FREIGHT UNIVERSITY · LOGISTICAL FORWARDING SOLUTIONS

The Professional Logistics Service Provider Certification

FIELD MANUAL · PART 1 — FOUNDATIONS

CHAPTER 1

The motor freight industry — who's who

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keep your word · keep your deal · freight gets moved

REFERENCE

How every chapter is built

Eight parts, in this order, in every chapter of this manual. Full explanation is in chapter i.

1. **Objective** What you can do when you finish the chapter.
2. **The teaching** The substance.
3. **Forms and documents** What paperwork this subject touches.
4. **Terms** The language of this subject.
5. **Official sources** Where the rule comes from, cited so you can read it yourself.
6. **What this protects the carrier from** The reason the chapter exists at all.
7. **Do this now** The work.
8. **Linked video and chapter** Where to go deeper.

The sixth part is why the chapter is in the book. If a chapter cannot answer it, it does not belong in your manual. That is the filter on everything in this program: **does this keep the trucking company alive.**

The motor freight industry — who's who

OBJECTIVE

By the end of this chapter you can name every hand that touches a load, say where your carrier sits among them, and explain who is holding the information he does not have.

THE TEACHING

The front matter was about you. From here forward the manual is about the business.

Last week you went out and found a real trucking company. Keep him in mind for this whole chapter, because we are not learning a list of job titles. We are learning the chain he is sitting at the bottom of, and what it costs him not to be able to see it.

Four functions, not five job titles.

Everything in motor freight comes down to four things somebody has to do.

— **Somebody owns the freight.** A manufacturer made it, or a buyer bought it. It has to get from where it is to where it is going.

— **Somebody arranges the move.** They do not own the freight and they do not own a truck. They put the two together.

— **Somebody hauls it.** That is the carrier. That is your man.

— **Somebody works for the carrier.** A dispatch service, sourcing loads and handling the back office on the carrier's behalf.

Every job title you will ever hear in this industry is one of those four wearing a different name. Learn the functions and the titles stop being confusing.

WHO ORDERED THE TRUCK

Here is the first thing most people get wrong, and it will cost you months if you carry the assumption into your freight research.

The shipper is not always the customer.

We say “shipper” out of habit, and we picture the plant where the freight gets loaded. But the party that pays for the transportation is the party that arranges it, and that is not always the plant. In a great many cases the receiver is the one who ordered the truck — he bought the goods and he is paying to have them brought to him. The plant loads it and has no say in who backs into the door.

CASE ONE — THE MANUFACTURER ORDERED IT

Manufacturer		Receiver
Manufacturer Sells and pays freight	→	**Receiver** Takes delivery, no say

CASE TWO — THE RECEIVER ORDERED IT

Manufacturer		Receiver
Manufacturer Loads it, no say	→	**Receiver** Buys and pays freight

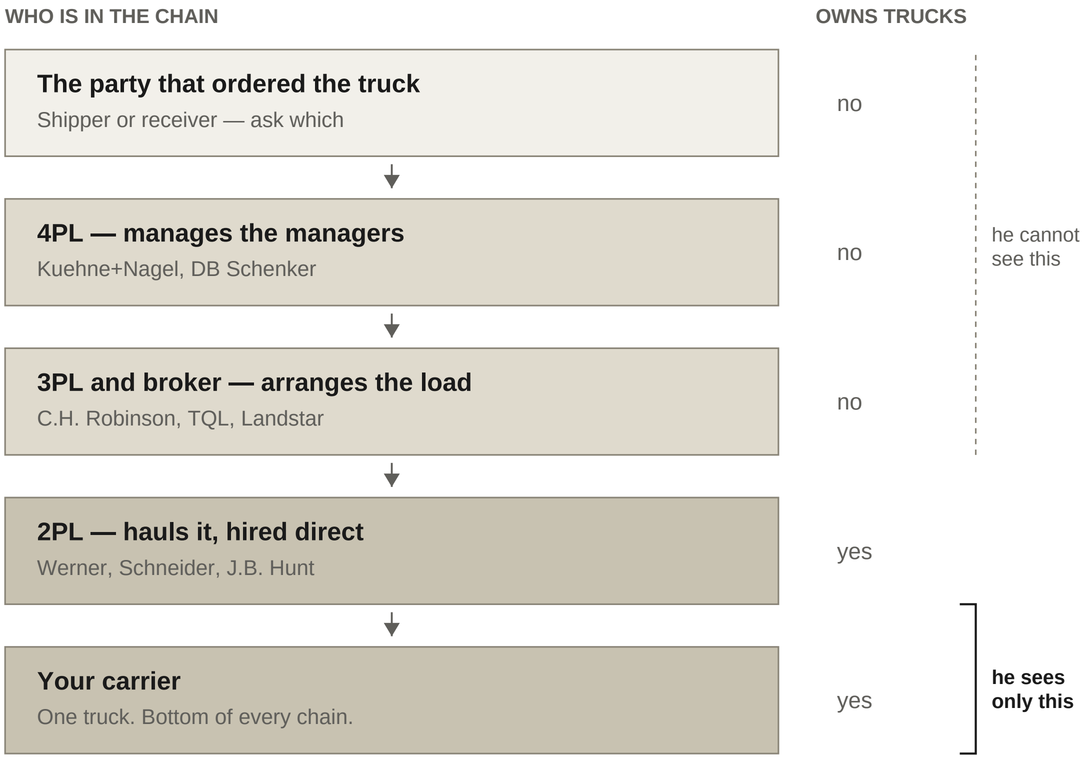
Same truck, same lane, same dock. Different customer.
The shaded box ordered the truck and controls the load.
The other one has no say in who backs into the door.

