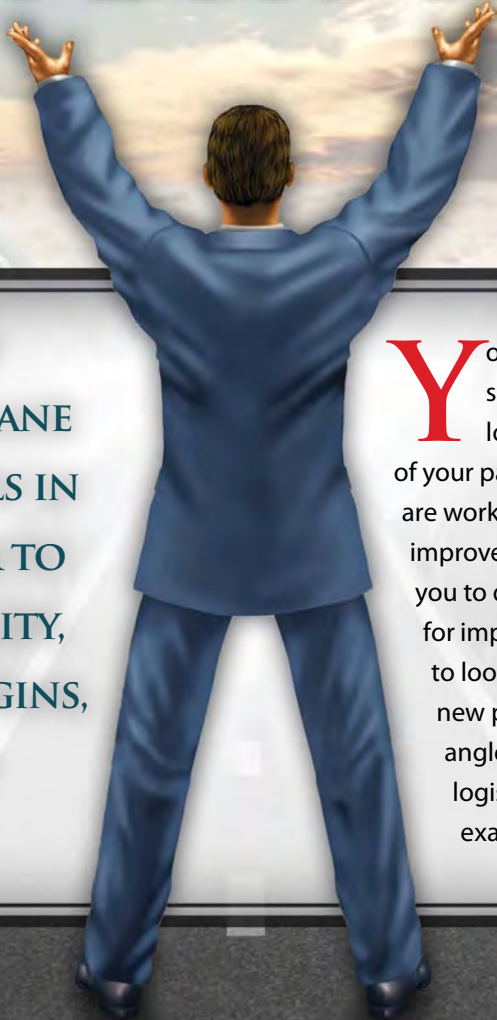


LANE ANALYSIS FOR BROKERS



HOW BROKERS
CAN USE THE LANE
ANALYSIS TOOLS IN
POWERBROKER TO
EXPAND CAPACITY,
IMPROVE MARGINS,
AND INCREASE
VOLUME

Your business shouldn't be something you manage load to load from the seat of your pants. Your competitors are working hard to find ways to improve, so it would be wise for you to do the same. The search for improvement means learning to look at your business from new perspectives. One of the angles many brokers and logistics providers neglect to examine is lanes.

B Y R A N D Y S E A L S

YOUR LANES ARE YOUR ASSETS

Everyone knows that carriers have lanes, but do brokers and logistics providers have lanes, too? Of course they do. We commonly speak of the asset side and the non-



asset side of the trucking business, but as a broker, the assets that you own are your lanes. That's what you bid for. That's your yield. That's where your money's generated. In this sense, lanes are assets, so even brokers have

assets. If you don't claim your lanes as your assets, you're ignoring a valuable source of information that can be used to improve your business.

Lanes generate the revenue that makes a company successful. If you want to continue being successful, you need to know all you can about your lanes. This means learning more than simply where you're going. You need to know every facet of your business in each lane, everything that's happening in and around that lane. You need to understand your freight network and you also need to make sure everyone on your staff understands your freight network.

For example, say you've got a lane from Georgia to Illinois. That's your asset. You want to control everything about that lane. It's a lane that you bought and own. It's your asset and you've got to be really selfish with it. You need to know what's happening in it now and what could happen in it in the future, both the good side and the bad. You need to know if you've had excessive claims in this lane, if your carriers have had wrecks there, or if your carriers have drivers that live in it.

McLeod's PowerBroker system contains a wealth of valuable data about lanes, so why not put it to

productive use? When this data is analyzed and studied with care, you gain invaluable knowledge about your business. You can see in fine detail the role that lanes play for your company, and you can determine precisely which actions are needed to expand capacity, improve margins, and increase volume. Empowering you to boost your business in these ways is what Lane Analysis is all about.

SECURE AND EXPAND CAPACITY

Capacity is always a core issue for brokers and logistics providers because it doesn't matter how much freight your customers want to give you if you don't have the carrier base needed to handle the volume. This is why many brokers make capacity a higher priority than margins or volume. Lane Analysis can help you strengthen your relationships with your carriers so that you secure more capacity.



T H E A B I L I T Y

- **FIND YOUR SWEET SPOTS.**

Lane Analysis will show you what your patterns are. Start by looking at your length of haul and your destinations. You'll discover that some of your lanes are more profitable than others, so figure out not only where you have been going, but where you should be going.

- **GET TO KNOW YOUR CARRIERS.**

Find out where carriers go and how often they go there. Lane Analysis will tell you where all of your carriers have been hauling freight for you, but that's just the start. Use the data as a starting point for gathering more information. How many trucks does each carrier have? What types of freight do they prefer? Where do they want to go? This is valuable information. You want the carriers on your side and understanding their business needs will help you do that.

- **USE THE DATA AS A MARKETING TOOL.**

Use your data to market your business to carriers. In this way, Lane Analysis becomes your carrier-attraction tool. You can put Lane Analysis data on your website, so that carriers can see what you want and if they're a good match. If you take 30 loads a week into Spokane and 25 a week into Denver, carriers want to know. If 80 percent of your freight runs between Chicago and Dallas, you need to say so. What's your average LOH? Let them know that, too. Carriers are looking for repeat business that matches their lanes, and you want to partner with carriers who know which lanes they want. If you can show them in detail what you need, you're more likely to find the right carriers and finding these carriers will expand your capacity.

