



Supporting the Customized Logistics and Delivery Industry

Winter 2014

CLDA Defends IC Business Model in the Senate

Health, Education, Labor, and Pensions
Subcommittee on Employee and Workplace

Inside:

Last Mile Delivery Forum Wrap-Up

CLDA Goes to DC

The Final Mile Delivery: Strategies, Benefits,
and Challenges for Multichannel Fulfillment

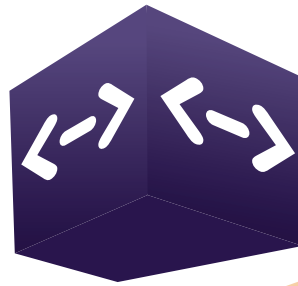


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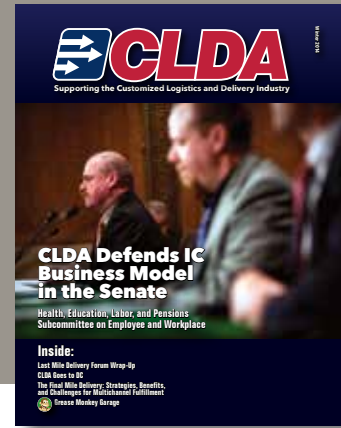




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IN THIS ISSUE

| | |
|--|--|
| <p>8 CLDA Defends IC Business Model in the Senate</p> <p>10 Independent Contractors – A Critical Link in the Country’s Supply Chain</p> <p>12 Providing Clarity and Certainty to Small Businesses in California</p> | <p>14 CLDA Last Mile Delivery Forum Wrap-Up</p> <p>16 LMDF: In Case of Fire, Flood or Emergency</p> <p>20 LMDF: What Have You Failed at Today?</p> <p>27 LMDF: The Final Mile Delivery</p> |
|--|--|



DEPARTMENTS

| | |
|-------------------------|---|
| Presidents Message..... | 3 |
| Directors Message..... | 4 |
| New Members..... | 5 |
| Government Affairs..... | 6 |

| | |
|--------------------------------|----|
| In the News..... | 33 |
| Faces in the Crowd..... | 48 |
| State Association Reports..... | 50 |
| Grease Monkey Garage..... | 52 |

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We welcome letters on any article or issue raised in the CLDA Magazine, please include your name and company affiliation. We reserve the rights to edit all letters for length, and clarity. Send letters to

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Rob Johnstone,
Priority Express
President CLDA

I wish a happy and profitable 2014 to all members of CLDA and urge you to jump into all we have to offer.

Looking over the content of this quarter's magazine, I'm struck by the variety of activities that are happening throughout this organization. Whether it's speaking on your behalf to legislators, keeping you up-to-date on developments in our industry, or fostering business connections between members, the last quarter of 2013 was a busy one for CLDA and its members.

On the legislative front, check out the piece on the testimony of former CLDA President Chris MacKrell's as he spoke before the Senate Health, Education, Labor, and Pensions Subcommittee on Employee and Workplace Safety. Chris brought the association's message about ICs before the US Senate for the first time. You can also take a look at the CLDA editorial that we placed to bring our position to Capitol Hill. It was featured in The Hill's Congressional Blog and you can read it here.

And then there are the pieces that showcase our Last Mile Delivery Forum in Kansas City. If you've ever had to recover from a disaster, act as your own on-the-job trainer or want to know how our industry helps retailers' ability to go head-to-head with the internet, you'll want to check out the articles in this edition of our magazine.

Enjoy the Winter edition of The CLDA Magazine and don't forget to join us at our 2014 Lobby Day on Thursday, April 3 at the historic Mayflower Hotel in Washington, DC. This annual event lets your legislators in Washington hear directly from you, their constituents. Mark your calendars now for both the meeting and the evening reception on April 2. Our headquarters will be The Mayflower Hotel in Downtown Washington, DC. This historic building was home to multiple Vice-Presidents before the permanent residence was established at the United States Naval Observatory. We'll meet there to discuss strategies and help you prepare to meet with your legislators.

And while you're marking those calendars, don't forget to block off May 14 to 17 for CLDA's 2014 Annual Meeting & Exposition. We've picked a truly amazing site for this meeting: The Westin Kierland in Scottsdale, AZ. Travel and Leisure Magazine calls The Westin Kierland Resort & Spa, "...a luxurious desert outpost in Dreamweaver's Canyon that accommodates leisure, business, events, and golf travelers." You'll want to be there!

I wish a happy and profitable 2014 to all members of CLDA and urge you to jump into all we have to offer. You'll learn more, network more and boost that bottom line by being an active and involved member of our industry's largest and most active trade association.

Rob Johnstone
President
CLDA





Bob DeCaprio
Executive Director

As we continue to move forward towards educating the larger supply chain about what your company can do for them, it's important that we have your support.

2013 was a big year for CLDA. After nearly 26 years as the Messenger Courier Association of America, the Board made the decision to propose a name change to our membership, and you all voted in favor of the Customized Logistics and Delivery Association (CLDA) with flying colors. It was a huge decision, and one that didn't come without months (years!) of preparation and research. We have big plans for 2014, and we look forward to having your company along for the ride with us.

