Actual Customer Consulting Report:

**Beverage Company with a shipping department**

**Parent company owns:**

**Asset backed Carrier Brokerage Authority**

**Warehouse with Logistics Department**

Prepared by ConsultTruck in Partnership with Robins Consulting

**Entire Organization Review**

This report contains confidential business research, investigational reporting along with professional conclusions and perceptions. These findings were gathered directly from an in-depth assessment of your existing processes, workflows, and associate interviews. We’ve completed this review of your current business model, financials, organization structure, strengths, weaknesses, process development, and the use of technology. The intent of this report is to provide a platform for open discussion and debate. Improvements can only be achieved through the full support and engagement of the leaders that commissioned this study. Our team is excited to provide our findings and to be involved in the implementation of the agreed-upon recommendations.

**Consulting Team Involved in Project:**

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Report Contents:

* Business Evaluation Report based on audit analysis
* Business Recommendations
* Roadmap and Plans for next steps
* Recommended Resources
* Role recommendations

**Focus of Consulting Project:**

* Evaluation of current operating practices
* Comparison to industry best practices
* Recommendations for workflow enhancements
* Business Expenses including SG&A
* Accounts Receivable and Day Sales Outstanding
* Outside carrier selection, qualification
* Preferred brokers or carriers for specific routes
* Competitive rates and securing capacity
* Intermodal activity and efficiency
* Warehouse locations and freight operations
* Operating Systems - OTM use & efficiency
* Staffing & Staff skills, experience, and talent
* Business Forecasting
* Adjustments for the current logistics market

**Table of Contents:**

* Financial Opportunity
* Associates/Employee Review
  + Shipping Department Beverage Company
  + Logistics Center #1-2(Texas and Mexico)
  + Brokerage (Recently purchased)
  + Warehouse Logistics Department (Merger)
  + Legal Department
  + IT Department
* Training/Development/Performance Incentives
* Carriers/Brokers/Legal/Liability
* Management Structure
* Operational Efficiency/Coordination/Communication
* TMS/Operating Systems
* Business Objectives, Business Plans & KPI’s
* Accounts Receivable/Payable
* The Bottom Line and Summary Recommendations
* Next Steps

**Financial Opportunity and Review:**

Through proper Leadership, Staffing, System, and Employee Training, there are significant financial opportunities in the following areas:

1. Freight opportunities identified (Additional $3-$6M Gross Profit)

2. Reduce Outside Transportation Spend ~$30M using Brokerage ($3-$6M)

3. Freight Factoring/Quick Pay Revenue ($500K - $1M)

4. Improved Logistics efficiency, access to capacity through Brokerage

Brokerage only manages 23.5% of Beverage Freight, which means ~$25M in Revenue and ~$5M in Gross Profit is being lost to outside Carriers/Brokers.

Carriers dealing directly with Beverage shipping department due to:

* Minimal Asset Carrier Relationships
* High Prices due to doubled broker fees (Hiring Brokers to cover freight)
* Lack of Tools to properly On-Board, Manage and Negotiate with Carriers
* Insufficient Staffing in roles that support customers
* Lack of training creates rework and costly inefficiencies
* Delays in payment for services rendered

With proper Leadership, Tools, Systems, Processes, Staffing, and Carrier Relationships, Broker/Asset Carrier will be in the enviable position of securing significant business that is literally under its nose. Brokerage will be able to offer customers a one-stop shop. This will improve parent Company bottom line and generate additional efficiency by becoming a more integrated supply chain partner with Brokerage and their warehouse operations.

**Discovery Notes:**

* *Increase Drayage margins – More room in rates to customers.*
* *Additional Drayage through Broker Customers*
* *“160 total coming into broker/week… we do only a fraction”*
* *Combining Beverage company logistics, Warehousing and Broker will increase leverage for price and capacity*
* *Identify Continuous moves between Shipping Dept. And Warehouse*
* *No evidence of offering a packaged (warehouse/transportation) deal to gain freight volume*
* *At one time Brokerage was capitalizing on 50% of warehouse capacity and 50% of the transportation spend of the Beverage company, shrank to only 20% of total operations*
* *Offer all Customers a “One Stop Shop”*

**Recommendations:**

1. Accounting needs to be adjusted to ensure accurate performance metrics for both beverage company, warehouse and Broker in relation to the merger
2. Allocated cost accounting business model for each entity to accurately evaluate true value/cost savings to of each business unit
3. Beverage operations to account for accurate, competitive rate structure to brokerage or cost savings cannot be calculated