- **THINK ABOUT THE BACKHAUL.**

Brokers may not have to deal directly with backhauls and deadhead, but if it's a problem for your carriers, you need to think of it as your problem too. Find out what your carriers need, then look at the data on your lanes and see if you can find ways to help the drivers get back out after they drop the loads they carried for you.

- **BE SYSTEMATIC AND THOROUGH.**

Look at your lanes by state and also by market. Be sure to get everything in view and find carriers that want to work every lane that you run.

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IMPROVE MARGINS

Improved margins show up directly on the bottom line, and an excellent strategy for making improvement is knowing your lanes inside and out.

- **LOOK AT ALL OF THE VARIABLES THAT AFFECT MARGIN IN EACH LANE.**
 - Inbound versus outbound—Is one much better than the other?
 - Volume and margin percentage per state—Which states are good, which are bad, and why?
 - Commodities—If you're making a lot more money carrying wallboard than tomatoes, you need to know this.
 - Claims and accidents—If claims or accidents are unusually high on some lanes, can you find out why? If you can't



correct it, maybe you need to stop carrying that freight.

- Carrier pay and accessorial—When these costs are broken down by lane, what can you learn?
- Looking beyond margin—You can even use Lane Analysis to look beyond margin. Maybe you've got a good margin on the load to Spokane, but your dispatcher spent two and a half hours trying to cover it. How many loads out of Detroit to Kansas City could he have covered in the same amount of time? Three? Four?
- **CONCENTRATE ON EXPANDING YOUR GOOD LANES.**
- **SCRUTINIZE YOUR BAD LANES.**

Find your good freight, so that you can get more of it. The lanes that have the highest margins are where your salespeople need to be focusing.

Not all freight is good freight. You have to decide what you want and what you don't want, and then build your identity around that. Either get rid of the low margin lanes or find a way to make them pay more. In either case, you have to find out the reason behind the low margin. It's not just fuel or destination. Is it rates? One option is to look at building your business in a low margin lane so that you can either get paid more or find carriers who want these particular lanes and will offer better rates to get them.

T H E A B I L I T Y

INCREASE VOLUME

If you dig down and gather the data on your lanes, you'll see where your volume is now. This gives you a starting point for finding more freight and the right freight for your business.

- **LOOK FOR BACKHAUL OPPORTUNITIES.**

Backhaul was mentioned earlier as a way to strengthen relationships with carriers. It's also an opportunity to increase volume. Broker lanes should be managed similarly to carrier lanes. Compare loads in versus loads out. There are sales opportunities there.



- **FIND MORE FREIGHT IN NEIGHBORING STATES OR MARKETS.**

Lane Analysis lets you look at all of the geographical data concerning your lanes, including the state, the consignee's location, and the zip code. This makes it easy for you to see what freight might be in the neighborhood. Go after that freight and build up your density in those lanes.

- **PITCH YOUR LANES TO NEW SHIPPERS.**

Many times new shippers want to start by giving you only their erratic freight, not their repeat business. Use Lane Analysis to show them hard figures about the lanes you're running. When they see that you specialize in running the lanes they need, you have a much better chance of getting their higher volume business from the start.



T O D O M O R E

USE LANE ANALYSIS TO WORK SMARTER, NOT HARDER

Follow these four guidelines to ensure that you get the most out of Lane Analysis:

1. TRAIN YOUR STAFF.

Talk to your staff about Lane Analysis and show them how to use it. Information is only valuable if it leads to action, and actions are in the hands of your people. Arm your sales staff and dispatchers with this information, so that they can use it to make the decisions and take the actions that will push the business forward.

2. ENCOURAGE PEOPLE TO COMMUNICATE.

Use Lane Analysis to foster better communication across your enterprise.



Maybe one person has a lot of freight coming out of Nebraska and someone else can help cover it. You may be amazed at how valuable it is to get people talking to each other.

3. MONITOR LANE ACTIVITY DAILY.

Don't think of Lane Analysis data as something that you look at only once a month. You want to keep a close eye on changes that occur. Determine which data is most critical and track those figures on a daily basis. Use PowerBroker's reporting capabilities to generate the reports you need.

4. LOOK AT LANES FROM EVERY ANGLE POSSIBLE.

Always keep trying to find ways to learn something new about your lanes. Here are some examples:

- Monitor service failures by lane. You want to know every good thing and every bad thing about each lane. If service failures show up more in some lanes than others, you need to find out why and correct it.
- Follow road construction information. This is good data to have because you can lay it against your lanes and know more about the challenges your carriers are facing.

- Track your velocity. Velocity is a measure of how fast each load is completed. This tells you how well you are serving your customers.

- Analyze your spot market. By looking at your spot market loads over the course of

a month, you may discover that patterns emerge in terms of days of the week, time of day, and destinations. If you understand your history, you can prepare for it in the future.



MAXIMIZE THE VALUE OF MCLEOD SOFTWARE

Lane Analysis empowers you to dig deep for valuable data that shows you everything you need to know about your lanes. This information is the key that unlocks the doors to more capacity, higher margins, and greater volume. The Lane Analysis tool within your PowerBroker system is one more way you can maximize the value of McLeod Software.

T O D O M O R E



**We can help
you and
your business
do more,
more profitably,
today!**

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