

FREIGHT BROKER COMPENSATION SURVEY





Key Highlights

- Regardless of your role within freight brokerage, it matters where you do it. According to a survey of 286 freight brokers, compensation varies widely based on geography.
- A plurality of the freight broker respondents — 23.08% — said they were based in the East North Central region (Wisconsin, Michigan, Illinois, Indiana and Ohio). The second most common region for brokers was the West North Central region (North Dakota, South Dakota, Nebraska, Kansas, Minnesota, Iowa and Missouri), where 19.58% were based.
- In all, 65.78% of respondents said their compensation had increased over the past year, by an average of 18.08%.
- Just 19.23% of all respondents receive company equity as part of their compensation.
- In terms of best compensation practices, a majority (64.69%) believes base salary plus commission based on individual performance is the ideal structure. The least popular method (with just 6.64% of respondents) was base salary plus commission based on companywide performance.
- The national average annual base pay for an entry-level freight broker is \$45,557, according to data published by [ZipRecruiter in April](#).
- According to our survey, the average base salary for floor-level reps is about \$47,328. That number jumps up to \$76,294 for managers and \$102,736 for executives.
- As an executive, the best region for salary was West South Central (average of \$134,125). As a manager, it was the mid-Atlantic (\$92,500). For floor-level reps, it was the Mountain region (\$55,000).
- Altogether, freight brokers had a median commission rate of 12% on gross margins.
- Networking is still considered the most efficient way to scale up rates at a freight brokerage. Face-to-face meetings and cold calls were Nos. 2 and 3, respectively.
- This suggests that a heightened reliance on technology during COVID-19 still has not changed the core human interactions within the freight brokerage industry.



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Executive Summary

Where do freight brokerages need to be?

Along with shippers and carriers, non-asset-based third-party logistics providers or “freight brokerages” are a primary driving force behind the truckload market. Brokerages, unlike asset-based carriers and shippers, are highly scalable since almost all of the capital invested goes directly to day-to-day operations: office rent, salaries, commissions, utilities, telephones, computers, transportation management systems and cash on hand that can be used to pay carriers while waiting on payments from customers.

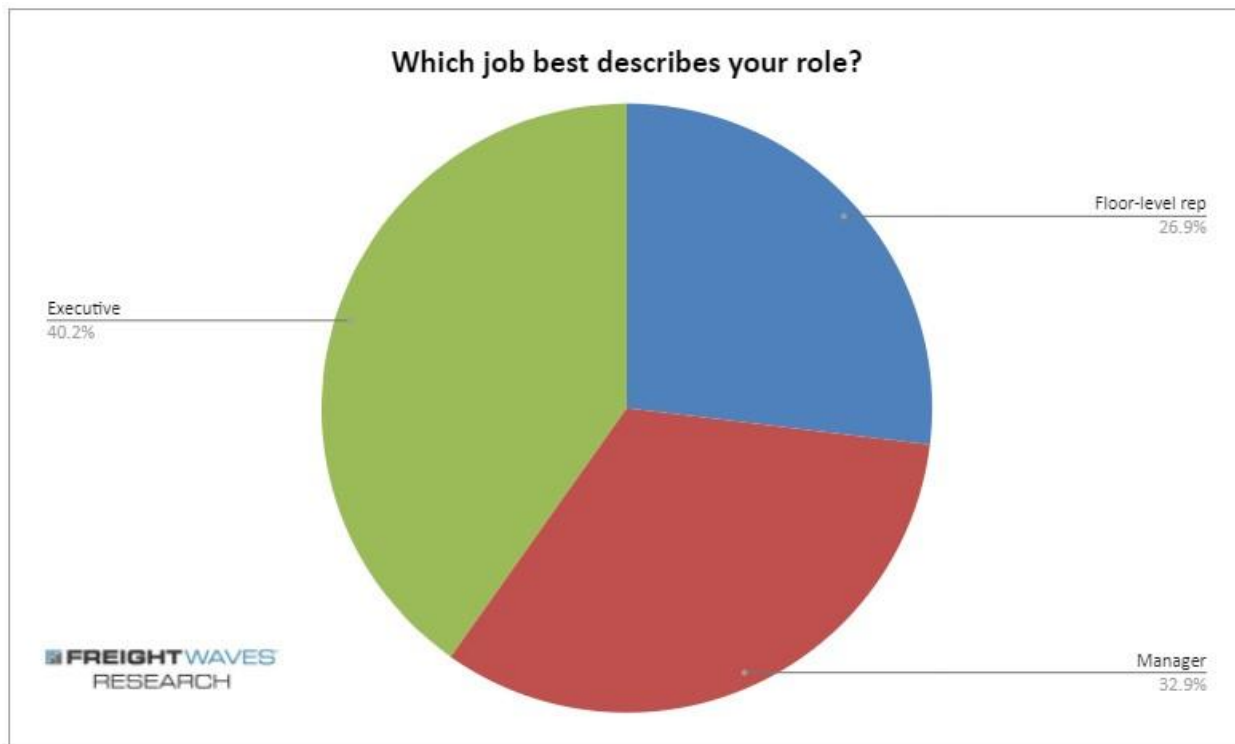
Since much of a freight brokerage’s work is handled through online platforms and/or over the phone, successful brokerages can set up base even in regions without a significant importing and manufacturing presence. Untethered from this need for proximity, brokerages can focus on locations that boast lower expenses (e.g., taxes and office rent) and could then choose to pass those savings onto their employees via more attractive commission structures. In turn, better compensation can serve to attract and retain a more talented workforce, thus boosting a brokerage’s competitiveness in the market.

