



Sunteck Addresses Brokerage Issues With Transport Topics

Mike Williams, Sunteck Transport Group's COO, offered his perspective on the current truck brokerage market, which appears in the July 12 edition of the weekly news magazine.

"In recent weeks, there have been several published opinions or pieces in *Transport Topics* regarding the brokerage industry. These writings were relative to CSA 2010 and its implications to risk management in the carrier selection process, the broker's surety bond, the broker's commission or fee for services, and so forth.

Let's be clear, the brokerage business model is no different than most other "for profit" business ventures. The business plan of skilled, reputable and properly capitalized organizations will have the best chance to succeed, and they should. Conversely, the opposite can be said of the unskilled, dishonest, poorly capitalized operators.

In terms of quality of experience for carriers and customers dealing with brokers, the market decides which companies are meeting expectations, but surely we all recognize that the market has long since determined third parties bring value to the supply chain.

With those housekeeping matters resolved, is government regulation necessary to protect the public, the freight customers, and motor carriers?

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CSA, when implemented, will redefine safety and financial fitness standards for licensed motor carriers of non-exempt commodities. By limiting the access of the scrutinizing public, including third parties, the government has again over reached and assumed responsibility for highway safety in a way that pulls the rug from under the feet of the market.

By making third parties liable in some cases for damages caused by hired truckers, and then making access to significant safety data difficult, CSA 2010 may very well create an uninsurable risk exposure for third parties. Such stress is unwarranted and destructive.

Excessive or unnecessary government regulation stinks. Raising the minimum surety bond, however is an absolute must. Certain financial responsibility barriers to entry is a good thing, when doing so would probably eliminate 75-99% of the fraud in the industry.

Do the small guys get hurt by a \$100,000 bond requirement? Of course they do, but rest assured, of that group of "smalls", the skilled, reputable and properly capitalized organizations will find purveyors of bond services willing to do business. The bond applications stamped "DECLINED" do everyone a favor.

Last, but not least are skilled, reputable and properly capitalized brokers deserving of the "fee" earned by providing shippers with tested operations professionals, technology solutions designed to extract valued leverage of critical transactional data, financing and cash flow support of transportation receivables, and allocation of certain risk and financial responsibility? hmmm, let me give that some thought..."

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