So do not assume. Ask.

Who ordered the truck? That is a question you can ask on any load, and the answer tells you who actually controls it. It is also the door you would eventually be knocking on if you go after direct freight, so knocking on the wrong one is expensive. What decides it is the terms of sale between the buyer and the seller, and that is chapter 5.

THE LADDER

Between the party that ordered the truck and the truck itself, there can be a lot of hands. The industry has names for how many.



A load can pass through several hands before a wheel turns. The same company can sit on more than one rung. 1PL is not on this ladder — it means no outside party at all.

1PL means no outside party at all — a company hauling its own freight on its own trucks. Walmart's private fleet moving Walmart's goods. There is no chain, so it is not on the ladder.

2PL is one outside party, and it owns the equipment. The customer hires a trucking company directly.

3PL is an outside party that arranges the freight on trucks it does not own. This is where brokers live.

4PL manages the 3PLs. It usually owns nothing and often never touches an individual load. It runs the customer's transportation program and directs the parties underneath it.

The ladder is not about size. It is about distance from the truck. Every step up moves further from the equipment and closer to the customer's decision-making. The 1PL owns the truck. The 4PL may never speak to a driver.

3PL AND BROKER ARE THE SAME FUNCTION

Students get tangled up here, so let me untangle it now.

Third-party logistics is a business description. Broker is a legal category. When a company arranges the movement of freight it does not own, on trucks it does not own, it is brokering — and it holds broker authority to do it, whatever it calls itself on the letterhead. C.H. Robinson calls itself a 3PL. It brokers freight.

The real difference is scope, not function. A freight broker typically arranges loads. A 3PL sells the customer a wider relationship — managing multiple lanes, running their transportation department, warehousing, reporting, contracts. Bigger relationship. But at the point where a truck is needed, both are doing the same thing.

And it makes no difference at all to your carrier. Whether the load comes from a company calling itself a broker or a 3PL, he is getting a rate confirmation from an intermediary who knows what the customer paid and is not telling him.

One company can sit on more than one rung. Kuehne+Nagel was named a leader in Gartner's 2025 rankings for fourth-party logistics and in the 2026 rankings for third-party logistics — the same company, both models. Their lead logistics arm can manage a customer's supply chain using providers that are their own sister companies. So the same name can appear twice in one chain.

Which is why you never identify who you are dealing with by the label on the door. You ask what they are doing on this load: owning the freight, arranging it, managing whoever arranges it, or hauling it.

WHY THE INTERMEDIARY EXISTS AT ALL

New people treat the broker as something in the way. He is not in the way. He is the structure.

A customer moving three hundred loads a week cannot manage relationships with a thousand small trucking companies — the contracts, the insurance certificates, the vetting, the invoicing. So they hand that to somebody whose whole business is holding capacity together. That is the intermediary function, and it is not going away.

This is the Catch-22 from the last chapter, seen from the other side. The freight is with the brokers because the customers put it there on purpose.

HOW MONEY MOVES THROUGH THE CHAIN

You do not need dollar figures to understand this. You need the direction.

— The customer pays a rate to whoever arranged the load.

— That party pays a rate to the carrier.

— The difference between those two stays with the party in the middle.

— If there is a 4PL above them, that layer is being paid too.

— If the carrier is using a dispatch service, that service takes a percentage of the carrier's side.

— If the carrier is factoring his invoices to get paid faster, the factoring company takes a percentage of what is left.

Now count the hands. By the time money reaches the man who actually drove the freight from one dock to the other, it has been through several parties, and every one of them took something on the way past.

This is a large part of why trucking companies in this country are dying. Not because any one of those parties is a villain — most of them are doing legitimate work. But there are too many hands in a small carrier's load, and he is the only one in the chain who cannot see how much is being taken or where.

Look back at the ladder. He sees the hand directly above him and nothing else. That is the whole problem in one picture. It is why he asks another driver what he is making on a load — it is the only information anybody has ever offered him.