**Associates/Employees Overview**

After completion of interviews with a wide range of Client associates, our general impressions left us with a number of data-supported perceptions. First of all, the associates are all heavily engaged and committed to the success of the organization. We experienced a workforce that was open and honest with their feedback. It is apparent that both teams are hard-working and are willing to do the work necessary. Training immediately surfaced as a major concern. There is currently no formalized training process and there was a definite gap in providing associates with regular feedback on performance. Business metrics/key factors/KPI’s are notably absent in most of the roles. Overarching business plans, goals, and objectives are not shared openly with associates. Business communication lacks consistency and a foundation of growth/profit. Limited meetings, lack of an agenda, recognition for achievement, and a review of progress towards goals.

Interviews Conducted with Brokerage:

**Sales & CSR**

* Office Manager/Brokerage Leader
* Reports to principal over sales at Source Marcelo, Claims Mgr

**Traffic Assistant**

* 7 Months in Current Role
* 5 Years with Beverage Company
* Not a Broker - supports freight management
* Truckload Track/Trace and other TL Responsibilities

**Traffic Assistant**

* Not a Broker - Supports freight management
* LTL Track/Trace and other LTL Responsibilities

**Sales & CSR**

* 6 years with Broker
* TL and LTL freight management for asset carrier
* Larger book of customers compared to peer group
* Broker for all warehouses business, but no carrier relationships

**Sales & CSR**

* Margins 35K/month
* Smaller book of business
* Broker contact for warehouses
* No carrier relationships - carriers managed out of Mexico

**Dispatcher**

* Carrier Relations
* CA Local - transportation manager

**Brokerage company owner prior to merge**

* Broker Logistics is 21 years old company
* Brokerage to help customers
* Provided context on the history of business and merger
* Described details of the merger

**Head of Operations Warehouse**

* 10 years
* 450 pallets in/out per day
* Access to warehouse freight available for solicitation

Beverage Shipping Department Interviews:

**Carrier Risk Lawyer**

* 22 years with company
* Hudson Insurance and Lloyds of London
* Risk committee (CFO, CEO, Directors, CIO)
* Working with Legal on the templates for carriers

**Traffic Assistant**

* LTL business support
* Track and trace - appointments for Consignee
* Carriers make appointments with the consignees

**Broker Contracts and Carrier Qualifications**

* Turns them around as quickly as possible
* Prepares contracts based on the direction of the transportation group

**Payments and AR Manager**

* First job out of school
* Just graduated college with a Logistics Degree
* Traffic team does the set-up and Payments Manager resolves payment issues

**Contracted employee**

* Most POD’s are complete and just uploaded
* EOM - make sure there are no outstanding POD’s
* Handle TL and LTL POD’s for shipping and asset carrier
* Recently finished college and joined the company 18 months ago

**Shipping Department Administrator**

* 4 years with Beverage Shipping Dept.
* Provides backup coverage
* Works on the local deliveries in CA

**LTL Operations Manager**

* Over two years with Binnacle
* Delphi manufacturing background - NAFTA
* Daniella and Astrid take care of all rates LTL
* No transportation experience prior

**Traffic Supervisor**

* 2nd in command
* Supervise 8 people in Mexico
* Forecasts for TL, Drayage, and LTL
* No transportation experience was a supervisor previous company

**Traffic Manager**

* 94 moved in CA last week
* Victor trained Artemio as back-up
* $250 per container @ 25 to 30 per week
* First job out of college - Logistics engineering
* Sets the Drayage rates - asks weekly for rate updates
* Manage 85 containers inbound warehouse - 20 containers for Beverage

**Traffic Assistant**

* Dispatch FTL - also assists POD
* Freight forwarder experience prior
* Prepares load for dispatch and send email to carriers
* Review Houston e-mails --- 100% of loads are for Asset carrier
* Inventory experience - 8 years as supervisor/Accounts Payable
* Reschedules loads - cleans up any issues -Check for New orders
* Manages individual customers -Role is CSR or account representative

**Training/Development/Performance Incentives**

Employee engagement, commitment, and retention are dependent upon providing four basic things; Training, Competitive Compensation, Clear Expectations, Feedback, and Recognition. Currently, All training is conducted on the job… we could find no evidence of structured training plans related to job duties. Job descriptions do not appear to be written and key business deliverables are not clearly established with associates. Trainers are often individuals that have not been on the job long and had to learn for themselves what was expected, relating to job execution. There was a noticeable lack of industry experience in the team (especially related to Brokerage) Individuals with the most tenure/experience are not relied upon to improve the focus of the rest of the team. Currently, Brokerage has hard-working, committed individuals, but there’s a void in expertise related to the primary functions of running a competitive brokerage business.

