



New Research

Freight Broker Pulse Report



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Introduction

The landscape of the freight brokering industry is evolving and expanding at a rapid pace. This evolution brings with it ample opportunity for business growth, but it also comes with an onslaught of challenges, both old and new, that freight brokers face.

According to our research, 78% of freight brokers feel that if less time was spent on broker operations, their business would be more successful. Freight brokers need to maximize the efficiencies of their operations in order to differentiate themselves in the eyes of the carriers and shippers they want to work with while building trust with those they already work with.

So how can freight brokerages improve their bottom line? To find out, we surveyed 168 freight brokers to gain insight into what the industry is up against right now, what brokers are hoping to achieve in the future, and what is working to get them there.



Key Highlights

Regain wasted time. Nearly half (49%) of all brokers surveyed feel that their organization spends too much of their time on broker operations.

Spend time on what's important. 78% of freight brokers feel that if less time was spent on broker operations, their business would be more successful.

Rethink paper checks. 59% of those surveyed utilize paper checks to send payment to carriers and shippers, over two-thirds (68%) of this group feels that eliminating paper checks would improve their business operations.

Build trust to improve business.

97% of freight brokers agree that building trust with carriers and shippers improves business.

Boosts relationships with factoring.

Brokers that report having the best relationships with the carriers they work with are more likely to be using invoice factoring to finance freight receivables and payables (54% vs 64%).

Focus on cash flow. Nearly half (48%) of freight brokerages with less than 10 employees are prioritizing improvement of cash flow next year.

Special Segments



26% of brokers surveyed are what we consider to be growth mode brokers. This group has an average monthly revenue of between \$75K and \$500K.



21% of brokers surveyed identified themselves as the owner or executive leadership of their firm.



21% of brokers surveyed report an average monthly revenue of \$2M or more and are considered enterprise brokers.



84% of those surveyed report being optimistic about their business outlook in the coming year.



58% of brokers surveyed use invoice factoring as a way to finance freight and receivables.



40% of those surveyed would rate the relationship that they have with the carriers and shippers they work with as excellent.

1.0 The State of the Industry

Top Challenges

What do freight brokers feel are the greatest barriers to the success of their business? Fluctuations in gas prices continue to be a top challenge for nearly two-thirds (63%) of those surveyed. Driver shortages are also impacting nearly half (48%) of brokers right now. These economic and labor-related concerns are very real in the freight industry and can mean missed opportunities for revenue for brokers who lack the financial agility required to maintain exceptional service to both carriers and shippers.

What are the most significant challenges to overall business success?

Rising/fluctuating gas prices

63%

Driver shortage

48%

Shippers going directly to carriers (broker disintermediation)

33%

Less experienced brokers undercutting relationships/price

33%

Haul rate fluctuation

29%

Overhead and administrative activities

20%

Margin compression

15%

Tech challengers

15%

Learning, receiving mentorship, growth

14%

How do you finance your freight receivables and payables?

58% Invoice factoring

28% Line of credit

14% None / self-financed

Invoice Factoring

A 58% majority of the freight brokers we surveyed use invoice factoring to finance account receivable and payables.

Those who use invoice factoring are less likely to view overhead and administrative activities, less experienced brokers undercutting relationships, and margin compression as top challenges to business success than all others.

