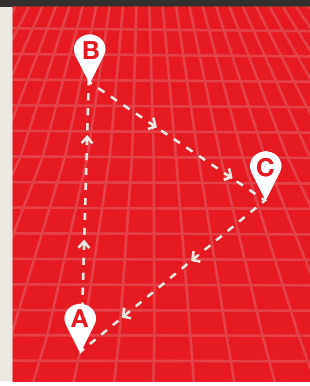
FACTORING SERVICE

MILE MARKER MONTHLY

The World's Most Awesome Newsletter for Truckers

TRIHAUL TRUCKING:
FINDING THE BEST LANES



You have two types of costs in the trucking business: fixed costs and variable costs. Fixed costs are what your truck costs whether you roll it or not – loan payments, insurance, maintenance, etc. Variable costs, like fuel, food, additional maintenance, etc. – increase every time you roll, but if they're increasing at least they mean you're working. Sometimes when you need a backhaul, you'll take a low rate just to get home, even though your variable cost to drive back is just as high.

Instead of settling for a straight round trip between Points A and B, you may be able to increase your loaded miles and profit by adding two higher-paying legs on your way back home – forming a triangle route or "trihaul."

How to Run a Third Leg:

Say you haul a weekly load from Chicago to Dallas. You need a backhaul to re-position your truck in time for the next outbound trip, but that Dallas to Chicago lane doesn't pay much. With some smart planning, a little math, and a truckload rate index tool or a fully featured load board, here are three steps you can take to create profitable triangular routes:

1 DRAW A CIRCLE

Ordinarily, triangle routes adding at least 250 miles to your trip will boost your total number of paid miles even when the rate is not substantially better than the original backhaul.

Say you're in Dallas and need a paying run back to Chicago. First, look up mileage and rates from the Dallas metro area to major metro areas that are between 250 and 1,000 miles away. Eliminate cities that are less than 250 miles from Chicago. You can find this information on a load board or another source.

For this example, let's say going from Dallas to Kansas City and then to Chicago is the most profitable route. The extra Kansas City leg adds 175 miles to the trip, but both legs of the trihaul pay more than the straight backhaul from Dallas. Your variable costs would go up, but the higher prices you can charge means you make more profit for the trihaul than you would on the direct return trip from Dallas to Chicago.

The bottom line is that, together, the loads from Dallas to Point C and Point C to Chicago should put more money in your pocket than a straight backhaul.

2 MAP THE HOT MARKETS

On the second leg of your return trip look at outbound loads from your top "Point C" options and evaluate the market conditions that determine rates. Your load board may have a feature that helps you see the rates themselves.

Markets with a lot of outbound freight and a relatively high load-to-truck ratio are likely to have higher rates. If your load board has rate and demand indicators, look for the actual rates being paid by brokers in those lanes for the week, plus historic rate trends (they should go back at least one year plus a month for proper perspective). This information will help you to identify a handful of cities that are top candidates for the third point of your new triangle route.

3 CALCULATE AND COMPARE ROUND-TRIP REVENUE

List your revenues and costs for the two or three triangle routes and compare them to a straight round-trip. You can create your own spreadsheet or use calculators available at industry web sites. Once you have it set up, you can re-use the spreadsheet to analyze other routes quickly and efficiently. If you're already putting time and energy into finding a backhaul, go one step further. Try a trihaul.

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