What Drives DSO Higher for Freight Brokers

The operational factors behind your Days Sales Outstanding — and what to focus on first.

Industry DSO Benchmarks by Brokerage Size

Brokerage Size	Loads / Month	Typical DSO	Top Performers
Brokers under 2,500	< 2,500	50 – 65 days	**40 – 48 days**
Mid-size brokers	2,500 – 5,000	42 – 55 days	**32 – 40 days**
Large brokers	5,000+	35 – 48 days	**28 – 36 days**

Why DSO matters

Days Sales Outstanding measures how long it takes to collect payment after an invoice is sent. For a freight broker doing $20M–$40M in annual revenue, every day of DSO represents $55,000–$110,000 in working capital tied up. Reducing DSO by 14 days at that volume frees $770,000–$1.5M in cash — money that could fund growth, cover carrier payments, or reduce credit line dependency.

The six factors below are the most common process gaps that push DSO higher. Each is fixable through process improvement — these are workflow gaps, not staffing gaps.

1 Slow POD Retrieval

The billing cycle cannot start until the Proof of Delivery is in hand. When POD retrieval takes 48–72 hours or longer, those days add directly to DSO. Industry best practice is retrieval within 24 hours of delivery.

Impact: Each day of POD delay adds one day to DSO.
Fix: Dedicated POD chase process with a 24-hour SLA. Track retrieval time per carrier.

2 Pre-Billing Revenue Gaps

When an invoice goes out missing detention, layover, lumper fees, or cancelled dispatch charges, two things happen: revenue is lost permanently if the charge is never added, or a corrected invoice resets the payment clock and creates a dispute.

Impact: Corrected invoices add 7–21 days to the collection timeline.
Fix: A 12-point pre-billing audit on every load before the invoice goes out.

3 Invoice Rejections from Bad Data

Wrong PO numbers, missing reference codes, or incorrect billing addresses cause invoices to be rejected by the shipper's AP system. Each rejection means the invoice goes back to the billing team, gets corrected, and re-enters the payment queue from the start.

Impact: Each rejection adds 7–14 days to DSO.

Fix: Pre-send verification of reference numbers, PO codes, and billing addresses.

4 Weak AR Follow-Up Cadence

Without a structured follow-up process, invoices age quietly. Collection probability drops significantly after 45 days and falls off a cliff after 90 days. When follow-up depends on whoever remembers to check the aging report, invoices slip through the cracks.

Impact: Invoices past 60 days collect at 50–70% vs. 95%+ within 30 days.

Fix: Structured reminders at 30, 45, and 60 days with escalation at 75 days.

5 Missing Supporting Documentation

When a shipper's AP team receives an invoice without the POD, BOL, or rate confirmation attached, they put it on hold or send it back. The invoice sits in a pending queue until the documents arrive. This is one of the most preventable causes of delayed payment.

Impact: Incomplete documentation is the #1 cause of shipper payment disputes.

Fix: Attach POD, BOL, and rate confirmation to every invoice at time of billing.

6 Billing Team Bottleneck at Scale

As load volume grows, the billing team handles more POD chasing, invoice prep, and collections simultaneously. Without dedicated workflows, everything slows down. The people focused on collections get pulled into chasing yesterday's PODs, and both functions suffer.

Impact: DSO creeps up 1–2 days per month during growth periods.

Fix: Separate workflows into dedicated functions: POD chase, billing, and collections.

The common thread

Every one of these six factors traces back to the same root cause: the gap between dispatch and billing. When information moves slowly, documentation is incomplete, or follow-up is unstructured, DSO rises. The fix is building dedicated workflows for each stage of the post-dispatch process.