By the time you read this, you should have received your renewal notice for 2014 – and maybe you have already sent in your investment! If you have, thank you! If you haven't yet, we hope to hear from you soon. We need your continued support to carry on our mission of acting as the voice of the customized logistics and delivery industry, representing those who keep the wheels of commerce rolling in North America, and promoting and advancing the professionalism of the industry through networking, education and advocacy.

On that note, we hope to see all of you, or a representative from your company, at our Lobby Day, this coming April 2nd and 3rd here in Washington, DC. This event is the best way for you to have direct contact with your federal representatives and to educate them on the industry that you work in and that CLDA serves. Register as soon as possible at www.theclda.com so that we are able to schedule your meetings for you. If you have any questions, please reach out to me or to CLDA's Director of Government Affairs Shawn Swearingen, at sswearingen@theclda.com.

As we continue to move forward towards educating the larger supply chain about what your company can do for them, it's important that we have your support. Remember that you can pay your dues online at www.theclda.com. Thank you for your continued support of CLDA and your industry!

We're already looking forward to seeing you all May 14-17 in Scottsdale, AZ at our 2014 Annual Convention. Mark your calendars, and look for more details in your inbox soon!

Bob DeCaprio
Executive Director
CLDA





Welcome New Members

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CLDA Government Affairs Update



John Benko



Shawn Swearingen

One of the great things about this time of year is looking back on the accomplishments over the last 12 months. As much as we try to predict what is to come before any legislative session, there are always issues or new bills that pop-up during the sessions across the states. The CLDA has been able to push beneficial language forward in some places and respond to harmful bills in others largely because of great members like you. Advocacy donors and active grassroots members make much of our

efforts possible. Thank you to all for your contributions, letter writing and walking Capitol Hill during the annual Lobby Day.

As you'll see in the update and the rest of this issue we've been busy in the states and on Capitol Hill. In addition to that we hope you have been able to participate in the member-benefit webinars that focused on Federal Employment Regulations and the revised FMCSA regulations on brokerage insurance.

CLDA Testifies Before U.S. Senate

On the afternoon of November 12th, CLDA Immediate Past-President and Board Member Chris MacKrell testified on the importance of utilizing independent contractors in the customized delivery industry before the U.S. Senate Subcommittee on Employee & Workplace Safety. Later in this issue we have an interview by Andrea Obston with Chris as well as the op-ed piece from him that ran in the Washington, D.C. online publication The Hill.

Much of being selected as a witness before a U.S. Congressional Committee boils down to timing. It was a relationship with a Senate member that the CLDA has developed over the last few years during the annual Lobby Day that lead to our notification of the upcoming hearing with a week's time to prepare. Despite the reoccurring of measures that are re-introduced each year that target ICs, there is not always a hearing held on the bill each time. The selection by the committee to be a sole witness to testify is an incredible honor and opportunity that doesn't happen often.

The CLDA has kept in contact with the Subcommittee on Employee & Workplace Safety regarding Senator Casey's (D-PA) bill he introduced during the hearing, Senate Bill 1687. This measure creates a presumption of employment as well as removes the wording "willful" from the punishable defini-

tion of misclassification. Another bill we'll be watching for is impending Safe Harbor provision removal bill from Senator Brown (D-OH), as Senator Casey mentioned that Senator Brown would be re-introducing the bill from former Senator Kerry (D-MA) of a few years ago.

Watch for coming updates in the CLDA Government Affairs Newsletter. Not on the mailing list? Contact CLDA Director of Government Affairs Shawn Swearingen: sswearingen@the-clda.com.

Important Independent Contractor Legal Decisions Coming

As you have noticed in our previous publications and newsletters, there are two important legal decisions that due in the near future. These will either solidify the ability of independent contractors to operate, or drastically alter our industry's business models across the country.

The Massachusetts Delivery Association (MDA) continues their legal fight against the Commonwealth's Attorney General for the right of the Independent Contractor business model. The initial decision against the MDA in the Federal District Court was erroneous and ignored some of the key factors in the FAAAA argument such as route change and price fluctuation. The MDA appeal is currently before the 1st Federal Appeals Court. The outlook is that this will be the ultimate decision point as the only other step from this court is to the U.S. Supreme Court. Contact Shawn Swearingen if you are interested in providing support to the MDA in their continued fight: sswearingen@theclda.com.

The other critical case is also currently in Federal Appeals Court, Sanchez v. Lasership. Lasership initially won the case in the Federal District Court of Virginia on the FAAAA basis. The plaintiff appealed the Federal District Court's decision and is now await decision from the 4th Federal Appeals Court.

CLDA Legislative Win in New Jersey!

As a result of a great advocacy effort by the CLDA and members in New Jersey, Governor Chris Christie (R) vetoed AB 1578. This bill would have created a presumption that a worker arrangement in the parcel delivery industry is an employer-employee relationship. From the Governor's veto message: "In addition to making New Jersey unfriendly to the trucking industry, the bill would likely have other undesirable consequences. For example, if trucking businesses flee the State, overseas shippers are likely to deliver goods to ports in other



states and all manner of commerce could see adverse price impacts. In light of the need to continue to improve the economic climate in New Jersey, I cannot sign a bill that would have such a chilling effect on business”

In May, Shawn Swearingen and four New Jersey based CLDA members visited Governor Christie’s policy staff with the association’s contract lobbyist Steve Corodemus. After that meeting the CLDA worked with a member from the Garden State and CLDA Public Relations Director Andrea Obston to successfully have a Letter to the Editor picked up in the largest circulation paper in the state, the New Jersey Star Ledger, asking the Governor to veto the bill. Over the summer we managed to continue to deliver our message that this bill would alter the structure of our industry, raising costs for companies and ultimately the consumer. Governor Christie states in his veto message, “[...] the approach taken in this bill is overreaching and has the potential to cause severe and significant economic harms to New Jersey’s trucking industry.”