**Profitable Companies provide: Current Grade**

1. Training C-
2. Competitive Compensation B-
3. Clear Expectations D
4. Regular Feedback D-
5. Recognition F

**Discovery Notes:**

* *“Only 2 weeks training - need training from people that really understand trucking”*
* *“Need to offer more incentives to retain our talented people”*
* *“Carrier lost 2 great employees due to compensation”*
* *“Lack of good people that are bi-lingual, at compensation level, with experience”*
* “Employee Turnover has negatively impacted cross training’
* *“Training and employee development is a major issue”*
* *“Much of my training was through Text and email -no real formal training”*
* *Language barrier of some employees who talk to US Carriers*
* High performing employees are not compensated at a level that retains them

**Recommendations:**

* + - * Develop Gain Share program tied to shared aspirational goals
      * Implement Workshops/Training programs to support and educate team
      * Provide FT job offer to contractors well before the contract ends
      * Job descriptions with unique accountabilities, KPI’s and deliverables
      * Detailed training plans with regular leader evaluations in the first 90 days
      * Annual Performance Appraisal with direct KPI and skill feedback
      * Opportunity to early offer pay increases to high performing employees
      * Use of Veracore data to solicit customers and identify carriers
      * HOS/Safety training for anyone dealing with freight management
    - JJ Keller courses available

**Carriers/Brokers/Legal/Liability**

Beverage Company has a very limited carrier base with too much reliance on Asset backed Brokers like CR England. The Beverage Shipping Department would benefit greatly from an expanded carrier base for flexibility in a very tight capacity environment. This carrier base could be enhanced greatly if brokerage was operating as a true Transportation Management service. Beverage company could achieve more competitive rates with a bid process involving Asset Carrier and Broker. Having the ability to post freight on a load board and receive competitive bids would help the carrier to remain aligned to market conditions, while also increasing flexibility. Direct carrier relationships that the shipping department has developed should be evaluated. In many cases they should be retained, but carrier qualifications should rest with the Transportation Management Team, not the shipping department. Carrier contracts are missing from Shipping Department files and all carrier packets for both entities are cumbersome, containing “excess” insurance requirements that eliminate most potential carriers.

**Discovery Notes:**

* Areas of concern:
  + - * Carrier growth (extremely limited carrier base)
      * Carrier Qualification and On-boarding
      * Carrier Contract and Insurance Management
      * Customer Development, business growth, and freight acquisition
      * HOS/Carrier Safety/Compliance
* Brokerage was 50% of Warehouse profits but shrank to 20%
* California Local - Only 4 carriers used and no dedicated contracts in place
* 75% of shipper local loads covered by one carrier
* Carrier set-up process for Brokerage is very difficult and time-consuming
* *Rates for LTL in SAS-TL rates are cumbersome and time-consuming to obtain*
* *TL rates are often too high using Broker rates, so we only get 25% of Freight*
* No one was staffed or directly accountable to work *on carrier development*
* *Very few carrier options for most of the freight*
* *No carrier development = no ability to dynamically adjust rates based on market*
* *Shipping Department using many of same carriers - no central carrier management*
* *TL rates add commission twice to market rate when using asset-backed brokers*
* *Excess Insurance requirements are $5Million for carrier - eliminate most*
* Can’t operate successful brokerage with Brokers as the primary carrier base

**Recommendations:**

* Develop rapid and robust Carrier onboarding process within brokerage team
* Brokerage qualifies all carriers for Beverage Shipping Department
* Eliminate Carrier Excess insurance requirement of $5 Million required by Beverage Shipping department
* Beverage Company to purchase $5-10 Million excess insurance (Cheaper than requiring carrier to provide the excess)
* Establish Broker contract between Shipping Department and owned Broker
* Carrier growth and maintenance
  + Assign responsibility to a single Brokerage Leader
  + Qualification checklist - Legal to provide qualifications
  + RMIS - Maintain insurance and safety requirements for carriers
  + Standard Carrier Contract Template & Insurance Requirements
* Broker Development
  + Increase number of Brokers through the use of load boards
  + Post loads at market rate and let Brokers compete for loads
* Utilize DAT for posting spot loads and use for rate benchmarking

