

# Introduction to the Bid Process

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This is an introduction to the bid process and can be used as one example of how the process works. This page will be your home for this tutorial and you can always come home by clicking the **home button**. Each **highlighted word** is a link that will take you to another page for an explanation of a whichever topic that's being discussed. Please note this is just my view on how the process works from my experience and some may have different opinions. Everyone should be able to take something from this tutorial to use in their every day dealings with either Customers or Carriers/Brokers.

Thanks

# The Customers

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In my opinion, these are the 3 types of Customers a person or Company will deal with on a regular basis. There are other types of Customers out there but to keep this project manageable we will discuss these types. Each have their own set of rules and expectations they will expect from the carriers they use. There is money to be made with all these Customers and now days they will all demand good rates and solid customer service. With the tens of thousands of Brokers and Carriers out there, you can be sure that if your not doing your job, there's another Logistics Company that will and they're just a phone call away.

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## The Spot Market Customer

The spot market customer is the filler when time allots the Broker. This type of Customer usually incorporates anybody and everybody willing to give them a rate. They have no loyalty to anyone and are always looking for the bottom dollar. There is money to be made with this type of Customer and it usually takes grinding it out on the phones daily but you would starve if you expected any more than a few loads a month.

Lets take a look at the [Large Customer](#) to see how they find and use carriers.

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## The Large Customer

These are the Customers everyone in the logistics business is looking for. This customer is our bread and butter as they are who pay the bills thru out the year. This is not to say that they don't use different carriers and brokers, they just have so much Freight that there's usually some for everyone lucky enough to secure a place with them. As long as your rates are below or close to market rates and your service is good, these customers are what businesses are built on. As a caveat, these are also the toughest customers to get. Lets take a look at the last type of Customer, The [Small Customer](#).

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## The Small Customer

The Small Customer is a staple for any Company or Broker looking to have a solid foundation in their business platform. Like the others, they all use different Carriers for their products so service is very important. The best thing about these types of Customers are that they seem to have more loyalty to the Carriers they use and they usually only have a few carriers as compared to the other types of customer types. Although they don't generate the revenue of a large Customer, most of their freight is steady and when added with one or two larger Customers can often times keep you in the black during the tough months. Lets move on to the different types of [Carriers](#)

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The carrier, the life blood of the Transportation business. Lets face it, without these guys the World would stop turning. On a good note, there are more carriers out there then Customers so you would think there would never be a problem finding one to move your Customers freight. That may be true at certain times of the year but there are times when you would think that every Carrier out there went on strike. These are the variables that must be dealt with on a daily basis in the world of Transportation. Lets take a look at the different types of carriers out there starting with the [Dedicated Carrier](#).

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## The Dedicated Carrier

The Dedicated Carrier is a carrier that does the same lane every day. When I used to drive Truck I had a load that would pick up in Chilton, WI and go to Albany, NY. When I delivered I would head To Gloversville, NY to pick up a load and go to Oconto, WI. That was basically the load I ran every week for 3 years. To me that is a Dedicated lane and I was a dedicated driver for that lane. Everything was preset before I left on Sunday night. My company had no need to search for a Backhaul from New York as I knew my next pickup. My truck would never hit the Load Boards. Lets take a look at the [Large Carrier](#)

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## The Large Carrier

The Large carriers can be game changers when it comes to moving your Customers freight. Because they have such large fleets, they need to generate revenue from these trucks. They are usually in with most of the largest Customers and because of this, they will go anywhere to keep their Customers happy. It's when they get empty at the consignee when they become valuable to the Broker. Sometimes a large carriers backhaul rates are ridiculously low and you can get unbelievable rates. Things to watch out for with large carriers. You are not their Customer and they will treat you as such. They will only take a load from you if it's very convenient for them. They have no loyalty to you and will cancel on a load at the last minute for no good reason. Use at your discretion and be sure to track these types of carriers 2 to 3 times per day when they are under one of your loads.