This has been a long battle for the CLDA in the state but we came out with a win. However, we cannot rest long after this victory and must continue to be actively educating legislators and key state regulators about who our industry is. If you would like to be involved with future New Jersey advocacy efforts, contact Shawn Swearingen at sswearingen@theclda.com.

News From Around the States

Each of the 50 states is different in the organization of legislative sessions. States like New York, Ohio and Michigan carry the bills over from one year to the next, in two year cycles. Other states like Washington require bills to be re-introduced each year in each session. This is the time of year where those states that require re-introduction are beginning their pre-filing; a time where we watch closely to see if any new bills arise for the coming year. Some of the states that we will have a

close eye on are Washington, New Jersey, California, Minnesota and Missouri.

The Ohio Same Day Transportation Association (OSTA) has introduced beneficial IC legislation, House Bill 338, which we are looking forward to seeing move through the legislative process. At the same time a negative measure that would drastically alter the definition of employee and virtually eliminate the definition of Independent Contractors was introduced recently in that state, House Bill 347. If you or your business is located in the state of Ohio, reach out to the OSTA and let them know you would like to help in their advocacy efforts at: www.ohiosamedaytransportation.org.

CLDA Lobby Day 2014 Registration is Now Open!

By now you have seen the Save the Date for CLDA’s 2014 Lobby Day on April 3rd, 2014. The Lobby Day will be held at the historical Mayflower Hotel in Downtown Washington, DC! The evening reception will be held the night of April 2nd. As we are looking to improve upon last year’s CLDA best of over 100 Capitol Hill meetings, 2014 attendees with larger footprints around the country will have meetings scheduled the afternoon of April 2nd. Go to www.theclda.com to register today!



Follow Us on Twitter and Government Affairs Newsletters!

Be sure to look for continuing Government Affairs updates via the CLDA Twitter account (@CLDAGovtAffairs) as well as on the CLDA website and email alerts.

If you have any questions on the CLDA Government Affairs activities or would like to become more involved, please contact Shawn Swearingen at sswearingen@theclda.com or Bob DeCaprio at bdecaprio@theclda.com.



CLDA Defends IC Business Model in the Senate

By Andrea Obston

The CLDA brought the independent contractor issue before the US Senate for the first time in November. Chris MacKrell, Immediate Past President and Board Member was one of three witnesses before the Senate Health, Education, Labor, and Pensions Subcommittee on Employee and Workplace Safety. MacKrell was the only witness for the Republican minority who testified. “Independent contractors are the heart of this country’s supply chain and without them businesses that provide customized delivery solutions would be unable to meet their customers’ needs. The members of the committee needed to understand that point,” said MacKrell about his testimony.

MacKrell, who is President and COO of Custom Courier Solutions, spoke on behalf of 425 member companies. He emphasized that CLDA members are an integral part of the American economy, providing transportation of packages, medical supplies, bulk materials and documents. “Independent

contracts allow these companies to maintain their critical role in the delivery supply chain providing less than 24 hour, just-in-time delivery of packages in response to customer demand,” he said.

The day started early for MacKrell, who spent some time with U.S. Senator Johnny Isakson (R-Georgia) in his office in the Russell Building. Then, it was over to the Senate hearing room with Isakson’s chief of staff, CLDA’s lobbyist, Rich Meade, CLDA Executive Director Bob DeCaprio and Director of Government Affairs Director Shawn Swearingen.

From Chris’ standpoint, the testimony went well. “I think we got our point across. I was particularly gratified when committee member, Robert Casey, Jr (D-PA) said he recognized that there is a legitimate place in the American economy for ICs and that the rights of those who want to operate as ICs needed to be protected,” said MacKrell.

Here is the full transcript of MacKrell's testimony:

I want to thank you both for affording me the opportunity to appear today. I have provided the committee written testimony about my business and our industry but I wanted to share with the committee this afternoon my personal perspective on the important role independent contractors play in our economy.

After graduating college in 1982 I found myself ready to start my career, but, as you may recall, the country struggled with tough economic times not dissimilar from today. In my search for a job I was presented with the opportunity to start my career as an independent contractor working for a small courier company in Upstate New York. Over the next three years, I operated as an IC, learning the skills necessary to succeed in the same-day delivery business.

After 23 years working in the industry I found myself once again with an opportunity to operate my own small business. So in 2006, with a partner, Custom Courier Solutions (CCS) was formed. CCS' first business opportunity was to operate as an independent contractor for another much larger courier company. For the first six months of operation, revenues from this single source kept CCS alive. As time passed, we developed our own customer base. And, as they say in Saratoga Springs, NY (where I live) we were off to the races.

