

Distribution Factsheet 3: Negotiating Effective Rates with Transportation Salespeople

Working with transportation salespeople can be a pleasant or a frustrating experience. You have to separate the person who wants to sell you something from the professional that wants to provide the appropriate solution that will meet your needs. Your initial approach should be to share information honestly and clearly. In other words, “don’t be a bid gatherer”. A salesperson cannot offer an effective solution without exact information. The process of selecting a carrier or provider must be brought to a higher level. Give enough detail to guarantee that you will get a proper bid as well as an effective solution. When uncertainty exists be frank, honest and share your uncertainties with the salesperson.

Beware of the glitz since many salespeople tout the “bells and whistles” of their company and what it has to offer. They can talk-the-talk but can they walk-the-walk? More specifically, can they walk-the-walk that your specific needs require? Credibility and respect must come to the negotiating table. Seek out the person who appears credible, has a sense of urgency and a can-do attitude and then start to build a relationship. At this stage it is usually helpful to ask for referrals and then follow-up on them to probe how successful previous collaborations have been. Obviously, you need to look at the supplier company’s strengths and capabilities, but then you need to assess the representative. You must be able to build a relationship with that person and trust them to provide solutions to your company.

To be successful in any relationship, especially in the case transportation service providers, you need to have a clear understanding of what you expect. Communicate how you will measure the supplier’s performance in meeting your needs and then develop “wins” for both parties when you negotiate. Find ways to share both gains and risks. As part of the negotiation, it is important to work with salespeople who listen and make the effort to understand your needs first and then continually offer solutions even when they might have to offer an alternate supplier because their company cannot meet your requirements.

It is also important that you let the salespeople see the kind of freight that you are moving, how it is packaged, the type of operation that you are running and the urgency of the product that you are shipping. This is especially true if you propose to use the carrier on a regular basis for expedited shipping needs. It is also helpful during negotiations to inform the salesperson the nature of your individual customer operations in as much detail as possible. This will allow them to provide you with potential options to make the ongoing process run more efficiently and effectively.

Effectively negotiating the best freight rates is dependent on the degree to which you and your carrier collaborate. Once you begin working with the salesperson, establish a communications channel that

works for both of you to ensure information flows without obstruction. The more time or advance notice you give salespeople, the more time that they have to put together the best solution for your shipping challenges.