Lets check out the [Spot Market Carrier](#)

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## The Spot Market Carrier

When I say Spot Market Carrier, what I mean is carriers that use the Load Boards to find freight. Most carriers, large and small will use the Load Boards at some point in time, that's just the nature of the game. Spot market carriers are by far the number one reason Brokers are in business and can survive from day to day. But like everything else, Spot Market Carriers and Load Boards are tools brokers can use to sharpen their game when dealing with customer rates. Spot Market Carriers are no different than any of the other carriers, there are some good ones and bad ones, they all need to be tracked daily when under one of your loads. As far as rates go from Spot Market Carriers, you get spot market rates. There are many variables that go into what a carrier will give you for a rate. It's time to take a look at the different types of [Brokers](#) out there.

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Brokers, the middleperson between 75% of all freight that's coordinated around the world. To carriers we are that evil necessity they need to get them home, or that next destination. To Customers we are the people that save them time and money from investing in systems that would inevitably cause them to have to hire more help. We are the people that create that link between the Customer and the carrier. Lets take a look at the different types of Brokers starting with [The Small Broker](#)

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## The Small Broker

The Small broker is that business with 10 to 15 Customers. Most smaller Brokerages will have 1 or 2 larger Customers but the majority of the customers are small and manageable. They may move between 20 to 75 loads per week on average and generate enough revenue to stay in the black most quarters. They get most of their Carriers from the Load Boards and the rates they give to their Customers are usually just above market as they try to keep their margins between about 10 and 12 percent. Lets move on to the [Large Broker](#)

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## The Large Broker

The Large Brokers are usually a branch of a larger carrier such as Schneider, Dart Advantage, Landstar or Mercer to name a few. Although they claim to their Customers they are asset based, it's very rare they use their own trucks to move a Customers freight. The trucking side and the Brokerage side are usually kept separate other than the occasional move. These Brokerages are larger because of their claim to have assets. They also incorporate agents that telecommute from their homes which gives them National Coverage with each agent working a separate region. The Large Brokers do pretty well with some averaging as much as \$5000 to \$10000 per day depending on how many agents they have working at any given time. Lets take a look at [The Game Changers](#)

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## The Game Changers

When we think of large carriers, the first ones that come to mind are companies such as Schneider, Swift, Werner, JB Hunt, Landstar, and Prime. You see their truck in all 48 states. These carriers are at the top of the food chain when it comes to moving freight. But the real game changers are the large Brokerage companies. If you've been in this business long enough you know who they are. CH Robinson, TQL, Coyote, Echo, Landstar, BNSF to name a few. I call these companies game changers because like the large carriers, it's these types of brokers that dictate the freight markets on a daily basis. These guys leave no stones unturned, they have their fingers in every major Customer's pocket and vast resources to reach out anywhere. These are the Brokers that generate revenue in the billions annually. The one thing that most of them lack though is Customer service. That's what levels out the playing field for the smaller guys. Before we take a look at some lanes to see how they are bid by the players in the logistic game. We first have to look at some of the [variables](#) that go in to quoting a lane for a Customer.

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## Variables

What are variables? Well in the dictionary it's explained as **an element, feature, or factor that is liable to vary or change.** "there are too many variables involved to make any meaningful predictions" This has never been more true than in the world of Transportation. Fuel prices, Produce down south, whether this is a backhaul or headhaul for the carrier, Supply and demand in a certain area, weight, product and many other factors come in to play when carriers are determining rates. It's these variables that come in to play daily and how a carrier deals with them that will ultimately decide on who gets the freight from a customer. So lets take a look at the actual [Bid Process](#) to see how Rates are developed.

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## The Bid process

Here is an actual e-mail from one of my Spot Market Customers (Please refer back to the [Spot Market Customer](#) for a refresher). The customer is Priority Envelope. The nice thing about this customer is I get to see everyone involved in the quoting process. Here's the list.