What is the current state of brokerages?

To study the effects of location on compensation, FreightWaves conducted a survey of freight brokers to capture the current state of the industry. Of the respondents, a plurality (40%) were executives, while 33% were managers and 27% were floor-level representatives.



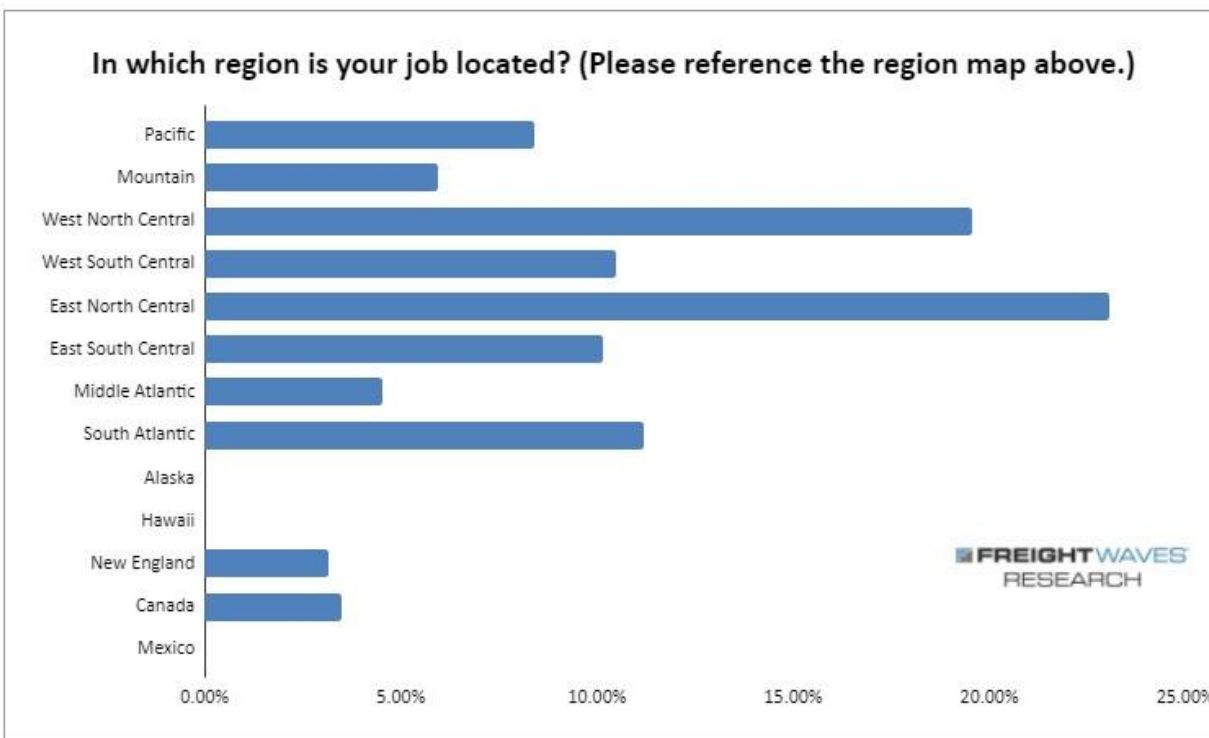
Figure 1 - Survey Respondents by Position



Given the aforementioned flexibility of locations for freight brokerages, it should come as no surprise that there was a good degree of variability among respondents' whereabouts. Even still, there were distinct clusters where many brokerages gathered. Nearly a quarter of survey respondents said that they were based in the East North Central region, which consists of the states of Illinois, Michigan, Ohio, Indiana and Wisconsin. Just under a fifth of respondents replied that their brokerages were in the West North Central region, which hosts Nebraska, Kansas, North and South Dakota, Iowa, Missouri and Minnesota. Other brokerages were spread relatively evenly across the remaining regions.