**Management Structure**

Beverage Company and Brokerage company both have talented leaders in the area of daily transportation department management but lack the structure and talent to be as effective and competitive in a Brokerage business. There is a genuine lack of emphasis on the standard measures that accompany a successful/growing brokerage business. This must be corrected to capture the significant warehouse logistics opportunities and to better support Parent Beverage Company with qualified carriers and flexibility to capitalize on the current market trends. Structure changes could produce more productivity and focus. All entities are very reactionary based on freight that is being tendered to them. Significant opportunities are being missed by not having a separate talent and leadership structure that is entirely focused on the Brokerage and warehouse logistics growth and profitability improvements. Beverage Company should be capitalizing on the additional opportunities that accompany having a strong brokerage business.

**Leadership Team Interviews:**

**Brokerage and Shipping Department Manager**

**Texas Office Mgr/Brokerage Leader**

**Head of Ops for Warehouse**

**Operations Manager for Brokerage**

**Claims Mgr.**

**Recommendations:**

* Brokerage requires an experienced Brokerage leader, with a proven brokerage track record leading the efforts.
  + Equivalent level to Transportation Management role for Beverage Company
  + Responsible for surfacing the unique needs of the broker business
* Brokerage Leader is responsible to build his/her team to meet bottom-line objectives
* Hire brokers with a clear understanding of expectations with incentives tied directly to high growth and minimal margin expectations. (Salary + incentive)
* Require Brokers to have prior carrier/customer relationships & broker experience
* Leadership Separation Beverage Co. Traffic Dept. & Brokerage/3PL
* Beverage Company becomes Transportation management customer of Brokerage, taking advantage of carrier relationships, potential rate improvements, additional capacity, and liability protections
* Brokerage leader to report directly to an executive leader at parent Company
* Establish aspirational goals and objectives unique to each business unit
* Require Leadership to submit Annual business plans with quarterly adjustments
* Unique Business plans for Shipping Department and Broker/3PL should be directly linked to the overarching parent company financial Business objectives

**Operational Efficiency/Coordination/Communication**

Operations associates are extremely reactive and there were few clear examples of process improvements or process development. Communication across the different locations and business functions was somewhat disjointed and disorganized. Each person is focused on their own responsibility and daily execution, without much time being devoted to improving how activities are being performed or executed. Brokerage Operations needs a better game plan along with specific stretch goals to provide the right better focus. Structured daily department meetings with required business recaps. These recaps must be aligned with the driving metrics of the business. Leadership should also have an “All Hands” meeting once a week to allow departments to share successes and opportunities.

**Discovery Notes:**

* The current consolidated process does not really yield the results desired
* Communication gaps between locations - disjointed team
* Need to clearly align staff goals to improve teamwork and communication.
* Communication almost entirely through email - Need for instant messaging
* Too much use of email is delaying quick action
* Wait for limited carriers to come with rates-No contractual rates set with carriers
* Limited communication process to address operational activities & issues
* Do not have backup carriers - most carriers are brokers
* Takes days and sometimes weeks to set up new carriers impacting flexibility
* Inconsistent rules for carriers - Legal ultimately approves carrier
* No real coordination between companies on shared carrier set-up
* OTM has significant limitations for Consolidating loads
  + Buy shipment order is still tied to consolidated load- no real flexibility
  + Multiple buy shipments show up under the new order
  + To even identify a consolidated load, you must know carrier is a local
  + Customers consolidating loads for us
* No real forecasting = no real resource/staffing planning - Reactionary
* “Broker” duties are much more aligned with a freight mgmt. role
* No automated Track & Trace -almost entirely done mostly manually
* Reduce/Eliminate setting Customer Appts and let carriers schedule
* Utilize exception-based track and trace instead of every shipment
* Brokerage operation is lacking operational tools, reports, automation, to improve productivity.

