

TRANSPORTATION TRENDS



Devoted to you...

... And your seafood, live plants, antiques, and more. Service providers that specialize in one commodity have the expertise to give your shipments the tender, loving care they need.

BY TOBY B. GOOLEY, MANAGING EDITOR

Can providers of transportation and logistics services be everything to everyone?

Some do try to do it all, with varying degrees of success. But others don't even try. In fact, they take the opposite approach: Rather than be freight generalists, they specialize in a single commodity or type of product.

Long experience and knowledge of a specific industry are these companies' stock in trade. Their focus on the unique needs of the shippers they serve can help reduce damages and improve customer satisfaction. One potential drawback: Some are very small companies with limited phys-

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ical assets and few employees.

But size doesn't seem to be a problem for the four specialized providers we contacted for this article. All are growing companies headed by entrepreneurs who saw a service "hole" and knew they could fill it. All of them are non-asset-based, choosing to use their expertise to manage processes, information, and service. And they all are driven by a desire to satisfy their customers' needs in a way most "general practitioners" can't match.

(Above) Periship partners exclusively with FedEx for next-day delivery of seafood.



INTERSTATE TRANSPORT: GROWING LIKE A WEED

Tim Higham launched Interstate Transport, a logistics company that specializes in live plants, almost by accident. The computer entrepreneur had sold his company and was looking for a new business venture. While on sabbatical, he helped load and unload trucks at his wife's plant nursery. What he saw surprised him. "[The trucks] were short weight, they didn't have the right paperwork, or they wouldn't show up on time. It was a nightmare," he recalls.

Higham realized that those problems as well as the excessive product damage he observed stemmed from poor process and information management. That was right up the IT expert's alley, so three years ago he launched Interstate Transport from a corner of an office at the nursery.

Product specialization clearly has paid off: Interstate handled more than 10,000 shipments in 2005. According to Higham, revenues have grown from \$2.5 million to well over \$30 million, and he expects to hit \$50 million this year. Interstate's biggest customer is The Home Depot, which outsources all of its live plant business to the St. Petersburg, Fla., company.

Higham ascribes Interstate's success to several factors. First is the company's attention to the special needs of growers. Plants can't be stored for long and they are temperature-sensitive, so insulated or temperature-controlled trucks are a must. To protect plants from damage, Interstate moves some in boxes on pallets or on floor-to-ceiling decking. The company also uses display-ready shelving manufactured by EZ Shipper Racks. The pallet-mounted units, with plants secured on the shelves, can be loaded and unloaded in a fraction of the time it takes to move individual plants, Higham says.

Interstate has 22 core carriers, mostly small, Florida-based truckers. Higham says he ensures top-quality service by providing the carriers with accurate information, clear direction,

monetary rewards for excellent performance, and penalties for poor service. The company also recently began providing them with backhauls to Florida.

Not surprisingly, software and automated processes play a critical role at Interstate Transport. A voice-over-Internet telephone system allows drivers to quickly update shipment status. And Higham's staff developed InMotion, proprietary transportation management software designed specifically for shipping live plants. The program has been so effective that several of Interstate's customers have licensed it for their own use, and Higham is planning to launch a separate company to sell the software.



Interstate Transport handles all of The Home Depot's live plant shipments.

Specialists

If you ship a specialized product, chances are there's a company that knows exactly how to handle it. Here are just a few examples:

Choice Logistics. Service parts. www.choicelogistics.com

Gilbert Logistics. Apparel and footwear. www.gilbertusa.com

Go Events Management. Trade shows, meetings, and conferences. www.goeventsmgmt.com

Hellmann Perishable Logistics. Perishables. www.hplgroup.com

Interstate Transport. Live plants. www.interstate-transport.com

KWE Specialized Services. Aerospace, pharmaceuticals, capital equipment. www.kweusa.com