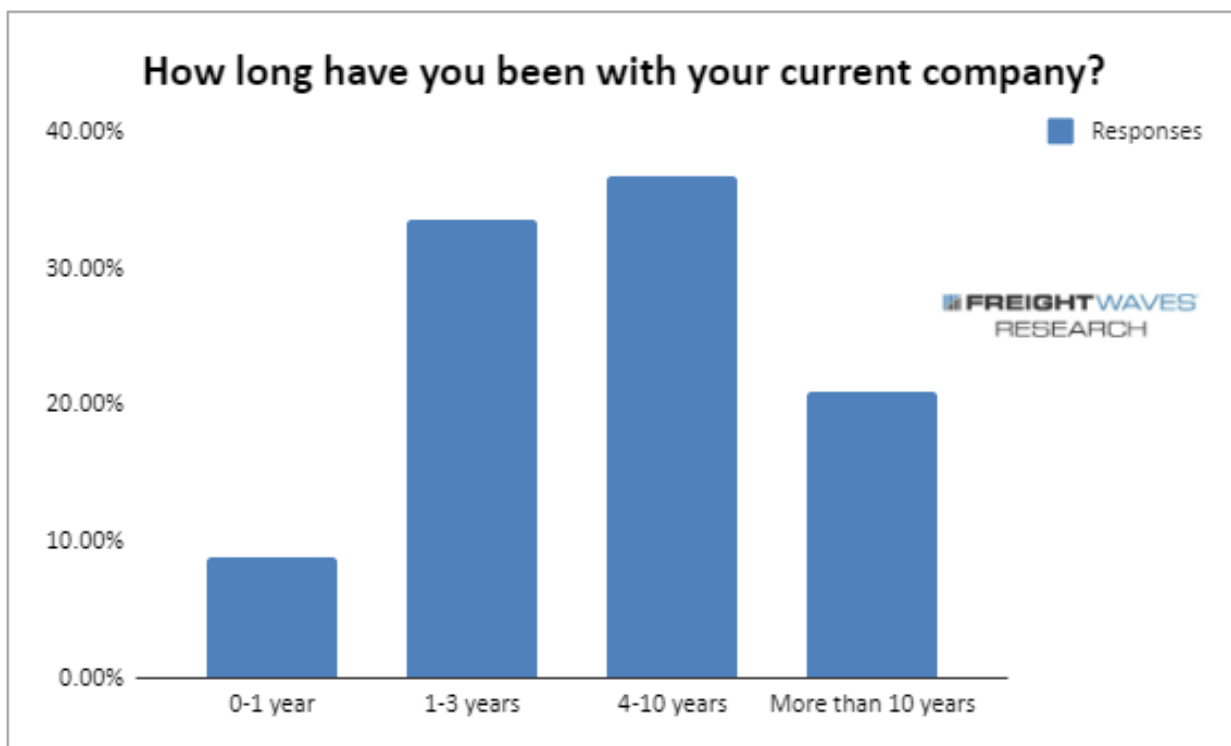
Figure 2 - Regions in Which Brokerages Are Located



A substantial portion of respondents — 21% — have remained with their current employers for more than 10 years. Most brokers, however, had been with their employers for 10 or fewer years: 37% replied that they had been with their current companies for four to 10 years, while 34% said that they had been with them for only one to three years.



Figure 3 - Average Duration of Broker Retention Based on Survey Data

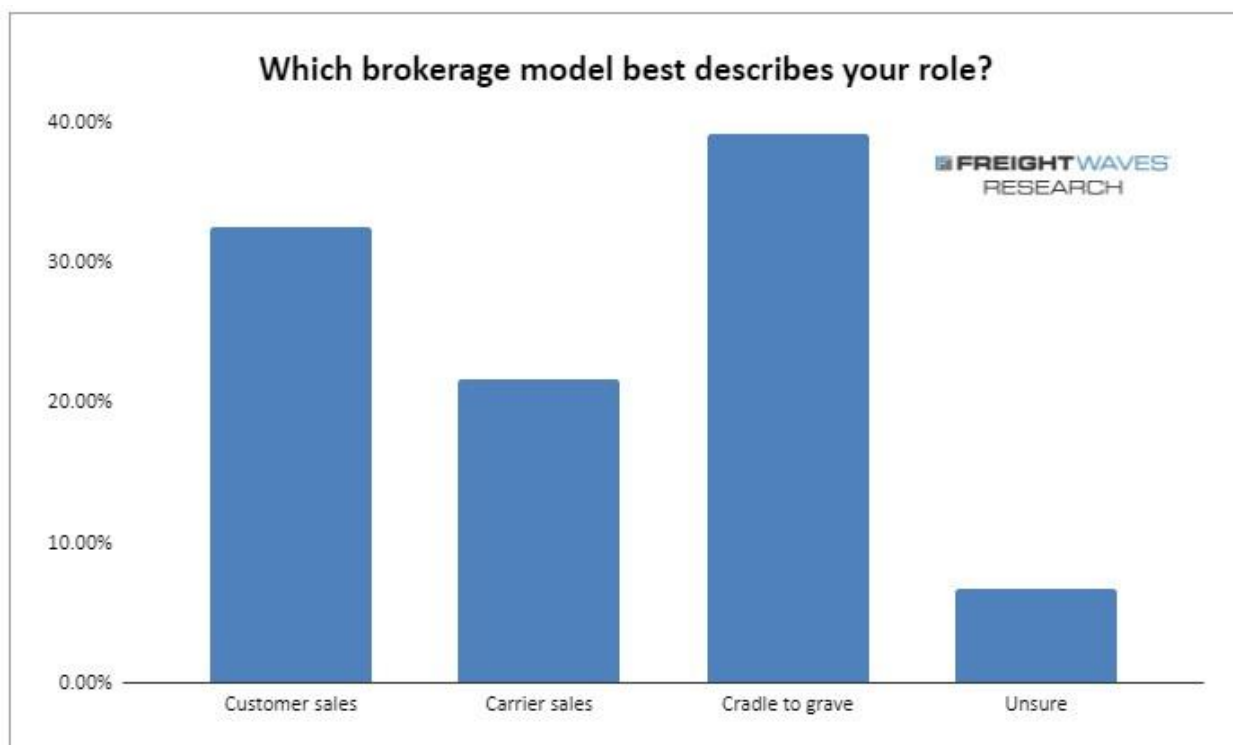


The most common model for freight brokers’ roles was cradle to grave (39%), in which brokers are responsible for growing and maintaining their personal books of business. Brokers under this model source new leads, close new business, solicit freight from their customers and then cover loads with the assistance of carriers.

An alternative to the cradle-to-grave design is one that first gained acceptance in Chicago freight brokerages, aptly named the “Chicago model.” Under the Chicago model, brokers are solely responsible for either customer sales or carrier sales (often called “operations”). Brokers who are customer facing track down new leads and expand the company’s book of business. Once new customers are brought to the brokerage, carrier-facing brokers are responsible for covering their loads, which involves sourcing carriers, negotiating rates and managing loads (e.g., sending out bills of lading and proof of delivery).