**Recommendations:**

1. Identify Trainer and Implement Broker specific TMS
   1. OTM Broker tools
   2. ALJEX
2. Implement internal instant messaging
3. Complete Job description review and update expectations accordingly
4. Formal daily update meetings -(What’s going well, poorly, important to know)
5. Weekly Departmental Meetings
   1. Published agenda
   2. Everyone contributes
   3. KPI Review (Associate level scorecards)
6. Monthly Results review
   1. Department updates on goal progress
   2. Leadership Business update
   3. Recognition Items
7. Quarterly Business Partnerships with leaders reviewing accountabilities
8. Implement and utilize some type of automated load tracking
9. Explore creating routes on LTL orders to improve Margins (LA local)
10. Opportunity to have appointments set by carriers to improve rates Carriers generally provide better rates on loads that provide some appointment flexibility

**TMS/Operating Systems**

OTM has been selected as the organization's operating system but we could see no evidence that the use of the operating system was enhancing the brokerage business in any way. In fact, we were told that Beverage Company was paying for the brokerage module, but it’s never actually been implemented or used by associates of Binnacle. Many of the associates are operating off of spreadsheets and cumbersome reports. Due to the formation of Brokerage and the lack of true brokerage experience in the controlling locations, it is somewhat apparent that IT didn’t even fully understand or recognize the TMS requirements of a successful brokerage business. The lack of a Brokerage TMS has driven behaviors of a freight management department as opposed to a true brokerage operation. Without a seasoned brokerage leader in place to ensure proper training and system implementation/integration, the associates have resorted to managing the business with spreadsheets and paper notes.

In considering the success of an operating system, 5 factors must be taken into account for the system to be considered an efficient/beneficial operating system. We’ve taken the liberty of listing those factors and have provided an assessment of the current performance for each:

**TMS Technology Requirements Grade**

1. Ability to train and implement D
2. Point of Sale/Order entry D-
3. Daily decision tools/real time calculations/alerts & feedback D
4. Outcome Metrics / KPI progress / Results F
5. Executive Reporting / Outcome Metrics C-

**Discovery Notes:**

* Warehouse using - Veracore
* Oracle Transportation System, one for Brokerage and another for Shipping Dept
* Not maximized, slow and cumbersome, Data not entirely trusted
* Still a lot of manual order entry, cut and paste - No auto-tenders at Binnacle
* Measurement is sparse - Management Reports inaccurate and not up to date
* Broker employees are operating outside OTM with spreadsheets.
* Manual processes to ultimately get the data into OTM reduces productivity.
* No Carrier Portal for listing freight, updating information
* Everything is reactionary - OTM tools being circumvented with spreadsheets
* Evaluate other systems (Cost?)
* Evaluate Old Operating System – ALJEX?
* How is freight solicitation handled in OTM?? Finding additional freight?
* No Integration of Rate Management tools into TMS
* Freight consolidation not really happening - nothing in TMS supports this objective
* No real metrics other than Gross Revenue and Margin for Sales
* Auto Tender 80% LTL
* Need to Improve Internal Transfer Process/Identification
* OTM reports freeze up the system - reports take forever to pull
* Carriers putting POD’s in OTM -doesn’t work very well
* *Need more carriers - investment in systems to facilitate*
* Billing issues - Inaccurate billing with Customer--- Assume that customer has a more dynamic rating tool and it changes after we quote it in our system
* Spreadsheet - Order#, Appointments, Confirmations, Load Information, etc.

**Recommendation:**

1. Brokerage requires a Brokerage Operating System tailored to business needs
   1. Leaders to set minimum technical requirements for Brokerage System
   2. Evaluate Aljex vs. OTM Broker Module for lowest cost/fastest implementation assuming the system meets basic requirements
   3. Train, contract or hire an In-house Super User
2. Broker Operating system meets following requirements
   1. Point of Sale/Order entry
   2. Daily decision tools/real time calculations/alerts & feedback
   3. Outcome Metrics / KPI progress / Results
   4. Data integrated into OTM for executive reporting

**Business Objectives, Business Plans & KPI’s**

Currently, there is minimal evidence that associates are held accountable for driving metrics that align to overall business objectives or organizational outcome metrics. Operational associates react to the current demand for freight management rather than hunting for additional opportunities and margin growth. Brokers manage to a baseline activity level rather than being incented to increase business and improve margins. In the current structure, Brokers have no real control over margins because they do not control the price. Negotiation with carriers and brokers is conducted through email and no real “negotiation” takes place. Very limited freight competition takes place within brokerage. We generally add our commissions to whatever price we are quoted from carriers and brokers. Shipping Department does have slightly better metrics because its objectives are somewhat consistent and controlled by market demand. Shipping Department needs to take advantage of that consistency to leverage the market through a more direct “customer” relationship with Brokerage. Brokerage should move all non-dedicated shipper freight that cannot be moved partner carriers

