March was actually down 10 percent from a year ago, and Class 8 truck sales were up 33.7 percent. It will take time for all of that to have any real effect. However, those are big numbers, and a similar trend-forward could flip the market by the end of the year.

The question of what we should do may be better answered by what we should not do:

1. Don’t think adding more brokers to move the same loads will help. That would be like using 12 different realtors to sell your house. Imagine all the signs in your yard telling prospective buyers who to call if they are interested. Most will see desperation and move on, or they will try to take advantage.

2. Don’t buy your own trucks and add all of that expense and liability just to fix a temporary problem.

3. This is not a good time to enter into pricing contracts with asset-based carriers.

4. Asset-based brokers offer no advantage over non-asset. Neither adds capacity. If I believed otherwise, I would buy a couple of trucks and call our company “asset-based.”

Hang in there, and work with providers you trust most. - Mark

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