Figure 4 - Most Popular Brokerage Models Based on Freight Broker Survey



No matter their specific role, brokers' compensation has largely gone up across the board by an average of 18% over the past year. Nearly two-thirds of respondents indicated that their compensation had increased, while 30% replied that their compensation had not changed. A resounding majority of brokers (80%) indicated that they did not receive company equity as part of their compensation.



Figure 5 - Yearly Change in Brokers' Compensation

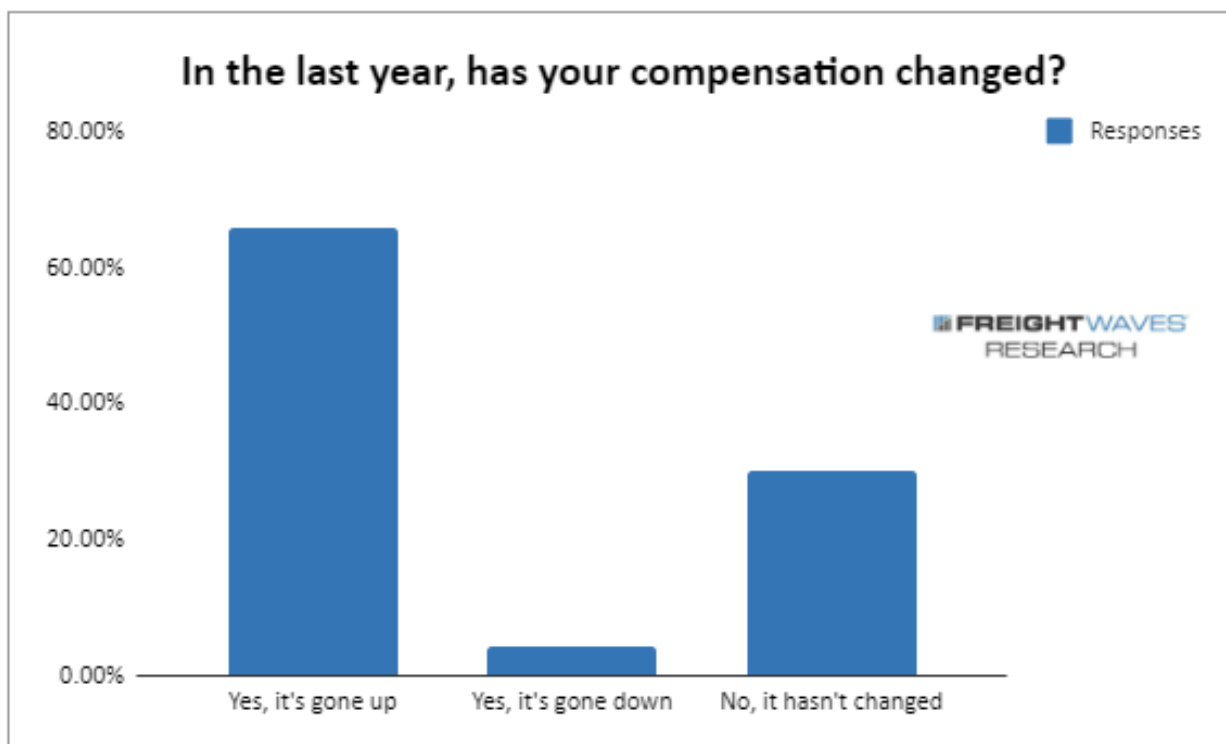
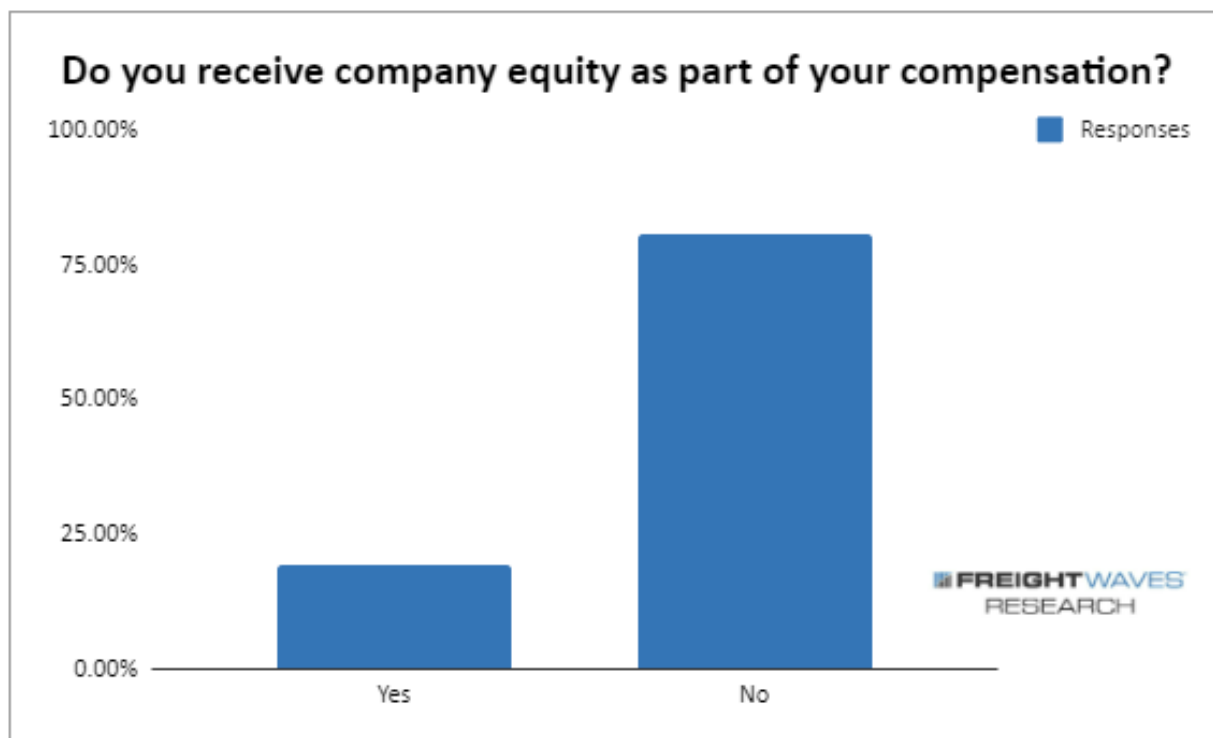