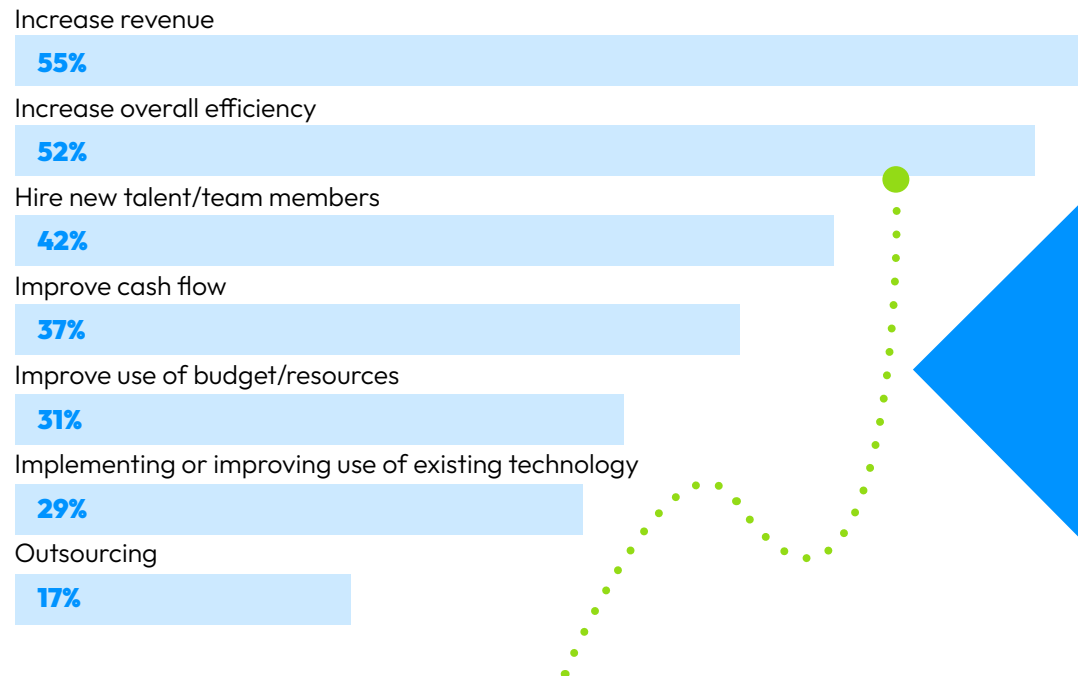
Factoring ensures that brokerages always have money to pay carriers, regardless of outstanding receivables, which might explain why those who use invoice factoring are less impacted by these challenges.

1.1 The State of the Industry

Strategic Priorities for the Year Ahead

Freight brokers will be focused on increasing revenue and overall efficiency of their business in order to meet goals in the coming year. Hiring new talent and team members as well as improving cash flow will also be top priorities in the year ahead.

What are the top priorities to improve your business in the year ahead?



Enterprise Brokers

Three-quarters (74%) of enterprise brokers are prioritizing improving overall efficiency in the year ahead.

Improving Cash Flow

Smaller brokerages (and often those that are just starting out) are focused more on improving cash flow in the year ahead than larger brokerages. Nearly half (48%) of freight brokerages with 10 or fewer employees are prioritizing the improvement of cash flow next year, compared to just 34% of those with more than 10 employees.

Managing cash flow is often a major struggle for new freight brokers as more and more carriers are expecting to be paid fast, which many startups can't afford without first getting paid themselves.

2.0 Broker Operations

A problem with efficiency

Freight brokers spend too much time on broker operations including invoicing, collections, and payments.

Overall, over half of respondents report that their organization spends 25% or more of their time working on broker operations. This number increases as the average number of loads being brokered increases. So how can brokerages manage their back-office workload as their business grows?

Broker operations includes the following tasks: Logging job information into your TMS, tracking shipments, setting appointments for origin and consignee, obtaining required pick-up numbers, approving accessorial charges, sending invoices to shippers, collecting billing, and issuing payments to carriers.

Portion of brokerages that spend 25% or more of their time working on broker operations. (Segmented by number of loads brokered in the last 30 days)



What does 25% of your time look like? 25% of time spent on broker operations at a 10 person company that typically works 40 hour work weeks adds up to be about 100 hours per week, 400 hours a month or 5,200 hours per year spent on back-office activities!



Nearly half (49%) of all brokers surveyed feel that their organization spends too much of their time on broker operations.

The Solution: Improve efficiency

A 78% majority of freight brokers agree that if less time was spent on broker operations, their business would be more successful. Spending less time on back-office duties means that team members can spend more time on tasks that move the revenue needle for your business like new business development and building relationships with shippers and carriers.

2.1 Broker Operations

Technology utilized

Freight brokers have many options when it comes to their accounting and transportation management software, but regardless of which technology is utilized, our research uncovered that **when factoring is integrated with these technologies, efficiencies improve.**

Accounting Software

A 79% majority of those using invoice factoring and accounting software have the two integrated. **Those who do not have the two integrated report spending more time on broker operations and are more likely to feel that their organization spends too much time on broker operations.**

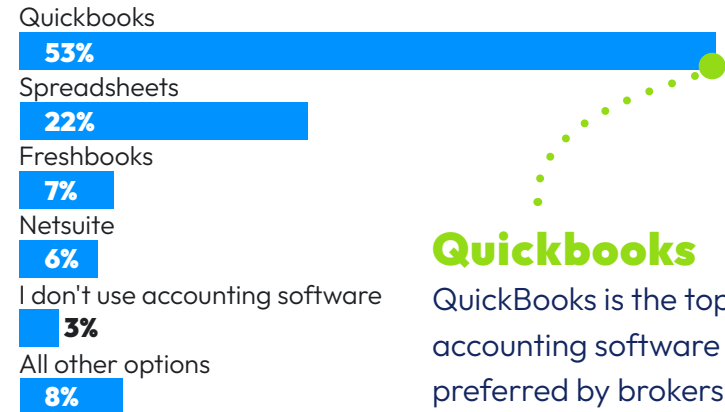
39% of brokers who do not have their accounting software and factoring services integrated report that their organizations spend over one-third of their time on broker operations. (Compared to just 26% of those who do have their accounting software integrated with their factoring software).