Your job is not to become another hand in that chain. It is to be the one who can see the whole chain on his behalf. That is what carrier-first means in practice, and it is why the carrier keeps one hundred percent of his linehaul in everything we do.

THE DISPATCH SERVICE, AND WHERE THE LAW SITS

The fourth function is the one closest to what you are learning, so it needs to be exact.

A dispatch service works for carriers, not for customers. It sources loads for the carrier and handles work for him that is unrelated to finding freight. That is a function in the chain. It is not what you are — chapter ii settled that — but you will be doing some of it, and there is a line in federal law you need to know about now rather than later.

It is not about how many carriers you work with. It is about whether you have to choose between them.

FMCSA calls that choosing “allocating traffic,” and they define it as any exercise of discretion when assigning a load to a carrier. If you represent one carrier, every load you find goes to him. No choice, no question. If you represent two carriers but one only takes freight out of the Northeast and the other only out of the Southeast, the origin decides it and you still are not choosing. Same if one runs reefer and the other runs flatbed, or one takes hazmat and the other does not.

But if you are representing two carriers running the same equipment in the same market, every single load forces you to pick one. FMCSA's own example is a dispatch service moving freight between two one-truck dry van carriers on lanes in the same region. That is brokering, and it requires broker authority and a seventy-five thousand dollar surety bond.

Read that against what you were told last chapter — one industry, one trailer type, carriers inside a hundred to a hundred and twenty-five miles. That is the same equipment in the same market. So the moment you take on a second carrier who looks like your first one, you are standing on that line.

That is not a problem. It is a milestone, and it is why your own authority is a planned step in this program rather than something you trip over. Getting authority is chapter 34. The full line between dispatching and brokering is chapter 35.

How this works once you are certified and operating under an established authority is covered separately. Ask about it in session.

FORMS AND DOCUMENTS

— Your carrier's chain map — who he hauls for, and who sits above them.

— Your field notes from chapter iii. Keep adding to them.

TERMS

Shipper — the party sending the freight. Not always the party that ordered the truck.

Consignee — the receiver. In many cases the one who ordered and is paying for the truck.

1PL — no outside party — a company hauling its own freight on its own trucks.

2PL — one outside party that owns the equipment. A carrier hired directly.

3PL — a party that arranges freight on trucks it does not own. Where brokers live.

4PL — a party that manages the 3PLs and runs the customer's transportation program. Owns nothing.

Broker — the legal category for arranging transportation of freight you do not own on trucks you do not own. Requires authority and a bond.

Dispatch service — works for carriers, not customers. Sources loads and handles back-office work for the carrier.

Bona fide agent — an agent of a motor carrier, by written agreement, that does not allocate traffic. Does not require broker authority.

Allocating traffic — any exercise of discretion when assigning a load to a carrier. The line that requires broker authority.

Asset-based — owns trucks. An asset-based company can be the carrier on one load and the broker on the next.

OFFICIAL SOURCES

49 CFR 371.2(a) — definition of broker. **49 CFR 371.2(b)** — definition of bona fide agent. Both readable at ecfr.gov.

88 FR 39368 — FMCSA final guidance on the definitions of broker and bona fide agent, and the role of dispatch services, published June 16, 2023. It lists nine factors indicating a dispatch service does not need broker authority and seven indicating it does. Readable at federalregister.gov.

This is guidance, not a regulation. It tells you how FMCSA reads the rule. Go read it yourself — do not take my word for it, and do not take anybody else's either.

WHAT THIS PROTECTS THE CARRIER FROM

A carrier working with somebody who does not know how many hands are already in his load, and becomes one more. Or worse — somebody who puts him on freight arranged by a person operating without the authority to arrange it, and leaves him with no bond to claim against when the load goes bad.

DO THIS NOW

1. Map your carrier's chain. Who does he haul for? Who sits above them? How far up can he see?

2. For his last three loads, find out who ordered the truck — the shipping location or the receiver. If he does not know, that is the answer.
3. List every party taking something out of his loads. Not amounts. Just who.
4. Answer in writing: which of the four functions is he dealing with most, and does he know it?

All four come back at the opening of the next session. You will be asked for them by name.

LINKED VIDEO AND CHAPTER

Chapter 1 audio lesson — ____

In Freight University: the teachings on the structures of transportation and knowing the shipper. Start at the top of the page and work your way down.

Hands forward to chapter 2 — you know the hands; now watch a load pass through all of them.

NOTES — CHAPTER 1

NOTES — CHAPTER 1

BEFORE THE NEXT SESSION

1. Your carrier's chain map.
2. Who ordered the truck on his last three loads.
3. The list of every party taking something out of his loads.
4. Your written answer on which function he deals with most.
5. Your chapter iii and iv field notes. Keep bringing them.

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keep your word · keep your deal · freight gets moved