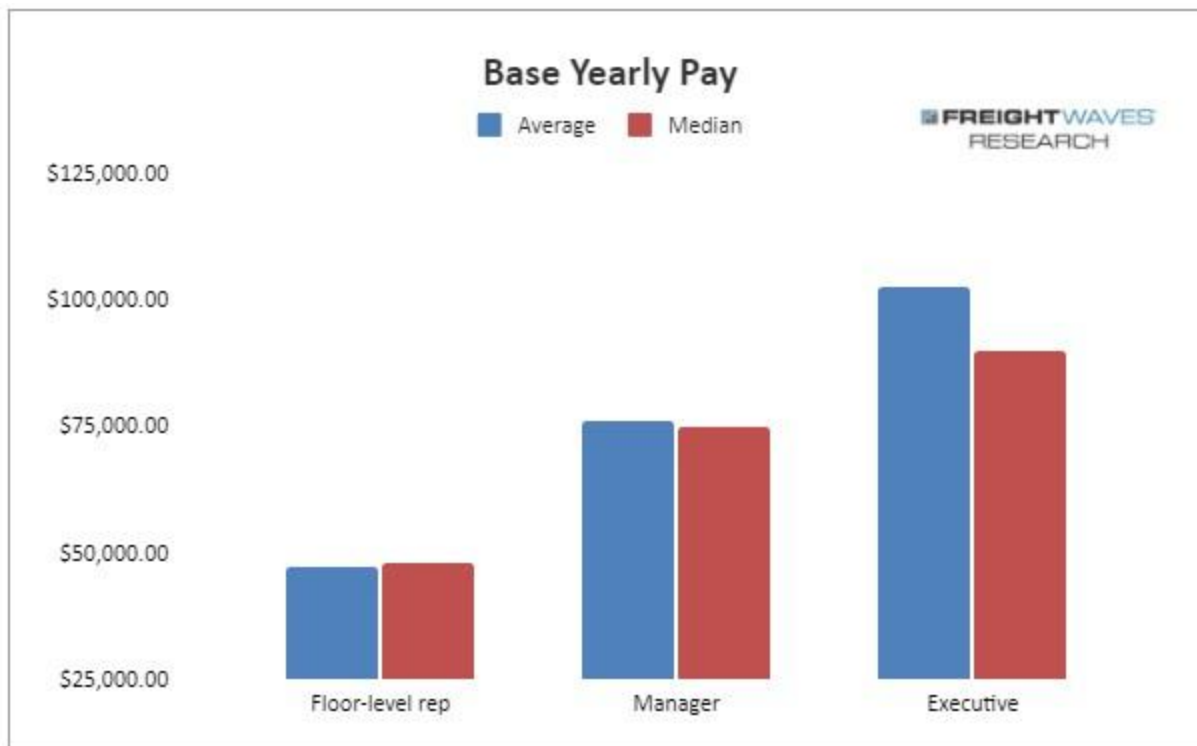
Figure 6 - Do Brokers Receive Company Equity as Compensation?





Unsurprisingly, base salaries were varied based on whether the broker was a floor-level rep, a manager or an executive. The median salary for floor-level brokers was \$48,000, while the median salaries for managers and executives were \$75,000 and \$90,000, respectively.