Periship. Overnight delivery of perishable foods. www.periship.com

PF Collins. Large-scale project logistics. www.pfcollins.com

Satellite Logistics. Beverage industry. www.slg.com

FC Stone. Bulk agricultural commodities. www.fcstone.com

TechTrans. Inside delivery of high-value items. www.techtrans.com

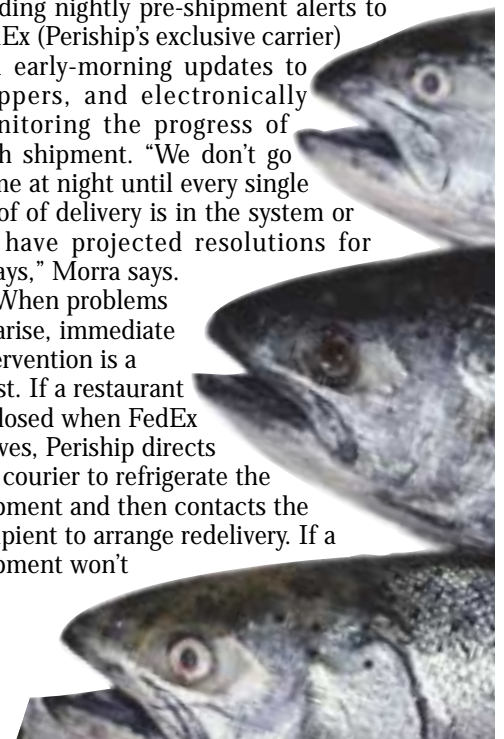
Three Way Logistics. Medical electronics, space satellites, computer servers. www.threeway.com

PERISHIP: PROACTIVE ABOUT PERISHABLES

Periship's sales brochure promises to help seafood shippers "keep your salmon in the pink and your lobsters feeling feisty." The Branford, Conn.-based freight forwarder manages next-day deliveries of perishable foods, a challenging business where even a few hours' delay may mean thousands of dollars in losses.

That's why Periship's first priority is to protect the product, says Managing Partner, Logistics and Customer Service Luciano Morra. For Periship, that means making sure customers use the right protective packaging, providing them with high-visibility labels for time- and temperature-sensitive packages, monitoring weather conditions, sending nightly pre-shipment alerts to FedEx (Periship's exclusive carrier) and early-morning updates to shippers, and electronically monitoring the progress of each shipment. "We don't go home at night until every single proof of delivery is in the system or we have projected resolutions for delays," Morra says.

When problems do arise, immediate intervention is a must. If a restaurant is closed when FedEx arrives, Periship directs the courier to refrigerate the shipment and then contacts the recipient to arrange redelivery. If a shipment won't



Specialized services, continued

arrive in time for a scheduled event, the forwarder notifies both shipper and consignee, giving them time to change a menu or find an alternate source.

The forwarder's proactive style and strategic alignment with FedEx prompted Robert George to become a customer. His business, The Crab Broker, buys seafood from processors and delivers it "directly to the chef's back door" in 150 cities. When George's previous carrier couldn't handle his shipments while it reconfigured its sorting hubs, 12,000 pounds of fresh fish and crab were put at risk, he recalls. He called Periship for help, and the forwarder got all of those shipments underway and delivered on time, he says.

The broker also is realizing longer-term benefits from working with the seafood specialist. For one thing, George no longer has to dedicate a full-time position to tracking shipments and solving transportation problems. He and his suppliers now can create shipping documents in record time, and they receive prompt notification if anything should go awry. That means the world to him, George says. "I can sell the greatest, freshest seafood in the world, but if I can't get it to the customer on time and in perfect shape, I'm out of business."

SATELLITE LOGISTICS: THE KEGSPEDITER

Beer kegs: Deliver 'em, drain 'em, return 'em. Simple, right?

Not according to Kevin Brady, president and owner of Houston-based Satellite Logistics Group (SLG). Since 1984, Brady's company has been helping brewers and distributors deliver, track, and return the costly containers. He founded the third-party logistics company (3PL)

after realizing that the industry lacked a standard, cost-effective process for tracking and managing kegs.

Brady says his company's trademarked Kegspediter software has solved that problem.



Satellite Logistics' Kevin Brady is an expert in beverage industry logistics.

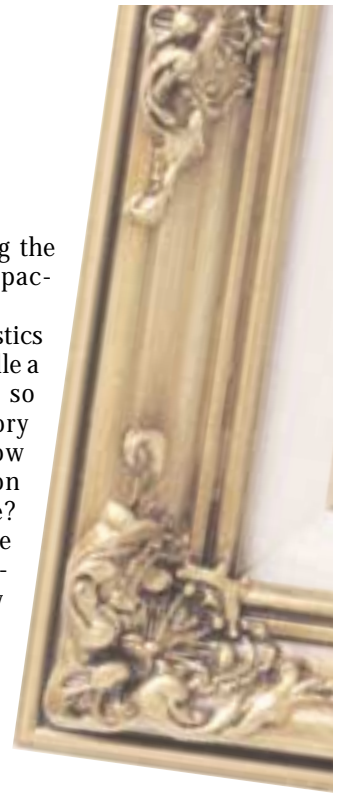
The program is a customizable planning tool that allows SLG's customers to forecast keg utilization, automate reporting of receipts and returns, and manage credits for returned assets. The software also helps reduce transportation and inventory costs.

