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## **Watch Points – How To Tell If Your Back Office Could Be In Trouble?**

By Mike Williams

Now, more than ever, it's critical to align yourself with business partners who are mature, financially-stable service providers. For the independent freight agent who relies on his broker to provide the back office, there can be no compromise when it comes to service value and stability.



Probably the single most important decision a freight agent makes is the brokerage firm they choose to align themselves with. Not only are the services and capabilities of that broker important, the strength of the back office is critical.

These back office services would require a significant investment in people, equipment and technology to develop for a single office operation. The broker provides the tools and assistance that the agent needs to conduct business so they can focus more on identifying customers and moving freight.

The most experienced and diversified brokers who offer a back office function to their agents include the following services: carrier freight invoice audit, credit analysis, customer billing, carrier database, carrier payments, cargo claims and safety, commission statements, collections, marketing (brand recognition), and technology and systems.

So just how stable is your broker and their back office? How prepared are they financially to weather the economic firestorm that began in 2008 and will continue for the foreseeable future?

Here are some "watch points" to help you determine if your current back office provider could be in trouble and could jeopardize the future of your very own business:



1. Requests for advances to carriers are being denied or taking too long to approve

Cash is king these days to carriers, and they often need advances to buy fuel. Many brokers will advance a portion of the carrier pay to ensure a load is covered. Is your back office dragging its feet in getting these carriers advances? If so, its own

cash flow problems will quickly become your cash flow problem.

2. Your carriers are calling you to ask when they will receive final payment for a load

30 days have now passed since a load you managed was delivered and the carrier is calling you for final payment as he can't get an answer out of your back office. Have they reduced staff and have trouble keeping up? Are they waiting for a cash-strapped shipper to pay them before they can pay the carrier? Either way, that isn't good for your relationship with the carrier. Why would he want to haul for someone who doesn't pay him?

3. Customer claims are taking longer and longer to get resolved

Nobody likes claims. Not you, the shipper, the consignee, or the carrier. And especially not the people in the back office. But the customer is expecting a timely resolution to claims they have filed and if they don't get satisfaction, they will quickly look to you for restitution. Are you finding yourself getting deeper and deeper into claims resolution because the back office is delaying payment?

4. Greater than normal turnover in back-office staff or fewer people there to take your calls

If you can't get the same person twice on the phone or you never get any call backs, then maybe there is a problem in the back office. Employee turnover happens for a reason, and often the reasons are the company and not the people. Companies usually don't make wholesale changes in people without there being a problem in meeting payroll. Are you experiencing this with your back office?

5. Your commission payments are coming later and later in the month

When you signed up with your broker, he promised you'd get paid every other week. And that worked out for a while. Then two weeks turned into three and three turned into a full month. In the meantime, you have your own office expenses to meet. Why is that happening? What is your back office telling you? You need to find out what's going on – and quickly.

6. Issues with technology are taking longer to get resolved or not at all

You've been asking for months for a small change in the software you're using to move freight. Changes that would benefit you, other agents and the back office itself. And yet these changes fall on deaf ears and almost never happen. What's the story? What are the technology people working on? This is a sign that technology has taken a back seat to keeping the business afloat.

*Note: Mike Williams is chief operating officer of Sunteck Transport Group. Sunteck is a non-asset based transportation services company, providing transportation capacity and related transportation services through its agent network to shippers throughout the United States and Canada. Sunteck's services include ground transportation coast-to-coast, local pick-up and delivery. Sunteck has strategic alliances with less-than-truckload, contract carriers, truckload common carriers and independent owner-operators. For more information, visit [www.sunteckagent.com](http://www.sunteckagent.com).*