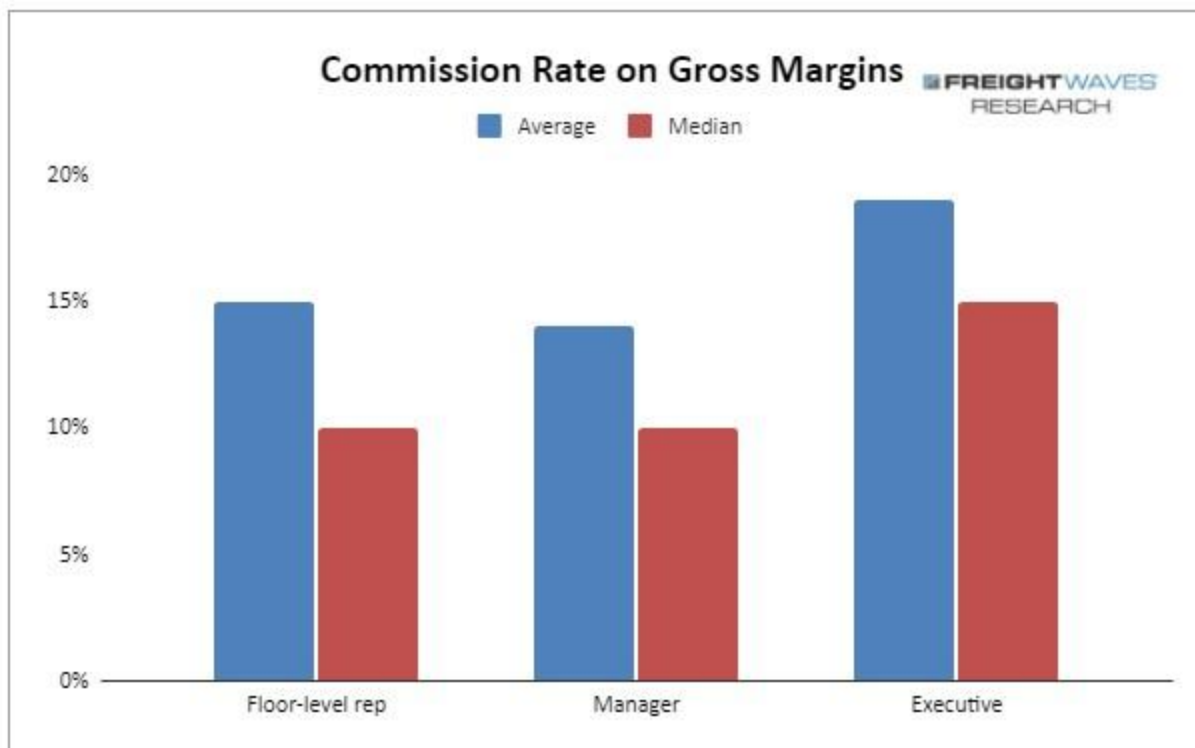
Figure 7 - Average and Median Base Salaries for Freight Brokers



Unlike base salaries, however, the median rate of received commission on gross margins did not increase once a broker was promoted from a floor-level representative to a manager: Both ranks reported a median commission rate of 10%. Executives, on the other hand, did report a higher median rate of 15% received commission.



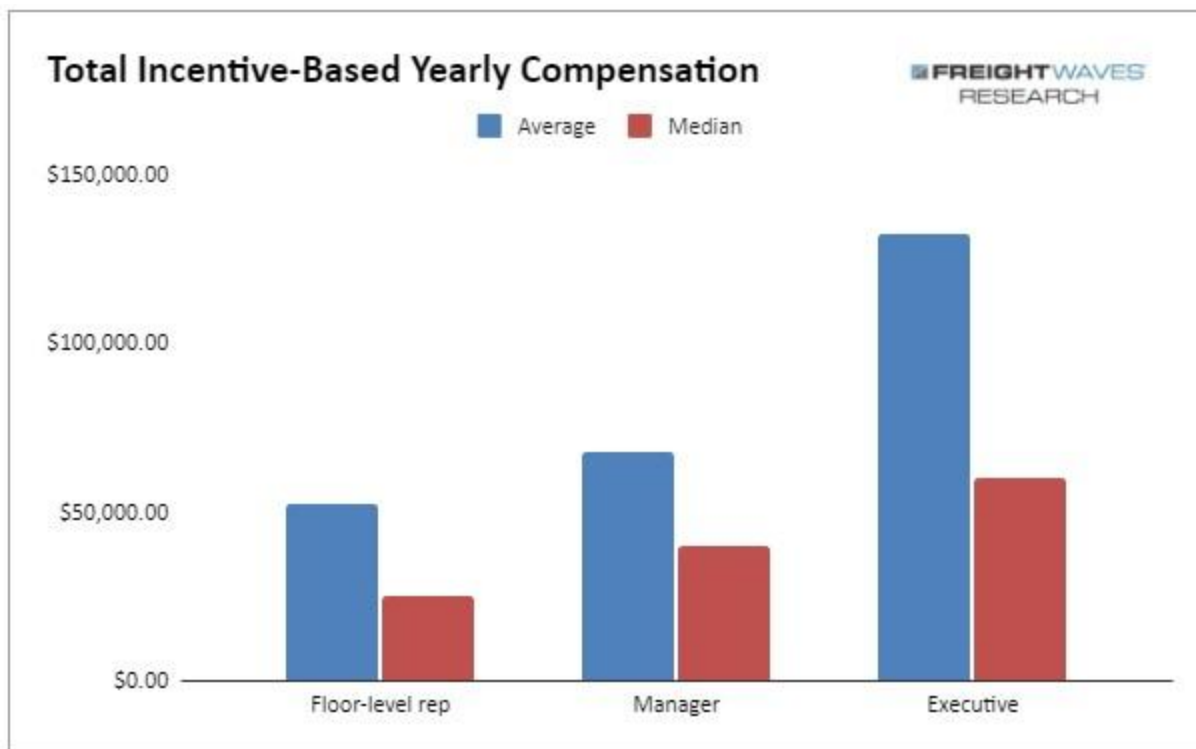
Figure 8 - Average Commission Rate in the Freight Broker Survey



In total, then, incentive-based yearly compensation corresponded to the broker's position within the company. Floor-level representatives received a median of \$25,000 per year and an average of \$52,000. Managers earned a median of \$40,000 per year in incentive-based compensation and an average of \$68,000. Finally, executives took in a median of \$60,000 per year and an average of \$133,000.



Figure 9 - Average and Median Incentive-based Yearly Compensation in the Freight Broker Survey



How does location influence compensation?

