Keys to Hitting Your Profit Target

When aiming for lane profitability, **3PLs typically set their strike zone at 14% to 16% of gross revenue.** This general tactic rarely accounts for the cost differences of using repeat versus new carriers.

Using repeat carriers is by far the most profitable trajectory. **Do you have all the necessary tools to be a preferred 3PL and keep transactions within profit range?**

See the Runaway Spot Market

Truckload pricing has significantly **increased** this year. To protect margins, 3PLs must find ways to increase efficiencies and move more loads with repeat carriers.

Dry Van	Reefer	Flatbed
12%	19%	11%

*November 2021 analysis by DAT

Leverage the 80-20 Rule

80% Repeat Carriers

3PLs can use mobile and back-office technology to automate the booking and payment process with **repeat carriers.**

Loads with new carriers require a lot of manual activity to cover using load boards, emails, phone calls and the onboarding process.

New Carriers 20%

The 80-20 rule applies to many areas of business where **80% of an output comes from 20% of the inputs**. For instance, 3PLs generally move 80% of their loads using 20% of the total number of carriers in their networks.

Conversely, the rule also can mean **80 percent of the waste comes from 20% of the inputs.** As an example, on any given day, a 3PL may have 80% of its loads pre-booked with carriers, and spend most — if not all — of its time and resources to cover the remaining 20% of loads.

Don't Miss Your Mark

You set your sights on a load with revenue of **$2,000** and with a **target of a 15% net margin**. As the following analysis shows, the load will be marginally profitable, or possibly a loss, if you can't cover it with a repeat carrier.

*In this example, the 3PL moves **500 loads per week** and **uses new carriers for 20% of its loads**, and has a cost of labor with overhead of $100 per hour.

15 percent

NET MARGIN

	Existing Carrier	Cost	New Carrier	Cost
Net Margin	$300		$300	
Pricing	Pre-negotiated	$0	Negotiated	10 minutes = $16.67.
Freight Matching	Private network	$0	Load boards	$5 per load $500 per month in subscriptions
Booking	3PL automatically presents available loads with pricing to carrier for acceptance and confirmation with a single click	$0	Phone calls and emails	2 hours per load = $200
Onboarding to Verify Insurance and Safety Credentials	Carrier already in system	$0	Uses an onboarding software subscription	$10 per load $1,000 per month in subscrip-tions
Dispatch Communications	Carrier has done same load before	$0	Phone calls and email communications	30 minutes = $50
Invoicing and Payment	Carrier already in system	$0	Setup and verification	10 minutes = $16.67
	Total Cost	**$0**	**Total Cost**	**$298.34**
	Total Profit	**$300**	**Total Profit**	**$1.66**

Use These Rules of Engagement

Speed

The profitability of a load depends on how quickly it moves from the time of order entry to booking a carrier. To keep the margin, brokers generally need to move loads in one hour or less.

Automation

Doing business with repeat carriers is the key for broker profitability. With repeat carriers, brokers can use technology investments to eliminate phone calls, e-mails, and other manual steps and automatically secure loads, provide shipment updates and process freight payments.

Quick Pay

Quick Pay programs create stickiness in broker-carrier relationships and elevate brokers to a preferred status. Brokers can use Transflo's in-tegrated program to give car-riers a seamless experience for invoicing and payment.

Now, let's run your numbers. Use this simple calculator to see how a Quick Pay solution from Transflo will deliver immediate ROI by making you a preferred 3PL for carriers.

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