



THE COST MODELING PLAYBOOK

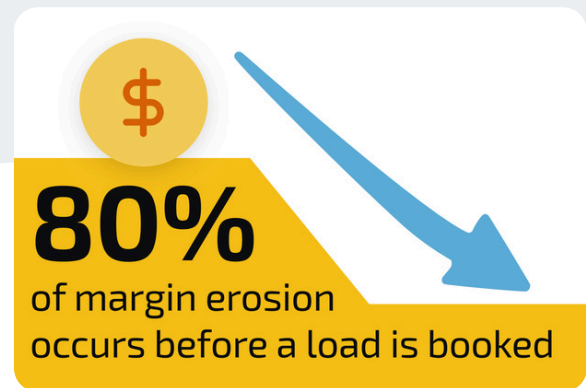
How Brokerages Are Navigating Market Uncertainty

WHITE PAPER

EXECUTIVE SUMMARY

In an unpredictable market, the difference between profit and loss often comes down to one thing: knowing your cost.

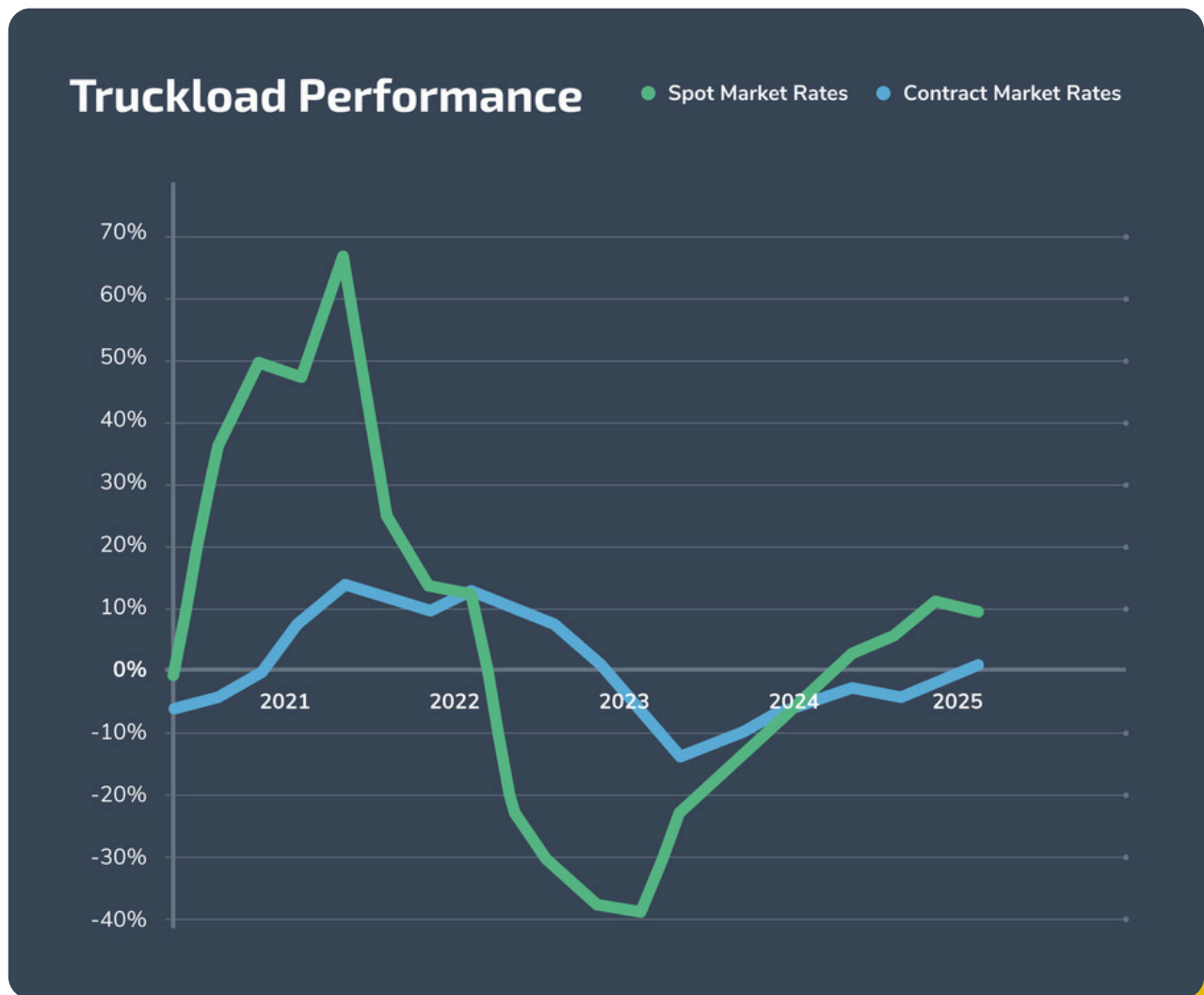
Freight brokerages are navigating a new era of disruption. Tariffs. Pandemics. Labor strikes. Shifting regulations. The only constant is uncertainty—and it's accelerating. Brokers have become used to working in a world of tight margins and high complexity, but recent years have pushed volatility to the extreme. From pandemic-era disruptions to fast-moving tariff policies, inflation shocks, and labor strikes, uncertainty is the only thing that's certain.



