

CSCMP hottopics

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Connecting Great Shippers with Great Carriers

By BM2 Logistics

It's time to get back to the basics and design and implement solutions to meet current and future challenges

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Due to tighter capacities, the market is seeing an uptick in double brokering

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Educating and Connecting the World's Supply Chain Professionals.™

It has been anything but easy in the last couple of years, to say the least, for anyone who works in the supply chain and transportation industry. BM2 Freight, like many, studies market trends to hypothesize what lies ahead to make informed decisions in our business and collaborate with our clients to help them with their own decisions.

For too long, we have been solving supply chain issues with transportation. Unfortunately, this was the only option for many – but that doesn't mean it's sustainable and cost-effective.

Leading organizations need to change and adopt new best practices to stay competitive and profitable. Those changes have been made, implemented, and results have been and are currently being analyzed.

If you or your business are not doing this, I highly recommend prioritizing a review of your current supply chain and transportation operations.

It's no secret the transportation market is in transition and opportunities are presenting themselves. For the first time in forever, resources, economies of scale, technology, new ideas, and best practices needed to maintain and grow transportation and supply chain operations, are available and achievable.

IT'S TIME TO GET BACK TO THE BASICS AND DESIGN AND IMPLEMENT SOLUTIONS TO MEET CURRENT AND FUTURE CHALLENGES

How do we do it?



Like any successful plan, we must have a clearly identified goal and/or outcome. The most consistent outcome that we hear time and time again is to find freight savings.

Procurement activities can absolutely do just that; however, playing the market has limitations. We must question how sustainable price adjustments will be – provided the volatility in the past couple of years.

Partnering with a third-party logistics firm to identify additional opportunities to save money are necessary for achieving supplementary outlined outcomes.

These key deliverables can be: improving service, increasing efficiency, supply chain collaboration, and mitigating risk, but what's the true value-add of working with a 3PL?

- Access to flexibility capacity and the best combination of service.
- Modal conversions and optimized service combinations
- Standardization of shipping behavior and procedures.
- Collaborate with transportation and supply chain teams to outline and execute initiatives.
- Leverage TMS and related technologies.
- Enhanced visibility, reporting, and analytics.

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The intent here is to share my perspective as a career third-party logistician with a track record of architecting, implementing, and executing these exact deliverables.

These concepts and best practices may be a targeted initiative, or they may exist today. Either way, my team and I are looking to partner with companies to deliver sustainable transportation and supply chain solutions. And we'll work with you to ensure all safety regulations are met along the way.

DUE TO TIGHTER CAPACITIES, THE MARKET IS SEEING AN UPTICK IN DOUBLE BROKERING



Double Brokering is the unauthorized re-brokering of a load to another trucking company. This unauthorized activity is a violation of FMCSA legislation and is considered illegal. Additionally, this fraudulent activity leaves carriers and shippers exposed with no way to mitigate issues with delays.

Why should you be concerned?

When these occurrences happen, there is considerable exposure to all parties associated with the shipment in question because the shipment is potentially now uninsured. Insurance policies are very specific about what is insured to the policyholder.

When a shipment is double brokered, the primary or initial party the shipment is tendered to may have insurance. However, the insurance policy is not applicable when the freight is rebooked with another provider outside the policy guidelines.

In my opinion, cargo is the least of the concerns.

There is no lack of injury lawyer signs on the road today. In the event of a tragic accident, the same company that arranged the shipment can potentially be held liable for any claims or worse.

Sure, the carrier and/or broker that double brokered the shipment will be at considerable risk and must pay a claim without insurance, but the carrier and/or broker would pay the claim outright and protect their client in a perfect world. However, this might not be an option due to the potential significance of a multi-million-dollar claim.

There are two common prevention best practices:

Contracting

Making a transportation agreement contract a mandatory requirement for a carrier to work with a 3rd party brokerage is widely adopted. In addition, the agreement spells out insurance requirements and prohibits double brokering of loads.

Carrier Vetting

BM2 Freight puts carriers through a rigorous vetting process before working with them. And we continue to monitor existing relationships along the way.

We do not just rely on the latest digital brokerage philosophy and automate this process, but rather follow the multi-step procedures. This may seem extreme for some. Or, if you are like me, you can appreciate this approach.

We take great pride in the value this provides to our clients and our own company by being proactive and avoiding double-broker occurrences, or not working with carriers without current authority or insurance.

This is not an easy process, but the results speak for themselves.

About CSCMP Hot Topics

Issues of *CSCMP Hot Topics* may include early results from ongoing research being conducted for CSCMP or other organizations; new supply chain practices, thought-provoking ideas, or emerging trends; discussions of changes in the broader business and regulatory environment that may impact the supply chain and logistics field.



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Increasing Occurrences in a Tight Truckload Market:

The lack of current capacity today is prime time for double brokering activity. People are scrambling in the spot market to secure necessary capacity, so the desire for those much-needed trucks may be greater than validating the truck and driver on every shipment.

Recently, I was on the I-80 headed East in the great state of Nebraska, and I noticed a retail company's trailer being pulled by a leased truck. The first thought I had was, "does that driver have the proper insurance and currently have a registered authority with the Department of Transportation?"

If it was booked through my team at BM2 Freight, then absolutely.

I would recommend discussing with your current carriers and brokers what steps they are taking to avoid shipments being double brokered, so you don't fall victim to hefty fines and service violations.

Start shipping smarter at www.bm2freight.com.

ABOUT BM2 FREIGHT

BM2 Freight Services, Inc. is a full-service freight brokerage and shipping solutions provider that connects great shippers with great carriers. We offer full truckload – van, LTL, flatbed, and refrigerated – freight, and expedited services through our network of trusted carriers all over the 48 states and Canada.

Questions? Contact John Graham, Strategic Sales Director, BM2 Freight (jgraham@bm2freight.com).