But Satellite Logistics didn't get where it is today by technology alone. SLG must ensure that its distribution facilities are in full compliance with U.S. Food and Drug Administration regulations. Adding to the 3PL's challenges are regulations requiring that outdated or unusable alcoholic beverages be destroyed and that the disposal be documented. To keep transportation costs low, the 3PL has truckers pick up full trailerloads of empty kegs from wholesalers. The kegs are taken to a regional consolidation center, where they are sorted by brand and shipped back to their owners. To better manage returns to foreign brewers, Satellite Logistics has formed its own ocean consolidator (NVOCC) and is a licensed international freight forwarder.

Another of SLG's responsibilities is to ensure that motor carriers comply with state and federal regulations governing licensing of parties taking custody of alcoholic beverages. That capability is built into SLG's transportation management software, which profiles carriers' licenses, insurance, and bonds. "Having that information lets us tender shipments to a wider range of

carriers, increasing the availability of capacity," Brady says.

Not every logistics company can handle a commodity with so many regulatory restrictions. How does SLG stay on top of its game? Says Brady: "We've become very involved in industry associations so we can be very close to the issues. We get our expertise by listening to our customers."



TECHTRANS: HANDLE WITH CARE

If you walk by a neighbor's house and see a couple of guys wearing white gloves and shoe covers carefully maneuvering furniture or home theater equipment through the front door, they might be from TechTrans. You might see those same guys delivering diagnostic equipment to your doctor's office, carrying fixtures into a soon-to-open retail store, or installing new copiers in your office.

Southlake, Texas-based TechTrans has been transporting the hard-to-handle since 1990. The concept traces back to the AIDS epidemic of the early 1980s, when company President Len



TechTrans specializes in inside deliveries of high-value, fragile items.



Specialized services, *continued*

Batcha and colleagues from Abbott Laboratories and Abbott's freight forwarder had to find a way to get desperately needed diagnostic equipment into the field quickly, predictably, and damage-free. They later formed TechTrans to apply their expertise to other high-value commodities.

Although shippers often choose TechTrans for its delivery services, Batcha says, the company also evaluates and tests packaging, manages order processing, consults on route design and cost control, tracks and traces shipments, and offers customizable performance reports.

TechTrans is non-asset-based and acts as a process and information manager. It uses expedited carriers for lengthy linehauls and a network of agents for pickups and "last mile" services, including inside delivery, installation, and removal of packaging. TechTrans electronically notifies its agents of upcoming shipments and requires them to successfully complete written or video-based training on packing, handling, and installing new items.

For medical equipment manufacturers, TechTrans offers crating, delivery, setup, and cleanup of demonstration models. The forwarder delivers the equipment to the demonstration site, gets it running properly, sets up accessories, and removes all packing materials. After the demonstration or trial period has ended, agents clean the equipment, repack it, and return it to temporary storage, where they prep it for the next demonstration.

Retailers of high-end home goods also depend on TechTrans to handle deliveries to their service-sensitive customers. Wisteria, a home and garden catalogue firm, sells unique decorative items that globe-trotting owners Andrew and Shannon Newsome import from all over the world. Many of Wisteria's products are one-of-a-kind or limited quantities, so TechTrans' ability to handle high-value objects of almost any size or shape has been helpful. "It's often a product that no one's seen before, and they have to figure out how to handle it," says President Andrew Newsome. "Some things need six guys to move them."

Such complicated moves can be costly, and Wisteria builds the cost of special handling into its selling prices. Newsome also likes the fact that TechTrans has assigned a service coordinator to Wisteria's account, and that one company can "pick up forty different products and ship them to forty different places," he says.

Equally important in the home furnishings business, he adds, is professionalism. "Anyone we use has to understand consumer and home delivery. Ultimately we asked ourselves, 'Would we send this company to our own house?'"