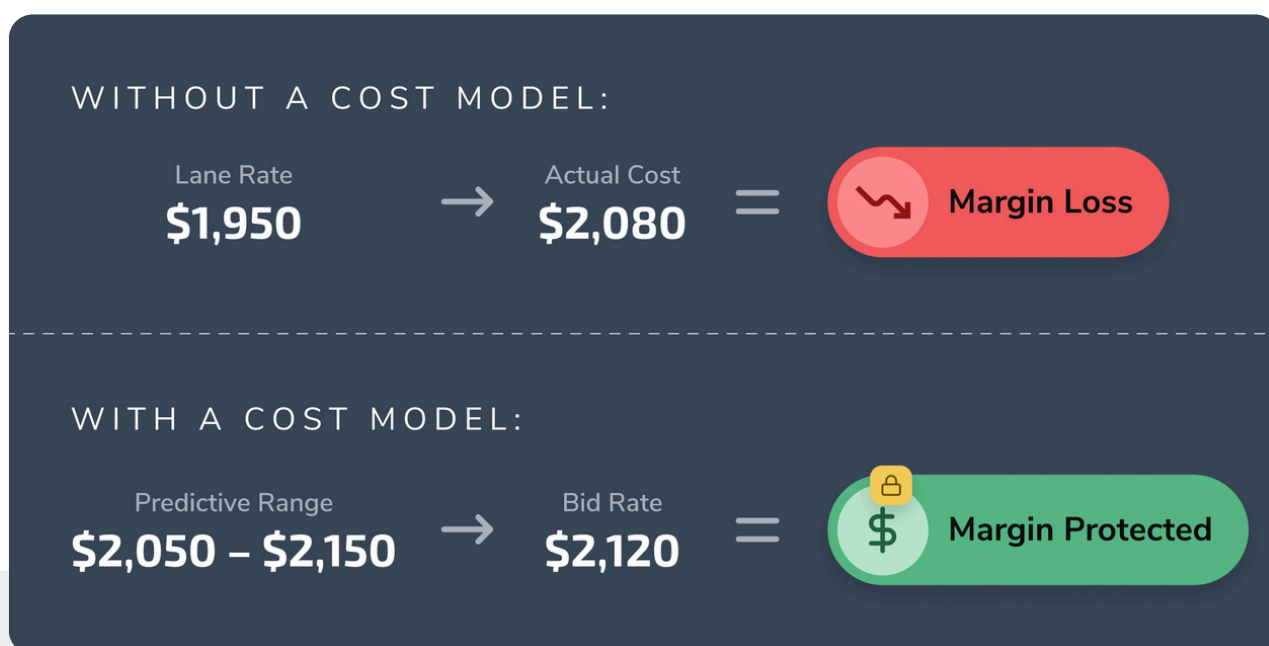
The freight market isn't stabilizing. It's evolving into a high-frequency environment where yesterday's assumptions won't hold tomorrow. And for brokers, that means one thing: **cost clarity is no longer optional.**

A FREIGHT MARKET ON THE EDGE

Freight has always been cyclical, but recent years have exposed just how extreme those cycles can get. Volumes fluctuate, pricing whiplash is constant, and margin pressure feels more permanent than seasonal. For many brokerages, the old playbooks built for stable markets no longer apply.



At the same time, the margin pressure is relentless. **The days of quoting based on gut feel or simple benchmarks are over.** Without a structured understanding of true cost, brokerages are flying blind—and it's costing them.



In response to the downturn, many brokerages have gone lean: fewer reps, trimmed tech stacks, minimal overhead. But survival won't come from cutbacks alone. The future belongs to brokerages that quote with clarity and act with speed.

That starts with cost visibility. Because when the next market shift hits—and it will—brokers without cost precision will be left quoting in the dark.

COST MODELS: THE FOUNDATION OF A SMARTER BROKERAGE

True cost visibility comes from cost modeling: the process of using historical and contextual data to forecast where costs are likely to fall, and how much risk each load carries.

How does a cost model work?

Unlike rate indexes—which offer a general view of market conditions—cost models are built around your brokerage’s actual behavior, combined with third-party market signals to create a dynamic, predictive picture.



