The Freight Profit Metrics That Matter

A board-level KPI guide for transportation and logistics leaders

In freight, growth without discipline can create the illusion of progress while quietly eroding margin, increasing complexity, and exposing the business to risk. **This condensed version keeps the most relevant executive insights and strips away the rest.**

At the company-leader level, the question is rarely *What are the numbers? *, it's *What story do these numbers tell about the trajectory of the business, and what should we do differently? * This guide is built around that lens. It doesn't replace the operational dashboards your team already runs. It gives company leaders a small set of strategic diagnostics to bring into board conversations, leadership team meetings, and strategic planning. These are the lenses that separate growth that builds enterprise value from growth that quietly weakens it.

The real questions for leadership are simple: Are we growing profitably? Where are we overexposed? Are our commercial teams creating durable value? Are our operations supporting healthy execution?

This conversation has become even more urgent following the U.S. Supreme Court's May 2026 decision in *Montgomery v. Caribe Transport II*, which opened the door for negligent-selection claims against freight brokers under state law. While the long-term operational and insurance implications are still evolving, the ruling reinforces a broader leadership reality: operational discipline, carrier governance, and risk visibility are no longer just compliance conversations. They are enterprise-value conversations.

Executive takeaway: The companies that win are not the ones with the most dashboards. They are the ones with the clearest line of sight into what drives profit, where margin leaks, and which customers and service profiles improve the business.

The seven metrics that matter most

Metric	Why it matters	What leaders should watch
Revenue quality	Separates profitable growth from busy but fragile growth.	Margin by customer, lane, and service profile.
Customer concentration risk	Reveals how dependent the business is on a small number of accounts.	Top 5 and top 10 revenue and gross profit exposure.
Revenue and gross profit per employee	Shows whether the company is scaling efficiently or adding headcount to compensate for complexity.	Productivity by function, headcount growth vs. profit growth.
Core carrier health	Protects service, pricing stability, and execution quality.	Repeat carrier utilization, falloff, and service performance.

Profitable pipeline contribution	Tests on whether sales and marketing are producing the right opportunities, not just more activity.	Pipeline quality, new business profitability, retention.
Account health	Forward-looking read on customer perception, operational performance, and account strength. Predicts retention, expansion, and churn before they show in the P&L.	Customer perception, customer satisfaction, expansion and churn signals.
Margin leakage	Identifies where profit is being lost through bad pricing, poor handoffs, rework, or weak cost recovery.	Recurring erosion by customer, lane, process, and cause.

1) Revenue quality vs. revenue volume

Revenue volume tells you how much business is flowing through the company. Revenue quality tells you whether that business is worth having. High-quality revenue fits the operating model, produces acceptable margin, pays in a reasonable timeframe, and can be serviced without constant heroics.

Watch out for: *The common trap is celebrating revenue growth while margin weakens and operational complexity rises.*

Questions leaders should ask

- Are we growing profitably, or just increasing activity?
- Which customers, service lines, or account profiles create the most revenue but the least value?
- Are we rewarding the right commercial behavior, or only top-line wins?

What to monitor

- Gross margin by customer, lane, and mode
- Average margin trend over time
- Revenue tied to high-service, low-return freight
- Retention of profitable business vs. churn of unprofitable freight

2) Customer concentration risk

A business can look healthy until one major customer changes its bid strategy, reduces volume, or extends payment terms. Too much revenue or gross profit tied to too few accounts increases fragility and lowers resilience.

Questions leaders should ask

- What percentage of revenue and gross profit comes from our top 5 customers?
- If we lost one major account tomorrow, what would the real impact be?
- Are we diversified by customer, vertical, geography, and mode?

What to monitor

- Top 5 and top 10 customer revenue percentage
- Top 5 and top 10 customer gross profit percentage
- Renewal timing and contract exposure
- Concentration tied to one office, one salesperson, or one vertical

3) Revenue and gross profit per employee

This metric shows whether the company is scaling efficiently or simply adding people to keep up with complexity. In many freight businesses, headcount growth masks broken process, unclear ownership, or disconnected systems.

Questions leaders should ask

- Are we becoming more productive as we grow?

- Where are we adding headcount because of strategic need vs. process failure?
- How much revenue and gross profit is each team helping support?

What to monitor

- Revenue per employee
- Gross profit per employee
- Headcount growth vs. revenue and gross profit growth
- Administrative and support cost as a percentage of gross profit

4) Core carrier health

This section is most relevant for brokerages and asset-light 3PLs that purchase capacity. Asset-based carriers manage equivalent risks through fleet utilization and driver retention metrics; pure warehousing and 3PL operations may find Sections 1, 2, 3, 5, 6, and 7 more directly applicable.

The importance of carrier governance has also intensified following the Supreme Court's *Montgomery v. Caribe Transport II* ruling, which increased exposure around negligent carrier-selection claims for freight brokers. As a result, leadership teams should increasingly view carrier vetting, repeat-carrier strategy, and compliance consistency not only as operational best practices, but as key components of enterprise risk management.

For brokers and non-asset providers especially, carrier health is a profit metric. Strong repeat-carrier relationships improve service consistency, reduce procurement volatility, and protect pricing discipline. Over-reliance on one-off coverage usually shows up later as margin pressure and service risk.

Questions leaders should ask

- How much of our freight is moving with trusted repeat carriers?
- Where are we leaning too heavily on transactional coverage?
- Are service failures tied to process, pricing, or poor carrier fit?