Transportation Management Software (TMS)

Less than two-thirds (63%) of brokers have their TMS integrated with their factoring service.

Those who describe their relationships with carriers they work with as “excellent” are significantly more likely to have accounting and TMS software integrated with their factoring solution. Over three-quarters (77%) of those surveyed who have best-in-class relationships with carriers report having integration, compared to just over half (53%) of all others.

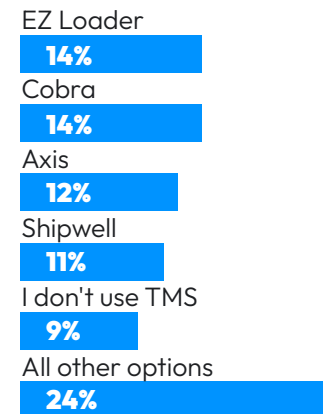
Top accounting software utilized:



Quickbooks

QuickBooks is the top accounting software preferred by brokers. 92% of those who use QuickBooks have it integrated with their factoring provider.

Top TMS utilized:



Integrated TMS

Less than two-thirds (63%) of brokers have their TMS integrated with their factoring service, but those who do, have better carrier relationships.

2.2 Broker Operations

Technical features to improve business

Overall, the top technical features or tools that are considered to be the most beneficial to business in the coming year are Transportation Management Systems (39%), freight bill and audit automation (31%), carrier communication tools (30%), taxes, regulatory, compliance automation (30%), and shipper onboarding and credit checking (30%).

According to our research, the most valuable features and tools vary greatly based on the amount of monthly revenue brought in by a brokerage.

Use technology to gain a competitive advantage. These tools and features are critical not only to running an efficient office, but also when trying to differentiate yourself in the market. Meeting and exceeding customer expectations includes adopting tools that improve transparency and deliver exceptional customer experiences. Read on to discover how to build trust and improve transparency with the carriers and shippers you work with.

Enterprise Brokers

Enterprise brokers have overcome issues related to inter-company operations and communication, and are focusing on further automating intra-company communication and operations, providing tools to increase the efficiency of their existing employees to build on success.

Top 4 technical features valued most in the year ahead (Segmented by monthly revenue)

Less than \$75K

- Transportation Management System (TMS)
- Carrier communication tools
- Bookkeeping / accounting automation
- Taxes, regulatory, compliance automation

\$75K - \$500K

- Shipper onboarding and credit checking
- Carrier communication tools
- Freight bill and audit automation
- Carrier onboarding

\$500K - \$2M

- Transportation Management System (TMS)
- Shipper onboarding and credit checking
- Taxes, regulatory, compliance automation
- Freight bill and audit automation

More than \$2M+

- Load board
- Document collection, scanning, data entry
- Intra-company communication
- Rate guidance and suggested lane pricing

Growth Brokers

Many brokers leaving the growth phase and entering the established broker phase are still working with the homegrown tech stacks that got them through their heavy growth phase. It is at this point that tools such as TMS are often revisited as brokers realize their existing tech stack isn't built to support continued scaling.

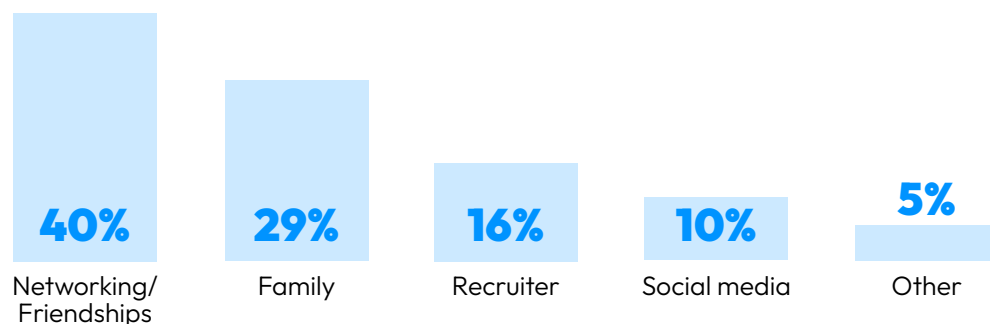
3.0 Relationships with Shippers & Carriers

A lack of trust

The Problem: There is a general lack of trust between brokers and carriers.

