

7 Questions to Ask When Selecting a Freight Partner



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Evaluate Your Options

Not all asset-based carriers or freight brokers are created equal. Before you decide on a carrier or broker for your shipping needs, it's important that you evaluate each option to ensure they are reliable and provide the best service for you and your company.

While most shippers use a mix of asset-based carriers and brokers in their transportation plan, you also have the option to work with an asset-based carrier that has a brokerage division. Access to an in-house transportation fleet can ensure your goods are delivered to your customers on time especially when an appropriate carrier cannot be found in time. On the other hand, a strong partnership with the right freight partner will take the fear out of freight brokering and provide endless benefits to your business model.

Whomever you choose as your freight partner, they should be, above all else, a true business partner that will work with you to meet your supply chain needs by delivering your goods to your customers on time, in good condition, and for a good price.

Here's our checklist for evaluating the right freight partner for your business; whether that is through assets or brokers.

1. Do they have a license?

Whether you're looking at an asset-based carrier or a broker, the Federal law requires anyone arranging transportation for compensation to have a federal property broker license issued by the Federal Motor Carrier Safety Administration (FMCSA). In 2013, the FMCSA implemented a new law that raised the surety bond or trust fund agreement to \$75,000 from \$10,000 for all FMCSA regulated brokers and freight forwarders.

Before selecting a new transportation partner, ensure they have the proper authority and licensing to transport your freight.

2. Do they have experience?

When selecting a transportation partner, you want to choose one that has been in the business for a while and knows the ins and outs of the industry.

Asset-based companies that have been operating in their area for years have an understanding of the geographical area along with how to run their fleet in the most optimal way.

Experience is important when choosing a freight broker, as well. Becoming a freight broker is quite easy, but becoming a successful freight broker is not. Just because your neighbor or friend-of-a-friend is running a freight brokerage business out of their home doesn't mean you must choose them out of obligation.

3. Do they have the proper MC Authority, Bonds and Cargo Insurance?

As we mentioned earlier, any company that transports freight for compensation needs a Motor Carrier Operating Authority, or simply MC Authority, from the FMCSA to operate.

Ask the carrier or the broker for their MC number and check it against the Register page of the FMCSA.

In addition to a MC authority, a freight broker must have a BMC-84 bond of at least \$75,000. This bond ensures that freight brokers follow all applicable rules and regulations. Ask to see their bond details.

Many freight brokers will also carry contingent cargo insurance coverage that provides shippers with a second level of protection as long as the claim is valid. Look for brokers who also carry liability insurance as well as "errors and omissions" insurance.

4. Have you reviewed their operating authority and safety rating?

To view an asset-based company or freight brokers safety rating, visit the [SAFER website](#) (Safety and Fitness Electronic Records). You can view the safety rating of any motor carrier with an active US DOT number. The [Company Snapshot](#) is a free service which provides a concise record of a company's identification, size, cargo, inspection and out-of-service summary, crash data and safety ratings (if any).

When it comes to working with a freight broker, you're actually choosing the carriers in that broker's net work. Which causes you to lose some power in choosing the right carriers to transport your goods. It's important to discuss with your potential freight broker how they screen their carriers. Don't be afraid to ask to see their carriers' operating authority, safety rating and records, and their insurance coverage.

5. Did you run a credit check?

Running a credit check of a potential business partner is always a best practice. Specifically for freight brokers they should be financially solvent and able to pay their carriers reliably and on time. Most freight brokers treat their carriers fairly, with timely compensation.

Ask questions and check the broker's credit rating and days-to-pay information with a third-party credit reporting service, like [RTS Credit Service](#). Checking a broker's credit is inexpensive and could save your company thousands of dollars by avoiding high risk freight brokers.

6. Do you have detailed quotes in writing?

Always get pricing quotes in writing so you clearly know the details of any and all fees and accessorial charges, especially if you ship internationally. Custom fees and taxes can unexpectedly increase your shipping costs.

No matter who you work with to move your freight; all brokers and carriers should have a written carrier/broker agreement on record that outlines the terms and conditions of the work. Ask for a copy of this contract for your records.

7. Are they members of any Trucking Associations?

For both asset-based carriers and freight brokers, look for those that are members of trucking associations. American Trucking Associations (ATA) is an example for asset-based companies where Transportation Intermediaries Association (TIA) is the premier organization of third-party logistics professionals and freight brokers in North America. Members must adhere to their high standards of ethics .

Working with an asset-based carrier or a freight broker has many advantages; the key is finding the right partner. Don't rush into any agreement for the sake of moving goods. Spend time evaluating each freight broker until you find the right one for your shipping needs.



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