**Discovery Notes:**

* *Reactionary dispatch - “I just get loads & cover them- no real solicitation”*
* *“Miss many loads because of turn around on getting quote”*
* *Many times our quoted price for TL is 30% higher than competitors*
* *How do you know that you are doing a good job?*

*“I get all of my work done”*

*“If customers are happy, I’m doing a good job”*

*“If we are working better together, that’s how I measure my performance”*

* *Most freight is surfaced 1-2 days in advance*
* *“Estes and Old Dominion move 80% of my freight - 60% Estes- 20% Old Dominion*

**Recommendations:**

1. Establish an overarching business plan for “Freight and Logistics”

Shipping Department responsible for:

1. Service levels based on carriers selected
2. Demand projections
3. Securing capacity at a competitive price
4. Direct carrier relationships
5. Utilizing Brokerage to ensure competitive price
6. Carrier Management Metrics (Carrier Value)
   1. Service
   2. Capacity
   3. Claims

Brokerage Responsible for:

1. Gross Revenue of freight moved
2. Margin of freight moved
3. Carrier Base development
4. Warehouse Freight Management/Solicitation
5. Ratio of freight stored to freight hauled

**Carrier Engagement Guidelines:**

1. Brokerage is a carrier for shipping department - held to competitive rates & service standards.
2. Brokerage competes for Shipping Department freight; however, there may be times when Shipping Department chooses other carriers over Brokerage
3. Overarching Shipping business objectives still have influence over Brokerage through Senior Leadership agreement
4. Dedicated Carriers operating exclusively with Shipping Department to be maintained
5. Brokerage and Shipping Department will have relationships with mutual carriers, but Brokerage manages all carrier qualifications and payments for mutual carriers.
6. Carriers will be secured by Brokerage and used by shipping department for dedicated opportunities via a direct relationship
7. Traffic Dept accountable for service and costs to Beverage Company customers
8. Brokerage to focus on top-line growth, bottom-line profit, and meeting their customers’ service standards

**Accounts Receivable/Accounts Payable**

The Accounts Payable department has several areas of concern which lead to opportunities such as:

Manual Touching of Freight Bills by both Accounting and Brokerage

* Delays in Processing
* Brokerage placed on Credit Hold by some carriers
* No Auto-Pay capabilities (Systems)

However, the most significant opportunity is that the Accounts Payable function is not giving Brokerage a competitive advantage to attract carriers and grow business and margins. In successful Brokerage businesses, the A/P department is the company’s lifeblood because most brokers do business with small carriers (under 25 power units) that can’t wait for the standard 30-day terms, and often Brokers are paying within seven days to attract and retain carriers. Paying in 30+ days limits the number of asset carriers that Brokerage can attract and limits them to mostly large carriers and brokers with higher rates and more leverage. The A/P department must align with the business to help them secure carrier partners that can support growth opportunities AND offer factoring services to the small carriers, generating ~ $500,000 - $1,000,000 profit to Brokerage’s bottom line.

**AR Notes:**

* *35% of invoices submitted need to be adjusted or fixed prior to payment*
* *Only 10% of invoices are good to go without some additional action required*
* AP - Review Bills that have not been paid yet (30% of a managers job)
* *Many errors in invoices especially when additional accessorials are added*
* *Old Dominion inaccurate billing* 
  + *Consistently chase charges from them*
  + *8 out of 10 Old Dominion invoices*
  + *Discounts not being applied*
  + *On credit hold with Old Dominion - unpaid invoices*
  + *AP aging reports - indicate problems with Old Dominion*
* *Billing works off spreadsheets that are generated - not real-time TMS*
* *Spreadsheet with over over 40 columns - required to hide columns*
* *No process for similar invoices - same errors repeated and fixed daily*
* *Numerous processes with different carriers for POD upload - time-consuming l*
* *No Shared Document files - everything requested is emailed and collected*
* *No established metrics for aging AR - there is a report but not really managed*
* *Numerous customers that don’t pay timely*
* *Request rates from carrier rate when no confirmed rate in the system*
* *Estes does not respond quickly to inquiries - more time to resolve fewer issues*
* *Carriers don’t apply negotiated discounts requiring extra work to resolve*
* *“We need a better process for billing - capturing invoice adjustments better”*
* *LTL billing is a big problem - nothing flows easily through the OTM system*
* AP supervisor for Novamex and Binnacle
* AP/AR Metrics for carriers - not measured

