



LoadTraining.com

THE TRUTH ABOUT BROKER/AGENCY

By: David G Dwinell, Master Broker

Mr. Dwinell has been training and recruiting Broker/agents since 1987. He has started and sold 3 (still operating) Brokering houses with Agent networks. His latest network, Savonfreight.com is growing at 11% a month. He trains Agents for any broker seeking to employ Agent services including Savonfreight.com.

A little history; Brokering is as old as time itself probably dating with the invention of the wheel (up to 18 now). There are 2 types of brokering that need to be distinguished in this treatise. Motor Carrier to Motor Carrier brokering (Truck Broker and parties 100% liable for loss) and the veritably new practice (1936) of "Property Brokering" hence the License name Property Broker License 49 CFR 370 et seq, where **the Broker is able to arrange transportation between a willing buyer (shipper) and the willing seller (the trucker) without liability.** Note: the difference between motor carrier Authority and the License: License is not Authority to haul freight - strictly to arrange (don't tell the government, they call the License "Authority" which it isn't and that the holder can maintain the license as long as they have "insurance"(Surety Bond isn't insurance) in effect).

Today 90% of Property Brokers licenses are held by motor carriers brokering with all of the liability because they are untrained. Explain to me why a Broker would accept 100% of the liability for a 15% commission!

What is a Broker/Agency, a lot like a real estate franchise, like say Century 21. The Agent provides sales to their own shipper following*(explained later) matching shippers load to motor carrier desires, booking, contracting through the broker's office. The Agent shepherds the load from pick to delivery. The broker provides Brokers License and credibility for motor carriers who look to the broker for payment, collects and disburse all funds including the Agent's commission, very similar to real estate "closings" only in transportation brokering - referred to as the "settlement". The Broker does all of the back office paper work for the Agent including State and Local reports including IRS 1099 reporting the W-9, maintaining all paperwork as required

Today's marketplace; Brokers who want "Agents" are seeking the fastest way to grow a brokerage company. Broker/Agency is practiced by at least 90 brokering houses that advertise for "Agents"; up 40% since 2002, according the ATA weekly magazine. It is the "fastest growing transportation segment" according to several unnamed sources, and I would agree.

There are 2 types of Broker Agent networks, the predator and the non-predator, referring to the nature of the Principle/Agent relationship present. The Agents' shipper following is subject to a principle ownership claim, versus the Broker who lets the Agent keep his shipper following, without interference from the broker. The **predator is usually the Truck Broker**, where the Broker has 100% of the liability and the **non predator is the Property Broker** who is not liable. The main reason for the difference is that the motor carrier's market position is "**here is my rate take it or leave it**" – an ARMS LENGTH proposition, the market position of Property Broker is "**what do you want to pay**" like a travel agent. Note the difference between an Arms Length and a Personal Service of Property Brokering, **a tangible service of trucking vs. the intangible personal service of arranging.**

Another distinction of note is **the geography.** Trucking (liable) concerns the need to fill certain geographic needs of their fleet interests, property brokers do not. You often see brokers **advertising for "agents" in a specific city, state or region, these are Truck Brokers as opposed to Property Brokers who can represent freight to a willing motor carrier from and to virtually anywhere.** The truck broker invariable mixes other motor carriers into their own dispatch of their own trucks, thus

creating the aforementioned liability. A lack of appropriate training creates huge hidden liabilities that eventually put 18 of 19 brokers under after 2 years in the business.

WHY AGENCY? Well it's simple; imagine a pie chart that represents a 480 minute day. Agents get to spend 100% of their time (480 minutes) talking to new shippers and truckers and booking loads (profitable activity), thus accomplishing their income stream.

Brokers who have to do their own back office paperwork and filing get to spend only 60% of their time in profitable activity. 40% of their time is spent in profitless paperwork.

Which start up programs has better odds of success- Obviously the Agent.

AGENTS who own a truck(s); Every successful trucker has a brokerage. Even the Federal Government and the Post Office have brokerages. The hunt for shippers yields more freight than you can haul, hence a brokerage is necessary to profitably move the extra loads, using other motor carriers (remember the liability issue: Trucking and brokerage must be 2 separate companies, one with liability, the other w/o).

The real benefit to the small trucker comes in the Sales Process. Small truckers will appear to and actually have, more to offer to a shipper than just one truck. Small truckers get to actually say to shipper "We Serve North America" (see Free "Guide to Higher Paying Freight" -[the dumbbell](#); in E Books section of [loadtraining.com](#)).

Being an Agent of a Non Predator Broker is a perfect solution to the "Small Trucker" problem. You can keep the two business' separate, building 2 profit centers with same work as in one. As a Trucker, you would bill that shipper **in your own trucking company invoice**, while the extra loads will be **billed to the shipper by the broker**. ***Being an Agent with a predator, means that the Truck Broker will invoice both loads to the shipper***, and you will be stuck in the truck-for-a-buck owner/operator slavery pool again. Any shippers you find belong to the broker NOT YOU.

The asset based trucker will have more shipper appeal than a standalone broker will.

AGENTS as a HOME BASED brokering business; The business of brokering is probably the best franchise in existence. No liability, no face to face contact required to retain shippers interest in offering loads (Shipper Following- I have had some shipper relationships since 1983, whom I have never met), no place of business required as there is no walk-in trade. (Some of my students broker from their rig since they have so much waiting time). If you have computer and internet knowledge, you can broker from home or anywhere on the planet for that matter. You manipulate 2 databases, one of shippers, the other of truckers, vending equal amounts of happiness to both in order to achieve a market.

START UP A BROKERING BUSINESS! First, get educated; Those who start up a brokerage without training make up the 18 of 19 who fail. In fact without the right knowledge about brokering, you could easily be put out of business by the government, when you reach the court house to litigate one of those hidden liabilities. Our class has been told by Pacific Financial, the Nation's largest writer of Surety Bonds, that "40% of all bonds are cashed within the first 12 months of brokering operation" (Scott Ferris VP of Finance at Pacific Financial 1-800-595-2615)

Don't get a brokers License, until after you attend our class, then you will have the right information to make the most informed decision about whether brokering or agency creates the easiest path to business plan profitability.

Get the License for \$300 at www.fmcsa.dot.gov, purchase BOC-3 Representative (a \$30 to \$50 one time purchase) and secure your Surety Bond from Scott, and bingo you are in business. Buy our books, read and learn to avoid the traps in the business like double brokering and claims you are not

liable for. Without our books, save your money and save a couple of hundred trucking companies from loss they will experience from your brokerage failure.

How Can I become an Agent; The applicant must qualify and have no other broker license. The Agent can have Motor Carrier Authority but no valid broker License. The Applicant has to show that they have the capability to broker freight, either thru training and becoming a MASTER BROKER, or other experience, or have an existing shipper following. Agent applicant must demonstrate the wherewithal to survive as an agent for 3 months without a paycheck, while your business starts up. Lastly a felon need not apply. If interested in brokering with Savonfreight.com apply either while you are in school (they are next door to the School) or visit their website www.savonfreight.com and you can download specific documents for your preview. Questions call 1-800-776-7067 and I can explain this treatise.

David G Dwinell

October 2007