<adam.sappenfield@bnsflogistics.com>; AdamsMoncrief-DAN <dan@adamsmoncrief.com>; ATS-Mitch <mitchba@ATS-INC.com>; Brian-BNSF Logistics <brian.czajkowski@bnsflogistics.com>; Charlie Lange <c.lange@uniteddispatch.com>; Christopher Rizenbergs <CRizenbergs@tql.com>; David Corralez <davidcorralez@usalog.com>; Dohrn ronda <rdavis@dohrn.com>; Ed-CH Robinson <ed.meador@chrobinson.com>; enterprise freight-betty <bwrspir@efstrans.com>; ESTES <desmoines@estes-express.com>; FLS Trans- Ari Stern <astern@flstransport.com>; HOTLINE <Quotes@hotlinefreight.com>; ITS-Peter Paul <ppaul@itsnational.com>; Jason Leazer <jleazer@estes-express.com>; Jeff-ABF <jryan@abf.com>; Jeremy Logue <jeremy.logue@odfl.com>; Jeremy-Allen Lund <jeremy.ericson@allenlund.com>; Kristi-EXP Logistics <kfitch@exp-logistics.com>; LME-CLARK <canderson@lme4me.com>; Max-MTM <mtmwickman@gmail.com>; Newell-OD <Newell.Shoup@odfl.com>; nolan-Coyote <nolan.randall@coyote.com>; Nolan-Vitoria <Victoria.Hurst@ntgfreight.com>; Redwood Logistics-Ryan <rgray@redwoodmultimodal.com>; Rob-BNSF <rob.ash@bnsflogistics.com>; Rod-FML Freight <rod@fmlfreight.com>; RR Donnelly -Transport- Brian <brian.s.landreth@rrd.com>; Sunset trans-rodney <rodneyl@sunsettrans.com>; sunteck trans-caitlin <caitlin.taylor@suntecktransport.net>; superior trans log- Terry <terryt@superiortranslog.com>; TODD BERGER <toddmberger@gmail.com>; underwood - Aubrey M. <amunderwood@qg.com>; Valerie Connor <VConnor@bluegracegroup.com>; Vector trans -Paul Shell <paul.shell@vectortransport.com>; yrc-AARON <aaron.sisney@yrcfreight.com>

**“Good afternoon, I need a sales rep quote for a truckload rate from Nevada, IA. going to Aberdeen, SD 57401. The usual truck load weight is about 36,000 lbs.”**

As you can see, there's some tough competition out there. I didn't win this bid with my **\$1200.00** but when all the bids were in, the Customer lets everyone know what the winning bid was. **“Thank you everyone the lowest received bid was for \$1150.”** The spot market on this lane at the time showed **\$1050.78**. I took into account the NOW carriers out on the Load Boards (very few), made some calls and came up with a rate of **\$1075.00** and added my margin (2% on this one). I don't get to see who won the bid and it actually doesn't matter as it wasn't me. So lets move on to a lane I actually won with a different Spot Market Customer as we continue with the [Bid Process \(Continued\)](#)

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## The Bid Process (Continued)

In this scenario, the Customer is Techniply and is a [Spot Market Customer](#) I've been dealing with for about 12 years. Here are the details:

“Could I please get a rate picking up Wed 4/26 in Oconto Falls WI 54154 and delivering to Kenilworth NJ 07033?? It is under 25000 lbs of wood dieboard. What is the transit time??” Here are the players:

To: BLANK FREIGHT; BLUE GRACE; ECHO; IADD; JTI TRUCKING ; M2 LOGISTICS; SCHNEIDER- AMANDA; SCHNEIDER- MIKE; SPOERL TRUCKING ; SUPERIOR; SUPERIOR - TERRY; TQL; US SPECIAL; US SPECIAL - ROLAND; XPO. In this Bid, I don't get to see the winning bid which makes it a bit tougher for future references. My quote on this one came down to knowing the Customer, the players, and how I could come in cheaper than my competition. My quote to Techniply was \$2153.00 and was shipped via Rail for \$2032.00 with a margin of (6%). Here are the details of the confirmation of the winning bid from the Customer:

I can assume this is “rail”.....correct?? **Can I please get this scheduled to pick up Wed 4/26?? Pick up hrs 10am – 2pm.**

Pick up: Techniply LLC  
711 Ralph Lemorande Dr  
Oconto Falls WI 54154

Deliver to Synergy Warehouse LLC  
315 No 14<sup>th</sup> St  
Kenilworth NJ 07033  
908-931-1111 Delivery Appt Needed – contact is AL

So now you have an Idea of how the Spot Market Customer works, lets move on to the Bid Process for the Small Customer in [The Bid Process \(Continued II\)](#)

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## The Bid Process (Continued II)

Like the first type of Customer, please refer to The [Small Customer](#) profile as a refresher. In this Scenario, I will use a small customer that's been with me for 15 or so years. The Customer is BPM. Unlike the Spot Market Customer, the Small Customer tends to form a relationship with their carriers. The e-mails are sent directly to the carrier and the lane rates are set shortly after you move the first few loads. Here's an example: **"Hi Terry, I will only have 2 McAllen, TX loads this month, the summaries are attached. I will let you know when the paper will be ready. Vicky"** These lanes were bid years ago when I was first offered these. The good thing about The Small Customer is you (The Carrier) are usually the one to bid the lanes for your Customers sales reps so if you happen to win the lanes, they are yours forever. On the other hand because these lanes are yours, it means you cover them no matter what the costs. The variables (The variables should have come into play when bidding the lanes) go out the window with these and the Large Customers freight. That's not to say that when your in a bind your customer won't help out because this has been the case for years with this particular Customer. This happens when you form a lasting relationship with your customer. Stop thinking in terms of BPM The Company and think more in terms with Vicky my shipper Contact/friend. The rate for this lane has been at \$2600.00 for the past 5 years and I usually move this for between \$2400.00 and \$2500.00. On to the Large Customer in [The Bid Process \(Continued III\)](#).

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## The Bid Process (Continued III)

Like the first types of Customers, please refer to [The Large Customer](#) profile as a refresher. These are your meat and potato Customers, the ones that pay the bills. In this scenario we will discuss Samsung. I've been dealing with Samsung for over 2 years now which isn't very long in Large Customer terms. Here's an example of some of the freight opportunities that come over from Samsung: **Terry, I need a rate for the following shipment;**

**Equipment:** 20 x 53' Truckloads

**Origin:** Dayton, NJ 08810

**Dest.** Roanoke Rapids, NC 27870

**Commodity:** Solar Modules / 26 pallets ea. / 43,342 lbs. ea.

**Schedule:** Approx. 5 trucks per beginning 4/24 (if possible) thru 4/27

I actually won these lanes with the smallest of margins. When it comes to Large Customers, we have to think in terms of revenue and not margins. Your margins are going to be small when dealing with Larger Customers but when you do, you'll get more opportunities to move their freight. In the end, with great Customer service, you will find that because of the sheer volume of freight these types of customers have. You will double or triple your profits as compared to a small Customer with larger margins. Please continue to [Final Thoughts](#) to finish up this tutorial on The Quoting Process.

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## Final Thoughts

As I was trying to figure out what should go into this tutorial to give the reader a better idea on how the quoting process works, I've realized there is no magic pixie dust on giving rates. There are some things one can do to better the odds such as knowing your customer, knowing the market, having a large database of carriers and taking chances. With so many players competing for the same freight, you have to stand out from the norm, the only way I know how to do that is exceptional customer service, going above and beyond, doing what that other company won't do. Like any other tool, my ideas are just guidelines to follow, it's up to you to find your own way that works. You're not going to get every load you bid, what you're going to find is that some lanes just work better for others. You're going to find that sometimes your competition actually have trucks. Sometimes your rates will be way off the mark and sometimes you will lose a bid by a few dollars. Just remember that when you do get the load, give the customer a reason to come back. Thanks for taking the time to read this.