What to monitor

- Core carrier utilization
- Percentage of loads covered by repeat carriers
- Carrier falloff and retention trends
- Margin performance on repeat-carrier freight vs. one-off freight

5) Profitable pipeline contribution

Sales and marketing should not be measured only by volume. Leadership needs to know whether commercial activity is creating the right kind of demand - opportunities that align with the company's strategic model, can be executed well, and become profitable retained business.

Questions leaders should ask

- Is our pipeline filled with strategic opportunities or just more activity?
- Do new accounts become profitable quickly, or do they burden operations?
- Are sales and marketing aligned on what a qualified, right-fit opportunity looks like?

What to monitor

- Pipeline by profitability profile or strategic fit
- Win rate by customer type, vertical, or service profile
- New business margin performance and time-to-profitability
- Retention and revenue quality of newly won business
- Marketing-sourced and marketing-influenced qualified opportunities

6) Account health

In freight and 3PL businesses, customer revenue can look stable while account health quietly deteriorates. By the time the RFP arrives, the conversation is often already lost.

Account health gives leadership a forward-looking read on the quality - not just the size - of the customer base. It combines three signals: how customers perceive the value of the relationship, how the company is operationally performing against the commitments it made, and how strategically positioned each account is for expansion or churn.

Strong account health doesn't just predict retention. It correlates with expansion, referral, and pricing power. Weak account health rarely shows up in the P&L until it does, suddenly, and at scale.

This metric matters especially for full-service 3PLs and asset-light providers, where relationship depth, multi-service attach, and operational reliability are often where margin and competitive differentiation live.

Questions leaders should ask

- Do we know how our customers feel about us, or are we relying on the absence of complaints as a signal?
- Are we improving in ways our customers can see or only in ways we can, see?
- Which accounts are growing, holding, or quietly declining and do our commercial teams know the difference?
- Where are we earning permission to expand the relationship, and where are we at risk of being replaced?

What this tells leadership

- Whether retention and expansion are being earned through perceived value, or borrowed against operational momentum that may not last
- Where pricing durability is being underwritten by genuine value perception and where the next pricing conversation is going to be hard
- Which operational gaps are most likely to drive churn before the financial metrics flag the issue
- How resilient the customer portfolio is, beyond what concentration metrics alone reveal

7) Margin leakage

Margin leakage rarely appears as one dramatic failure. More often, it slips away through small breakdowns that become normalized: underpriced freight or services, unbilled value-added work, weak recovery of accessorials and surcharges, poor appointment management, claims, rework, and high-touch service requirements with no margin support.

In the current environment, margin leakage may also emerge through rising insurance costs, litigation exposure, and operational inefficiencies tied to weak carrier-governance practices following the *Montgomery* ruling.

Questions leaders should ask

- Where are we consistently giving away margin?
- Which customers, lanes, or internal behaviors create the most avoidable erosion?
- How much margin loss is tied to pricing vs. process?

What to monitor

- Margin erosion by customer and lane
- Accessorial recovery rates
- Loads with repeated exceptions or service failures
- Profitability after cost-to-serve, not just before it
- Recurring leakage categories leadership can act on

A board-ready dashboard should stay simple

Too many executive dashboards create noise instead of clarity. A useful leadership view should quickly answer four questions: Are we growing profitably? Are we exposed to unnecessary risk? Are our commercial teams creating the right outcomes? And are our operations supporting healthy execution?

Include	Purpose
Revenue quality indicator	Distinguishes healthy growth from costly growth.
Gross margin trend	Shows whether profit performance is improving or eroding.
Top customer concentration	Flags dependency risk early.
Revenue and gross profit per employee	Highlights scale efficiency.
Core carrier utilization	Signals network stability and execution strength.
New business profitability	Prevents buying revenue at the expense of margin.
Qualified pipeline contribution	Connect sales and marketing to meaningful commercial outcomes.
Account health composite	Predicts retention, expansion, and churn before financial metrics catch up.
Margin leakage categories	Turns hidden erosion into visible action items.

The 10 metrics leaders should review consistently

If leadership wants a focused starting point, these are the metrics worth reviewing on a consistent cadence:

1. Gross margin percentage	6. Account health composite
2. Gross profit dollars by customer and lane	7. Core carrier utilization
3. Revenue quality by account or service profile	8. Profitability of new business wins
4. Top 5 customer concentration	9. Qualified pipeline contribution
5. Revenue per employee and gross profit per employee	10. Margin leakage by recurring cause

How leaders should use this guide

- Use it to challenge dashboard clutter and refocus on the handful of metrics that truly shape enterprise value.
- Bring it into executive planning, board discussions, and monthly operating reviews.
- Align sales, marketing, operations, and finance around profitable growth instead of vanity activity.
- Ask one final question every month: Which freight, customers, and behaviors are making the business stronger - and which are quietly weakening it?

Executive planning worksheet

Use this page in your next leadership meeting to turn the KPI conversation into action.

Keep / protect	Which customers, lanes, or carrier relationships are creating durable value and should be protected?

Fix / reduce risk	Where are concentration, weak pricing, process failure, or margin leakage creating unnecessary exposure?
Stop / exit	What freight, behaviors, or service patterns are keeping the team busy but not improving the business?
Decide now	What is the one KPI leadership should review more rigorously every month starting now?

90-day action tracker

Priority metric	Action owner	First action in next 30 days
Revenue quality		
Customer concentration		
Core carrier health		
Account health		
Profitable pipeline		

Closing thought

Leaders do not need more data. They need better judgment about which numbers deserve attention. The right KPI framework does not just monitor growth - it improves the quality of it.

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