**Recommendations:**

1. Monitor the Aging AR report weekly, set goals, Establish KPI’s
2. Identify consistent invoice issues and auto-fix errors in the system
3. Implement rate confirmation process for customers and carriers
4. Measure accurate submissions, reward carriers for accuracy
5. Invest in technology to automate the Payment process

* Portal additions for accessorial
* Autopay for accurate POD’s and additional billing

1. Implement Factoring/Quick Pay Services at 2-3% fee for Carriers who request payment terms <15 Day
2. Accounts Receivable and Accounts Payable held accountable for cash flow KPI’s to support Brokerage Growth.

**The Bottom Line:**

1. Hire Experienced Brokerage Leader
   1. Competitive Salary
   2. Substantial incentive tied to Revenue/Margin growth goals
2. Increase staffing with brokerage talent.
   1. Experienced Brokers
   2. Competitive Sales
3. Implement proven Broker Operating System
   1. Trained
   2. Integrated into OTM
4. Established aspirational Goals, KPI metrics for Brokerage
5. Improve Accounting structure to highlight the true value of Merger

**Summary of Recommendations:**

* Hire experienced Brokerage leader at director level in Texas that is also responsible for Mexico
* Clear Separation between Shipping Department goals and Brokerage goals
* Brokerage becomes a carrier for Shipping Department - securing capacity to cover freight
* Alignment of goals/objectives down the organization starting with the formation of corporate goals around profitability, safety, and service and then cascade through the organization
* Source should be providing potential freight opportunities to Brokerage for solicitation
* Market Birokerage to existing warehouse customers that use outside transportation
* Allow Brokerage to secure customers and carriers and hold them accountable
* Set Revenue and margin growth Goals & tie compensation/profit-share to those goals
* Implement Carrier Management process to determine Carrier Value. Variables include safety, service, capacity, claims, and rates
* Develop a team scorecard visible to everyone so they know “where they fit and why they matter”
* Use any available Source data to analysis of the cost of outside customers using 3PL’s vs. using the new “one stop shopping” model proposal for Warehouse business, designed to be more competitive on total storage/transportation package
* Establish LTL Dedicated freight management in Los Angeles vs. paying by order
* Clearly separate Broker duties and Freight execution duties
  + Manage LTL orders under more of a transaction staff
  + Existing customers moved to account managers vs. brokers
  + Expand # of Remote Brokers with an incentive compensation plan
* Automated freight updates for customer load status information
* Align AP/AR Department objectives with Brokerage Goals/Objectives and implement Factoring/Quick Pay Option for carriers requiring less than 15 day terms.

**Next Steps**

**Robins Consulting Services**

With the insight we have gained over the past two months into the operations, we believe that a Brokerage Leader is an immediate need to bring best industry practices to your operations and management team. With your approval, we will identify and recruit an experienced and successful Brokerage Manager to be based in site 1 in Texas.

* We will network with our brokerage contacts across Texas, the Southwest, and the entire US to see if the timing is right for them to make a move.
* We don't advertise or post employment ads on job boards to fill positions. We will direct recruit at the best-run brokerage and logistics companies.
* We will craft a compelling message about the history of Brokerage and Shipping Department that we will tell these hand-selected candidates so they will see your organization as a smart career move and potentially an upward move for them.
* We will interview and vet each candidate to make sure they have all of the necessary skills, management experience, and successful track records of profitably growing large brokerage operations.

Additionally, we can provide the following:

* Mentoring and guidance to the new hire for a smooth transition.
* Provide ongoing coaching with the new leader, or other team members, as requested.
* Staffing of additional front-line brokers and carrier development staff.
* Guidance, recommendations, implementation and ongoing support of technology and other tools.
* Formation of goals and objectives starting with the top-line organization.
* Formulate Team Scorecards and Benchmarks with critical key performance metrics.
* On-going support and coaching as needed

**Abbreviations/Terminology:**

OTM - Oracle Transportation Management

LTL - Less Than Truckload

3PL - Third Party Logistics

TL - Full Truck Load

POD - Proof of Delivery

KPI - Key Performance Indicators

DAT - Company established in 1978 as Dial-A-Truck

RMIS - Registry Monitoring Insurance Services, Inc.

SG&A - Sales, General and Administrative costs

TMS - Transportation Management System

POS - Point of Sale

Associates = employees