The freight brokering industry is largely built on connections and relationships. According to our research, 40% of freight brokers got into their industry via networking and friendships, another 29% because of family.

How did you get into the freight and logistics industry?



The importance of relationship building also applies to the customers we work with. Despite nearly all (97%) freight brokers surveyed being in agreement that building trust with carriers and shippers would enhance their business, 60% of freight brokers surveyed believe there is room for improvement in their relationships with carriers.

97% of freight brokers agree that building trust with carriers and shippers improves business.



The relationships that freight brokers build with carriers and shippers are foundational to overall business growth and success. In fact, our research shows that **those with excellent relationships with their carriers have a brighter business outlook.**

56% more brokers that have excellent carrier relationships are optimistic about the future of their business than those with poor relationships.

This group of brokers who rate their carrier relationships as best-in-class are also less likely to feel that shippers going directly to carriers (broker disintermediation) is a top challenge to the success of their business. So how can freight brokers build these best-in-class relationships to ensure business from their carriers continues?

3.1 Relationships with Shippers & Carriers

Building Trust and Transparency

The Solution: Build trust to improve business

By understanding the needs and values of your carriers and providing them solutions to their challenges, freight brokers can build trusting relationships that will improve their bottom line.

1. Offer quick, easy, and guaranteed payments.

Brokers that report having the best relationships with the carriers they work with are more likely to be using invoice factoring to finance freight receivables and payables (54% vs 64%).

2. Ensure integrations with the TMS platforms used by your customers.

Integrating TMS improves carrier relationships. Freight brokerages that have their TMS integrated with their invoice factoring service are nearly 2X more likely to have excellent relationships with their carriers and shippers (53% vs 28%).

3. Improve your credit rating and risk score on Ansonia by paying your bills on time and ensuring lenders, suppliers and creditors are reporting your payments.

Paper Checks

59% of those surveyed utilize paper checks to send payment to carriers and shippers, over two-thirds (68%) of this group feels that eliminating paper checks would improve their business operations.

Those with excellent relationships with their carriers are less likely to be utilizing paper checks (54% vs 62% of all others).



**Relationship
Excellence**

Participants

N = 168 Freight Brokerage Employees

Loads Brokered in the Past 30 Days

1-5 loads	11%
6-25 loads	31%
26-100 loads	27%
101-500 loads	20%
More than 500 loads	11%

Role Within the Company

Owner/Executive Leadership	21%
Accounting/Payables/Receivables	13%
Operations/Dispatch	45%
Broker Sales	9%
Carrier Sourcing	12%

Company size

1 or 2 employees	7%
3-10 employees	12%
11-20 employees	18%
21-50 employees	19%
More than 50 employees	44%

Average Monthly Revenue of Company

\$0 - \$15k	7%
\$15K - \$75K	20%
\$75k - \$500k	26%
\$500k - \$2M	26%
\$2M+	21%



Methodology

Ascend2 benchmarks the performance of business strategies and the tactics and technology that drives them. With a custom online questionnaire, our “Freight Broker Operations” survey was fielded during the month of August, 2022. We collected responses from 168 employees of freight brokerages located in the United States that have brokered at least one load in the previous 30 days at the time of the survey.

About the Research Partners



Experts in Logistics, Finance and Tech.

At Denim, we've made it our mission to advance the supply chain by accelerating the movement of money and data.

The Denim team of experts includes exceptional software engineers, freight & logistics industry veterans, world-class customer service staff, and some of the most knowledgeable sales consultants in the industry.

Denim is a financial enablement platform for the logistics industry that offers an ecosystem of intelligent financial products, operations tools, and time-saving automation. Its proprietary technology enables freight brokers to simplify their financing operations and easily access the working capital they need to grow in the competitive, \$2 trillion logistics market. Denim automates invoicing, collections, and payments — ultimately reducing daily payments and collections tasks by 75%. A remote-first company, Denim has been named a Best Place To Work by [Built In](#) and Best Workplace for Innovators by [Fast Company](#).

Learn more about [Denim](#).



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