Based on my experience gained as an IC, we have built our company. Our projected revenues are expected to exceed \$ 22 million this year. We support a \$6 million payroll. More importantly, our company has created over \$13 million in annual revenue for independent contractors.

CCS now has operations throughout the Northeast including offices in Fairless Hills and Scranton, PA. We provide last mile solutions to medical/pharmaceutical, critical parts, industrial and auto supplies, banking, retail and home delivery.

CCS relies heavily on the IC business model to meet our customers' needs. Our 200+ contractors and 156 traditional employees work together to support the needs of our 150+ customers. We have accomplished this despite one of the nation's toughest economic environments in decades.

Congress must not hinder entrepreneurship and recognize the great potential and opportunity that being

IC can provide. Like Popaul Mukuralinda, a 30 year old recent immigrant from Africa, who, in 2011, started providing services to CCS with a single van. Today, Popaul has a fleet of three vehicles, is operating his own small business, and is living the American dream. His story and my story are not unique.

CCS is a member of the Customized Logistics and Delivery Association (CLDA). Our association is focused on the last mile of the world's supply chain. My testimony today is submitted on behalf of CLDA's 425 members.

As an industry with a long history of reliance upon ICs for our mutual success, we are keenly aware of the need to properly classify individuals. CLDA urges its members to use industry best practices and guidance from federal and state agencies to determine classification. We take these decisions seriously.

At CCS we ask that every potential IC to complete a questionnaire that details their rights and expectations of being an IC, including questions related to the requirement that they file both state and federal taxes. When we engage an IC, we execute a written contract. We issue 1099 forms for ALL services provided. We require that they provide proof of the proper insurance for themselves and their vehicles.

Previous legislation has focused on the rights of a misclassified worker, but it has never extended to the rights of an individual who chooses to operate as an IC. Like Don Wulf a 70 year old retiree in Rochester, NY who has been an IC since 1995. Don says he gets to set his own schedule, work when he wants, based on his individual needs and energy levels. Or Cathy Wood, a 52 year old mother in Scranton PA who has been an IC for a little over a year. She says "I have found a way to contribute to my family's financial future while not giving up my freedom to participate in my family's activities."

In closing, I would ask that as you consider legislation you look at the full picture which includes consideration of those who choose to be ICs. Tens of thousands of people choose every day to operate as Independent Contractors and their right to do so also needs to be protected.



CONGRESSIONAL BLOG

Below is an editorial on the IC issue by CLDA's Immediate Past President, Chris MacKrell that appeared in The Hill's Congressional Blog (www.thehill.com) on November 14. It followed his testimony before the Senate Health, Education, Labor, and Pensions Subcommittee on Employee and Workplace Safety.

Independent Contractors - A Critical Link in the Country's Supply Chain

By Chris MacKrell, Immediate Past President of the Customized Logistics and Delivery Association

Independent contractors (ICs) are the heart of this country's supply chain and without them, businesses that provide responsive service will be unable to meet their customer's needs. ICs are the key to meeting fluctuating customer demand. But constant assaults in Congress on the very idea of using ICs in business seem to be in fashion. This threatens almost every industry in this country and the commerce they support.

Without ICs many businesses would not be able to adequately respond to what the marketplace demands - quick, customized and flexible solutions. The loss of the IC model in my industry, for example, would cripple such diverse sectors as same-day and expedited delivery, US Postal Service rural route and Express Mail delivery.

Others who count on the IC model for their livelihood include professionals in real estate sales and who function in such diverse occupations as copywriters, website designers, architects and house painters. These independent business people are often the backbone of the industries, allowing companies to be responsive and flexible in meeting changing customer demands. These individuals are essential for those and many other industries if they are to remain competitive in today's economy. These workers are the pillars of the US economy - paying taxes, buying goods, sending their kids to college and funding their own retirements.

The ability to use ICs is critical in the same-day customized logistics and

delivery industry. We are an integral part of the American economy, providing transportation of packages, medical supplies, bulk materials and documents among businesses and corporations in the United States and beyond. Owner-operators pick up and deliver important business documents or packages that need to be sent or received quickly either locally, regionally or nationally. They also deliver items that the customer is unwilling to entrust to other means of delivery because they are either time-sensitive or require specialized individual handling, including machine parts, medical supplies, blood and organs for transplant.

What distinguishes customized logistics and delivery companies from other components in the delivery supply chain is our emphasis on less than 24 hour, just-in-time delivery of packages in response to customer demand. The pillar of that ability is the independent contractor.

During the immediate aftermath of Super Storm Sandy, owner-operators were the ones making the pharmaceutical deliveries that many individuals relied on in New Jersey. While larger companies were closed down for as much as three days trying to reorganize, local ICs were the ones making the life-saving deliveries.

Our industry has great concerns over the legislation that has been introduced in the Senate and House of Representatives in previous Congresses on classification of independent contractors. Legislation to eliminate the safe harbor provision found in Section 530 of the Internal Revenue Code in particular is very troubling to our industry. The intention of

these bills may be to curtail intentional misclassification by those companies or even industries. However, the reality is that these bills will affect all companies using independent contractors, including those that apply rigorous standards compliant with federal, state and local regulations.