Although regionality plainly had an effect on brokers' compensation, the trends were not so clear when brokers were divided by their position. Floor-level representatives had the highest base salary in the Mountain region (\$55,000), but they also had one of the lowest commission rates there (11%). Regarding incentive-based compensation, the East North Central region was most hospitable to floor-level reps (\$78,617), though novice brokers earned a higher rate of commission in the West South Central region (17%).



Figure 10 - Average Entry-level Salary and Commission Data for Freight Brokers by Region

FLOOR-LEVEL REP			
Region	Base Salary (\$)	Commission Rate (%)	Total Incentive-Based Compensation (\$)
Pacific	\$46,500	13%	\$12,500
Mountain	\$55,000	11%	\$23,750
West North Central	\$47,869	16%	\$61,167
West South Central	\$44,638	17%	\$67,688
East North Central	\$43,613	10%	\$78,617
East South Central	\$43,800	13%	\$32,775
New England	\$51,000	13%	\$50,000
Middle Atlantic	\$47,400	13%	\$41,388
South Atlantic	\$47,375	16%	\$41,458

Managers found their highest base salaries in the mid-Atlantic (\$92,500), though the West South Central region was a close second (\$90,623), which could explain why the region ties for lowest rate of commission (10%). Incentive-based compensation was highest for managers operating in the East North Central region (\$92,150), though their neighbors in the East South Central region earned a higher rate of commission (18%), which tied for highest commission rate with the Pacific and Mountain regions.

Figure 11 - Average Salary and Commission Data for Freight Broker Managers by Region

MANAGER			
Region	Base Salary (\$)	Commission Rate (%)	Total Incentive-Based Compensation (\$)
Pacific	\$60,182	18%	\$50,364
Mountain	\$89,167	18%	\$17,500
West North Central	\$70,145	16%	\$85,684
West South Central	\$90,623	10%	\$59,308
East North Central	\$81,848	14%	\$92,150
East South Central	\$62,000	18%	\$54,000
New England	\$71,250	10%	\$64,500
Middle Atlantic	\$92,500	14%	\$31,000
South Atlantic	\$66,111	12%	\$56,667

Executives in the West South Central region reported the highest base salary (\$134,125), even though base salaries were fairly level across the board — with the exception of New England,



where executives earned only \$67,500 on average. This low base salary was offset, however, with New England executives reporting an incentive-based compensation (\$237,500) second only to the South Atlantic (\$406,364). Commission rates for executives varied wildly, from the Mountain region's 5% to the South Atlantic's 29%.

Figure 12 - Average Salary and Commission Data for Freight Broker Executives by Region

EXECUTIVE			
Region	Base Salary (\$)	Commission Rate (%)	Total Incentive-Based Compensation (\$)
Pacific	\$104,889	15%	\$123,889
Mountain	\$96,286	5%	\$60,429
West North Central	\$103,722	21%	\$130,324
West South Central	\$134,125	16%	\$103,000
East North Central	\$114,558	19%	\$98,707
East South Central	\$81,846	20%	\$80,077
New England	\$67,500	15%	\$237,500
Middle Atlantic	\$91,167	18%	\$59,000
South Atlantic	\$81,364	29%	\$406,364

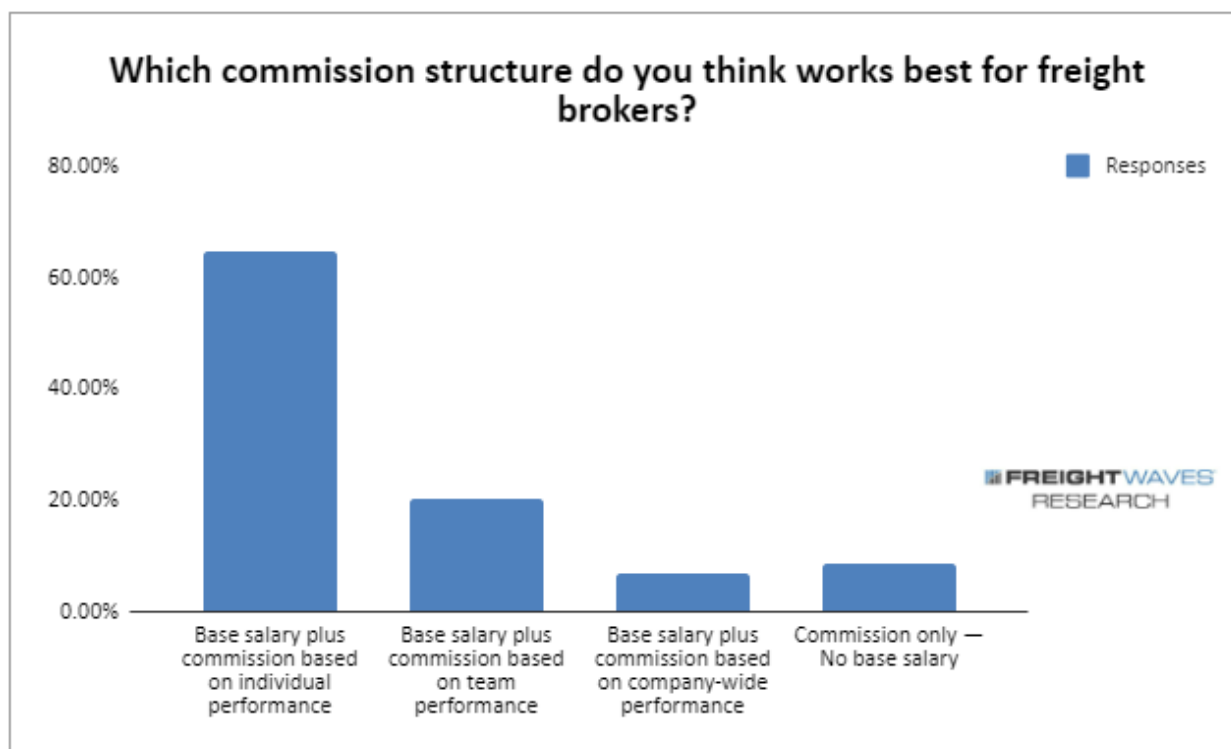


According to brokers, what is essential for growth and talent?