Good brokers don't just want a number—they want to know the odds.

What goes into a cost model?

- **Historical carrier behavior** (who you bought from and when)
- **Operational context** (e.g., appointment times, tender lead time, dwell history)
- **Lane familiarity** (first time buying on a lane vs. repeat business)
- **Market signals** (tight vs. loose conditions, seasonality, equipment trends)
- **External data sources** (rate benchmarks, capacity shifts, etc.)

The result isn't a single cost—it's a range, informed by probability. Good brokers don't just want a number—they want to know the odds.



Cost models deliver a distribution of possible outcomes, so your team knows how aggressive or conservative a bid really is. Typically, the output includes three reference points:

AGGRESSIVE
Lower bound of the range; higher risk of service failure

BALANCED
Middle of the curve; historically reliable target

CONSERVATIVE
Upper bound; higher cost, lower risk

Every brokerage has a different appetite for risk, growth, and margin—but all benefit from better cost clarity. With margins this tight and volatility this high, your cost model is your margin strategy.

DATA AS A DECISION-MAKING TOOL

Data is everywhere in freight—but most brokerages still make decisions in the dark.

It's not due to a lack of information. It's a lack of structure. Without a centralized, consistent approach to using data, even the most experienced teams fall back on gut feel, spreadsheets, or outdated rules of thumb. The result? Pricing gets inconsistent. Sales conversations stall. Carrier teams chase the wrong coverage.

Reconnecting Pricing with Operational Knowledge

As brokerages have scaled—adding remote teams, satellite offices, and dedicated pricing groups—something's been lost: the floor knowledge. The art of pricing based on lived experience, operational nuance, and day-to-day insight from those actually moving the freight.

By integrating operational behaviors into pricing models, modern brokerages are bringing that intelligence back. These systems help capture what experienced reps used to know intuitively, such as which shippers tend to detain drivers, which lanes experience spikes before holidays, or which markets fall apart after 4 PM on a Friday.

Especially in contract pricing, where margins are thinner and stakes are higher, this reconnects pricing decisions with real-world context, without needing every new rep to sit next to a veteran.



“

Floor knowledge used to live in conversations across desks. Now it's scattered—or gone.”

FILIP PIASEVOLI
Director of Data Science at Transfix

NAVIGATING MARKETING UNCERTAINTY WITH PRICING STRATEGIES

In a volatile market, price isn't just a number—it's a bet.

Every quote is a reflection of what your brokerage believes will happen next: with fuel, with capacity, with macro trends like inflation or tariffs. That's why smart pricing isn't just about knowing the market average—it's **about understanding your cost exposure and adapting your strategy in real time.**



Pricing strategy is costing strategy. And costing strategy is pricing strategy. The best conversations happen when both teams are in the room—aligned on margin, risk, and long-term goals.”

FILIP PIASEVOLI
Director of Data Science at Transfix

Modern brokerages are using data-driven cost models to build flexible pricing strategies that balance short- and long-term risk.

Knowing where your cost exposure lies—and how it fluctuates by lane, mode, and customer—helps determine when to:

Lock in a contract rate
to protect margin

Rebid aggressively
when the market softens

Hold a short-term position
to stay agile

Walk away when the risk
outweighs the reward

Using Cost Models to Guide Rate Locks and Rebids

Cost models help brokerages understand not only what to quote, but how long that rate can hold based on historical behavior, market trends, and risk thresholds.