The majority of the legislation introduced over the last few years has focused on the rights of a misclassified worker, but it has never extended to the right of an individual who chooses to operate as an independent contractor.

We urge legislators to proceed cautiously with this issue. It has the potential to devastate our industry causing a ripple effect to others dedicated to responsiveness of customer demands.

The customized logistics and delivery industry is a critical part of the national and global supply chain. People in our industry are saving lives daily and improving the health and well being of our citizens. The most important deliveries - including financial transactions, critical machine parts, lab reports and lifesaving medications - are performed by independent contractors working for more than five thousand small courier companies. For more than 100 years, our industry has been served by a business model that is a great example of the American Dream. Our independent contractors work hard, follows the rules and provide efficient, flexible services that cannot be duplicated.

We recommend that any future legislation consider how it will impact our industry as the others that depend up one core component: the independent contractor.



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Providing Clarity and Certainty to Small Businesses in California

By Chris Micheli CLDA California Advocate

Under California law, individuals and small businesses are unfairly subjected to multiple definitions of independent contractor from different state agencies with the threat of duplicative and costly financial penalties if they get the confusing classification wrong. This uncertainty discourages small businesses from utilizing this popular and successful business model that provides benefits to not only the contracting business, but also to the independent contractor and our state's economy overall.

Moreover, in California, characterizing someone as an independent contractor is a daunting task. This is due primarily to the subjective and inconsistent analyses that state agencies use. Historically, state agencies have followed the common law test for determining the status of an individual as an employee versus an independent contractor. This test focuses primarily on who has the right to control the details of the work performed,

but also it includes consideration of a number of factors.

California also has several different state laws that define employees and independent contractors. For workers' compensation purposes, under the California Labor Code (see Division 4, Part 1, Chapter 2), "employee" is defined and has been since 1937 (see Section 3351), along with the term "independent contractor." Section 3353 defines an independent contractor as "any person who renders service for a specified recompense for a specified result, under the control of his principal as to the result of his work only and not as to the means by which such result is accomplished."

In addition, California law has had since 1937 an employee presumption. Section 3357 of the Labor Code provides: "Any person rendering service for another, other than as an independent contractor, or unless expressly excluded herein, is presumed to be an employee."

California law also defines an employee for purposes of unemployment insurance. Section 621, enacted in 1971, defines an employee for purposes of Division 1, Article 1.5 of the Unemployment Insurance Code dealing with unemployment and disability compensation as “employee means ... (b) any individual who, under the usual common law rules applicable in determining the employer-employee relationship, has the status of an employee.”

This section has been determined to mandate the use of the common law test (utilizing eight factors) for determining employee or independent contractor status for California payroll tax purposes. However, Employment Development Department auditors have tried to use the more expansive *Borello* test (which includes 11 factors) to determine a worker's status. Under California's common law test, no single definitive factor is determinative of whether an individual is an independent contractor or an employee for purposes of wage and hour laws. Contractual language alone is not determinative of an independent contractor relationship.

In 1989, the California Supreme Court set forth a multi-factor test to determine employee versus independent contractor status in *S.G. Borello & Sons, Inc. v. Department of Industrial Relations*, 48 Cal.3d 341. The Supreme Court noted that the primary focus of the analysis should be whether the business has retained the right to control the manner and means of the work performed. In addition to the right to control, the Court enumerated a list of factors that should be considered. Notably, no one factor is controlling, according to the Court's decision.

Additionally, there is no minimum number of factors an individual needs to satisfy in order to be properly classified. Rather, an individual's classification as an independent contractor versus an employee is done on a case-by-case basis. Unfortunately, this creates a high level of uncertainty for both the small business and the independent contractor. For example, even if an employer has satisfied 8 out of the 11 *Borello* case factors to prove independent contractor status, a state agency or a court can determine that the three remaining factors are the most important for that particular case and classify that individual as an employee.

One major argument against the use of independent contractors is that “bad actor” employers abuse this business model by purposefully misclassifying employees as independent contractors in order to avoid wage and hour laws, as well as the requirement of providing workers' compensation coverage. In an effort to address this argument, yet still provide the independent contractor model as a viable option for legitimate businesses and employers, legislation could create a hybrid test that would mandate the individual meet three required factors in all cases, with the remaining factors considered upon a totality of the circumstances.

CLDA is working diligently with several legislators in the Senate and Assembly, as well as the Governor's Administration, to address the issue of bringing clarity and certainty to determining who is an independent contractor or an employee in California.

The required factors would be: (1) owning and operating an independent business by having a business license; (2) a written contract between the parties that clearly recites the principal's relinquishment of control over the means and manner of the actual work performed; and (3) payment of taxes by both the business and the independent contractor. Thereafter, the individual must meet a majority of the remaining factors (which are based on the *Borello* case) to be considered an independent contractor or employee.

Any legislation should also include a provision that a state agency determination regarding independent contractor or employee status is binding on all other state agencies, unless the facts or circumstances have changed to warrant a reclassification. This bill would apply to both the Labor Code and the Unemployment Insurance Code. However, it would not apply to those in the construction industry because they are governed by a separate Labor Code provision.