Respondents — a plurality of whom were executives — were asked what they considered were both the best commission structures and the most effective methods of scaling up rates at a freight brokerage. On commission structures, almost two-thirds of brokers were overwhelmingly in favor of receiving a base salary with commission based on the individual's performance. The least popular option was being paid a base salary based on companywide performance (6.64%), which echoes the lack of company equity received by most brokers [see Fig. 6].



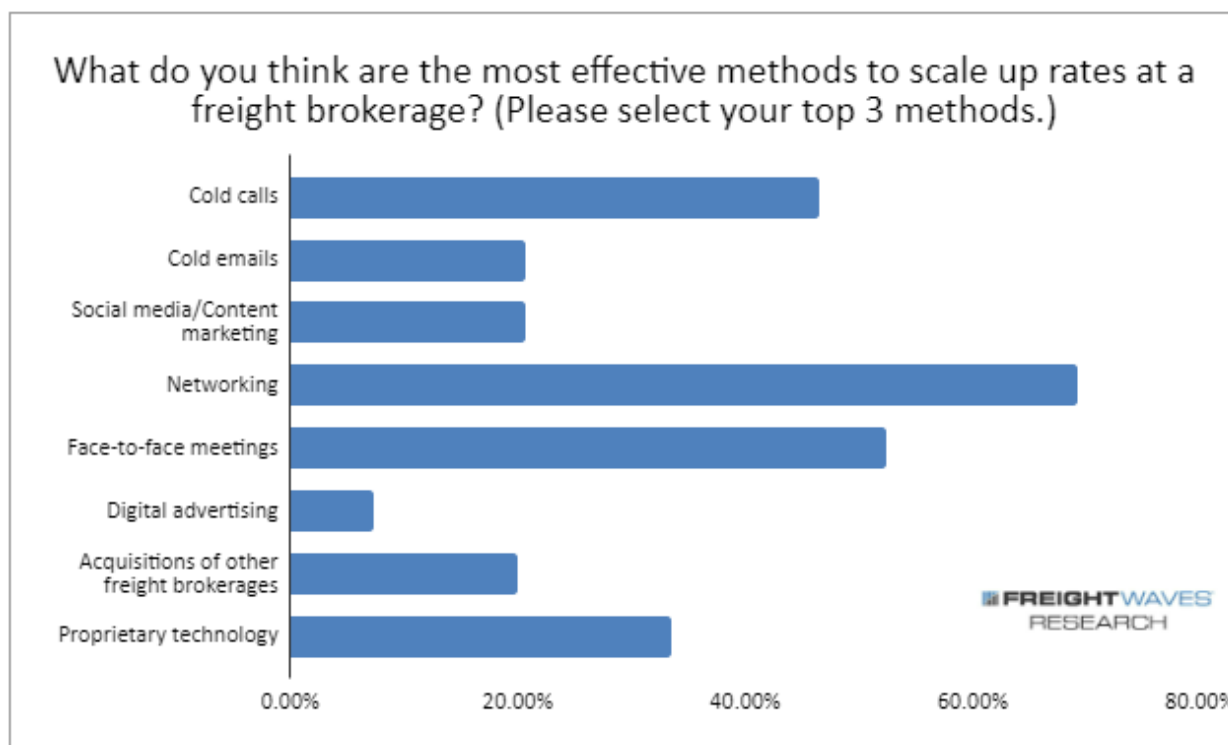
Figure 13 - Most Popular Commission Structures Based on Freight Broker Survey



When it comes to scaling up rates, brokers' opinions had largely remained unchanged since the previous survey conducted in 2019. Networking was still the most valued method of gaining traction (69%). Unlike 2019, however, brokers in 2022 valued face-to-face meetings (53%) more than they advocated for cold calls (47%); in 2019, these positions were reversed. Proprietary technology had also come into sharper focus (34%), with cold emails and social media marketing tying for fifth place (21%).



Figure 14 - Most Effective Sales Methods for Building Revenues at Freight Brokerages



The future of freight brokerage

With the pandemic-era acceptance in remote work, it is not impossible that brokerages could become even more untethered from locality, attracting talent from across the nation without changing addresses. This shift has its benefits, as companies could take advantage of lower taxes and office rent in more unpopulated regions without limiting their hiring pool. Yet there are still those who believe in the tried-and-true methods: the hustle, the cold calls, the esprit de corps shared among brokers shouting on the same floor.

Networking, the most valued method of increasing sales revenue, has taken two faces. On the one hand, there is the beat of attending conferences and shaking hands, which might tempt brokerages to remain near manufacturing and importing centers. On the other hand, networking has a digital side that could threaten to usurp convention and enable brokers to reach customers in a fully remote environment. Time will tell where the profits truly lie.



FreightWaves

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