FOR SPOT

Cost models surface real-time downside risk

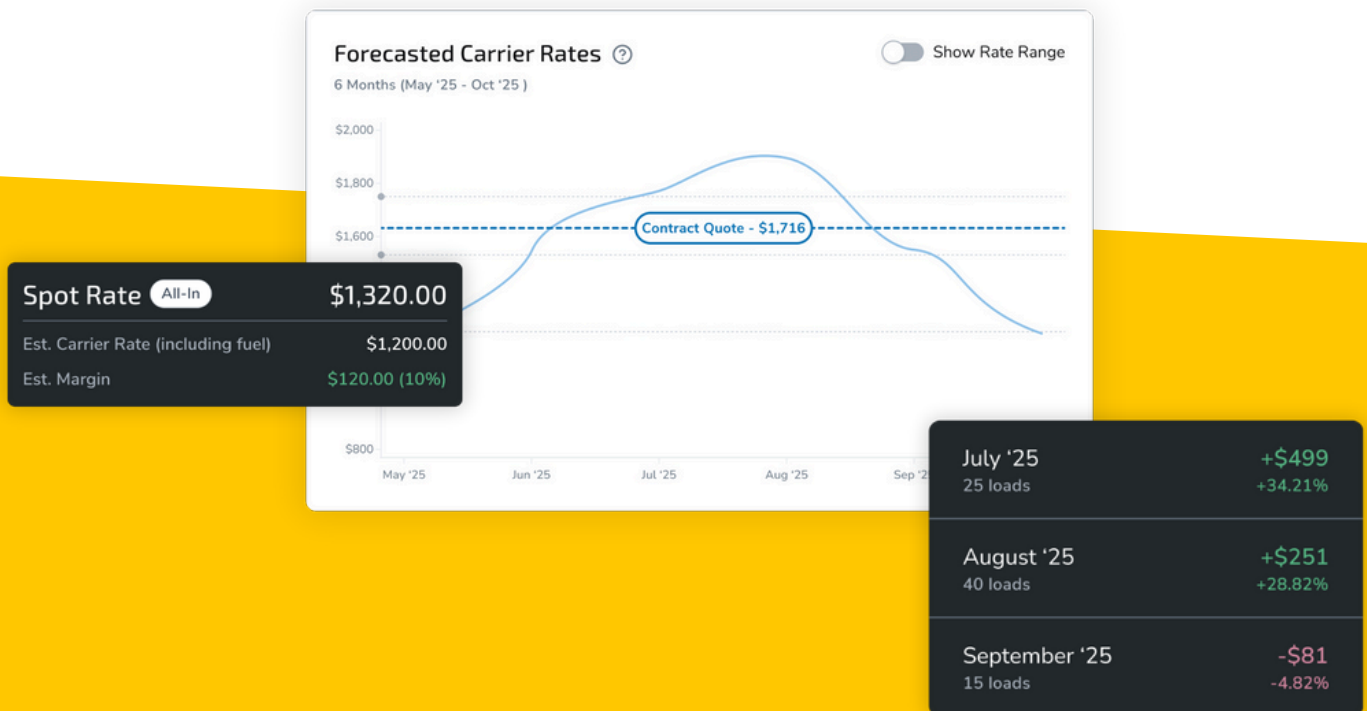
FOR CONTRACT

Models help assess whether a proposed rate is defensible over time, or likely to erode margin

This arms your pricing team with more than market indexes. It gives them a forward-looking framework for:

- Making rate lock decisions based on volatility indicators
- Identifying lanes at risk of becoming unprofitable
- Rebidding proactively before service or margin suffers

In unpredictable times, pricing strategy is margin defense. And margin defense starts with cost clarity.



PREPARING FOR THE NEXT CYCLE

Every market cycle leaves two kinds of brokerages in its wake—those who braced for change, and those who scrambled to catch up.

The next freight cycle is already forming. It might be triggered by a tariff shift, a fuel spike, or a demand rebound—but when it comes, only brokerages that have built the right infrastructure will be able to respond with speed, strategy, and confidence.

What Leading Brokerages Are Doing Differently



PRECISION OVER VOLUME

They know which lanes drive margin—and when to walk away



COST MODEL ADOPTION

They forecast risk, quote with accuracy, and simulate outcomes



TEAM ALIGNMENT

Sales, pricing, and ops work from the same source of truth

They're not just riding out the downturn. They're preparing to win the rebound.

Modern cost models don't replace brokers—they enhance them. By blending automation, data, and operational insight, they give reps the strategic edge to quote with both confidence and flexibility.

But the real advantage comes from how brokers use these tools—combining model-backed guidance with frontline experience.

Mini Checklist: Are you ready for the next cycle?

- Do you know your breakeven on every lane?

- Can you simulate margin impact in real time?

- Can your reps defend pricing with data, not just instinct?

- Are you aligning sales, pricing, and ops with shared visibility into cost?

- Are you building systems that scale knowledge—not just headcount?

CONCLUSION

Data-driven brokerages don't just survive freight cycles—they outperform in every phase of the market.

They quote with confidence when volatility hits. They protect margin when costs climb. And they scale strategically when opportunity returns. It all starts with one critical foundation: **knowing your true cost—and having the tools to act accordingly.**

This is where most brokerages fall short. Fragmented data, siloed teams, and outdated playbooks create uncertainty where there should be precision.

WHY MORE BROKERAGES ARE TURNING TO TRANSFIX

Transfix empowers freight brokerages to break free from the broken habits of the industry.

We know the pain of quoting in the dark, chasing margin after the fact, and relying on legacy systems that weren't built for today's volatility. **We've lived it—and now we're building something better.**

With real-time intelligence and customizable cost modeling tools, Transfix replaces guesswork with clarity, and fragmented processes with scalable, smart tech.

This isn't theory. It's field-tested strategy—built by brokers, for brokers.

Book Your Custom Demo

Learn how forward-thinking brokers are building the future—
with Transfix.

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TECH & DATA SOLUTIONS