CLDA is working diligently with several legislators in the Senate and Assembly, as well as the Governor's Administration, to address the issue of bringing clarity and certainty to determining who is an independent contractor or an employee in California. Stay tuned for legislation on this topic during the 2014 Legislative Session that begins on January 6, 2014.



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Here's what you missed...

- Keynote: Mindset, Motivation and Change, presented by Joyce Layman, Mind by Design
- Building Your Business Through Referral Marketing, presented by Kelly Fisher, Referral Marketing Expert
- Health Care Reform Roadmap for the Transportation Industry, presented by Hazen Mirts, Enrollment First, Inc.
- CLDA Focus Groups
- Get MORE of What You Want From Your Business, presented by Ken DeWitt, Certified EOS Implementer
- Strategic Planning –Your Roapmap to Success, presented by Julie Thomas, Priority Dispatch, Inc.
- When Disaster Strikes: How to be Prepared to React and Recover Your Business, moderated by Steve Howard, Esquire Express; panelists Jon Rydel, Priority Express, Ben Kaplan, Rightaway Delivery, Matt Lawrence and Casey Crook, Pace Runners
- “What Have You Failed at Today?” Lessons from Companies That Have Learned From Growth, moderated by Jason Burns, QCS Logistics; panelists Mark Cossack, Priority Courier Experts, Charlie Wolfe, Blaze Express Courier Service, and Dwayne Edwards, Avant Business Services





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In Case of Fire, Flood or Emergency

Panel at Forum looks at reacting and recovering from the unexpected

Andrea Obston, CLDA Director of Public Relations

From the early planning stages of the Last Mile Delivery Forum, CLDA Board Member Steve Howard wanted to do a panel about recovering from disaster. His Florida-based company, Esquire Express, has weathered hurricanes and other natural disasters, learning from all of them. He wanted to pass that knowledge along so he recruited a panel of those experienced in disaster recovery. They included: Mark Cossack from Priority Courier Experts/Vanex; Dwayne Edwards from Avant Business Services and a former captain in the U.S. Marines with experience in tactical planning for combat operations, and New Orleans-based Charlie Wolfe of Blaze Express Courier.

Here's what the panelists had to say:

Question: What does a disaster look like and what can you do to prepare your business?

Mark: Whether we like it or not, every company has vulnerabilities. In truth, a disaster can happen to anyone in this room. Some folks think all they need to protect their business operations is to have off-site data hosting. They say to themselves, "Data is our most important asset, so as long as it's hosted off-site we're golden, right?" Wrong. What good is remote hosting when you lose power? Google's Data Center lost power three times in a nine-month period. If it can happen to them, it can happen to us.

Power failures, weather incidents, fires and a host of other challenges can debilitate you and threaten your relationships with customers. Some customers will understand if there's a natural disaster that incapacitates many of the businesses in the areas. But if a fire or flood hits your business alone don't expect your customers to be particularly understanding in that situation. They'll just take their business to your competitors.

Given that none of us can plan for all disasters, how do we decide how serious we have to get when it comes to putting resources into recovery services? Two questions will help you get started on that planning:

- How long can you afford to be down?

- When you're back up, how current does your recovered data have to be?

The truth is that most of us don't have an unlimited budget for recovery services. We have to do as much as we can with what we have. So, let's climb the disaster ladder together, going from the least expensive solution to the most expensive:

- On-site generator for power outages
 - These don't cost that much and can keep you in business if you're the victim of a short-term power outage. The cost for a generator should be balanced against what it would cost your business if your business was down for a day or more.



- Spare PCs – This one seems obvious. If you have a failure of one or your units, it's easy enough to jump on another PC. But only if you've planned ahead and kept a few extras on-hand for such an emergency.
- Alternative internet access – Suppose a back hoe takes out the cable outside your building and your data's all hosted remotely? You're out of business and that kind of mishap can actually take a long time to repair. If you've invested in a Cisco router as a backup, you can swap that out and it will keep you up and running. And trust me - it doesn't take a rocket scientist to do this.
- Alternative drive communications – What if your communications with drivers goes down? It happens. It happened to us and ATT couldn't get that system back up for a day and a half. But, we had a back-up – a way to text out routes to our drivers. That kicked in and we just kept on running.
- Backup system for your PBX – What if your phone system goes down? Something as small as a board that fries could knock you out of business for several hours. There are wireless solutions for that. We use a service that allows us to replicate our calling trees through the web. The vendor, Teleira, has products that allow us to get control of our voice communications during emergencies and outages. These and other providers offer services that are not expensive and scalable. They can do it for a company that's as small as two or three customer reps.
- Alternatives if you can't use or get to your office – Some disasters take out your building or keep you from getting to it. What if there's a chemical spill in the area and your building's been cordoned off? Your data may be backed up, but how will you do business if your people have nowhere to work? There are services out there for that, too. We use SunGard. They provide something called "workforce continuity". SunGard gives our employees a place to work in a disaster so they can get reconnected

and back to work. Our employees go down to their facility and do their jobs just as they always do.

But none of this technology is worth anything if you don't have a disaster recovery plan. It needs to be done. It needs to be current. And it needs to be tested. If you don't test the plan, it's like not having a plan at all. We do this regularly. We pick a Saturday and run our business following that plan. We'll even go to our off-site location just to make sure we can work from there. That's a plan that's been tested and ready for action.

