



COST OF STARTING A BROKERAGE COMPANY

THINKING OF STARTING A BROKERAGE COMPANY?

Be sure to consider the following startup costs and to look at alternatives that may provide more profit with less risk.

\$450 PER MONTH

Posting boards - ITS, DAT, PE

\$3,000

Hiring a transportation attorney to fit your company needs

\$3,000-\$10,000

Website design and development

\$7,000

Credit/risk assessment and management

\$5,000 + \$2,500 DEPOSIT

100k bond

\$8,000+

Insurance, including contingent cargo, errors & omissions, general liability, and possibly more, depending on state and federal requirements

\$8,000+

Claims management

\$2000-\$20,000

Marketing information

\$10,000-\$20,000

Accounting department

\$25,000-\$200,000 + 50-75 HOURS OF TIME

TMS software startup costs and yearly maintenance

\$250,000

Cash flow required to handle business growth, bad debt, and claims

STARTUP CASH + 10 HOURS OF TIME.

Banking partners - building relationships, and having enough startup capital for banks to agree to loan you more



DON'T FORGET THE RISKS

In addition to the capital required to start and operate a brokerage company, would-be business owners should consider several significant risks:



CASH FLOW PROBLEMS

You'll need to pay carriers before your shippers pay you. It is critical to manage operating capital and watch credit on customers at least once a week.



CLAIMS

Claims can be a five- or six-figure nightmare. It's a matter of "when" those claims will hit you, not "if". It is critical to mitigate and minimize claims, which have put many brokerages out of business.



CREDIT RISK ASSESMENT

Initial risk assessment is very important, but it is also very important to watch customer patterns in payment week to week.

Total Brokerage Startup and Operating Costs.

\$300,000-\$400,000

Operating a brokerage company can be difficult and expensive. Some owners are opting to convert their brokerages into freight agencies connected to Freight Tec. This allows them to pull cash out of their businesses as they eliminate the need for operating capital, insurance bonds, software subscriptions, and even employees. Freight agents worry only about sales and operations and, as a result, generally enjoy more free time and a better quality of life. Best of all, they generally make more money.

Contact us to learn more:

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