Question: Dwayne, you're new to the delivery business, but your Marine Corps experience gave you a front row seat on readiness. Talk to us about how that applies to our business.

Dwayne: I started out in the infantry in the Marine Corps. As my military career advanced, I got involved in continuity of operations planning. That's all about answering the question, "In the event of a disaster, what would we have to do?" It's all about assessing the risk. Risk is the probability of an occurrence multiplied by the impact of the occurrence. The truth is there's a tendency to ignore the warning signs of an event until immediately after an event occurs.

Here's what my military training taught me about dealing with disasters that I think can transfer to our industry:

- Plan for risk mitigation
 - Write out a plan. Ask yourself, "What are the risks?" "What are the contingencies?" Figure out the playbook for the team when disasters strike. You want to create a good enough playbook that your quarterback can call an audible and everyone does what they need to do.
 - Verbally rehearse the playbook. Get all the players in the room. Present them with a situation and ask them, "What are you going to do and how will you do it?"
- Rehearse the plan

- Response to the plan needs to be almost automatic
- It's got to be drilled into the organization
- Look for the opportunity. In many disasters, there's actually a hidden opportunity. In our business, if you're able to maintain your loyal base in a disaster, that's the opportunity. That's the way to prove to your customers how responsive and nimble you can be.

Question: Charlie, you're in New Orleans and you suffered through Hurricane Katrina, one of the deadliest, most destructive and costliest natural disasters in our country's history. What did that experience teach your company?

Charlie: The storm hit on Friday, Aug 25, 2005 and we were essentially out of business for two weeks. We ended up with a 12 percent drop in revenues for the month of September. I wish I could tell you we had a plan, but the truth is that after the storm we had to rebuild our business and create a plan as we went. The lesson was clear: you need to have a plan in place and you need to adapt it constantly. In fact, we got a chance to try out that plan this last hurricane season when Hurricane Karen was sitting offshore. We had our personnel, facility, supplies and technology ready to respond. We have two locations and we don't usually get slammed at both locations at once, so the plan was set up so each location could be the back-up for the other. In the plan, we know which of our people will stick around at the office and who will be called in right after the storm. We know which of our customers is critical (such as the hospitals we serve) and we know which will need service the quickest. We know how we'd log on to get access to our technology. Now that it's all in the cloud, we don't have to worry about our servers. We now have a plan in place that tells us what we should be doing 72 hours, 48 hours and, 24 hours before a critical event hits and then we know



how we'll recover after it's over.

Mark: I want to add a piece about communications with customers. Part of your disaster plan has to be about contacting key customers after a disaster. If you don't, they'll be wondering about you and whether they can count on you. A call from you that tells them what's happening and how you'll get back up and running is a great relief to them.

Steve: I want to talk about our experience. I started my business in Florida in 1990. Hurricane Andrew hit in August 1992. At the time, it was the costliest hurricane in United States history. And I had no plan in place when it hit. In fact we had a pre-hurricane party the night before it hit. We figured, "Hey, it's Florida. We have hurricanes. How bad could it be?" Well, the next morning, we found out. The entire infrastructure was gone. There were no street signs; no stop lights. It was chaos. But people still had to move stuff - critical stuff! - like blood to blood banks and diesel to keep hospital generators going.

I had no plan but right before it hit. But I did do one thing right: forwarded calls to my sales manager's phone. That was good thing because my building had no power. I started to dial customers and drivers, but couldn't get through. I kept saying, "I'm screwed". I had 15 drivers when the storm hit. None of them could come in. Besides, they could make \$40 an hour cutting down trees and cleaning up storm debris. The day my business started we had 15 drivers. We went down to none after the storm and eventually back to eight who eventually could come in.

But we did have a phone and a van. Our sales manager heard from one of our big hospitals that they needed fuel to operate their generators. And we were able to come through for them. It turned out to be a really important opportunity because we supported them in a pinch and they remembered it later on. In fact, we kept them as clients for ten years. They stayed loyal long as they were in business.

What that storm taught us was that if you are prepared and you're nimble enough, you can beat your competition and actually seize the opportunity to grow your business

Charlie: I want to come back to the generator issue. Having one is the least you can do for your business. And you don't have to spend a ton of money on it. One that costs around \$500 will power your server and phones. We had our electrician connect our generator right to the panel and it works fine. There's a manual transfer switch. Those of us who heard General Russel Honore at the CLDA Annual Meeting in New Orleans will remember his direct and enthusiastic advice, "Get a damned generator!" I agree with the General.

Question: Dwayne, talk to us from your military experience about the value of "running the plan."

Dwayne: Plans are good, but they have to be tested. You have to run the plan to find any flaws in it. In Mozambique our unit was on 24-hour security for a camp that was providing humanitarian relief. Our responsibility was partially to conduct medical evacuation. We created a plan to take into account all the eventualities that might come up, including the possibility that we'd need to evacuate someone in the middle of the night. It's a good thing we ran that plan. During our rehearsals, we found out we were in danger of running people over as we drove through the camp in the dark. We needed to station people ahead of us to clear a path. We added those people to the plan and a week later we had the chance to take advantage of it. We had a casualty in the middle of the night. With the help of that "ground guy" we were able to get through the camp in less than ten minutes and get to the victim in under an hour. We ran the plan. We found the flaws. We adjusted the plan and it saved at least one life.

Mark: We ran through our plan and luckily found a flaw before we needed to

put the plan in action. There was something that we simply could not get up and functioning in time. We found it out during practice. We're glad we learned about it before we had to put the plan into action.

Question: Would anyone in the audience like to add other tips to the presentation?

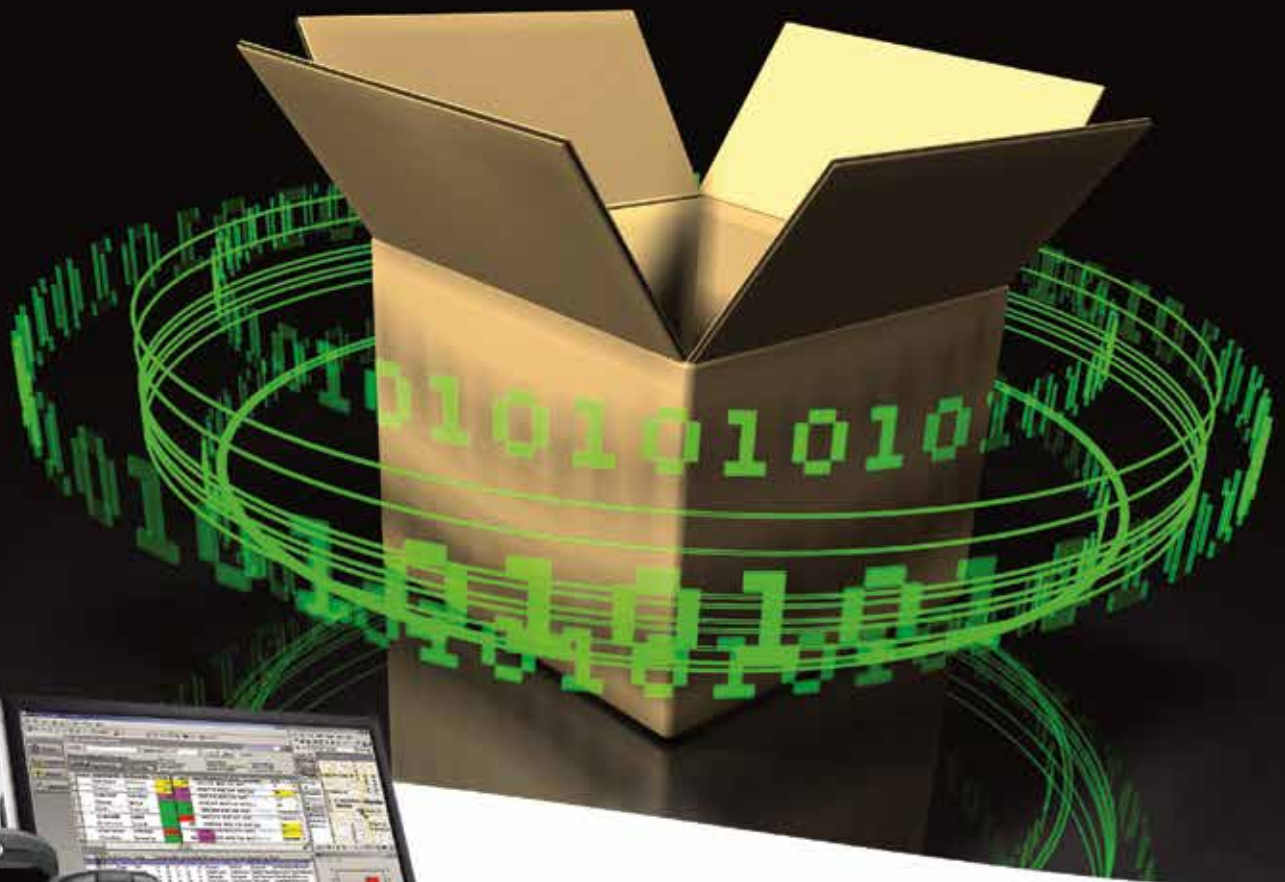
Answers from the audience:

- Have cash on hand - The typical way you do business is with credit card. Those don't work when the power's down.
- Create a "count down" chart - If you know a disaster is headed your way, for example a hurricane, create a set of procedures that you'll put into plan as you count down to the event. For example, 24 hours before the storm is expected to make landfall, send an employee outside potential storm area to stay in a hotel. They become the contact point when the storm hits.
- Know your employees' situations - Find out which employees live close enough to your office to get there by foot, in case the roads are impassable.
- Have extra fuel on hand - Generators are good, but without fuel they are worthless.
- Give customers a "rally number" - This is a call-in telephone number where they can reach you if a disaster cuts off your office phone service.
- Check your insurance - Make sure you know what's covered, have updated policies on all equipment and understand how to file a claim quickly.

While no one can predict a disaster and any business can be the victim of one, the panel gave the audience something to think about. They offered valuable tips to prepare for, deal with and recover. The bottom line is all about the plan. Having it. Updating it. Testing it and working it. Steve Howard summarized the session this way: "If you don't have a disaster recovery plan, that's a disaster!"



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What Have You Failed at Today?

Lessons from companies that have learned from growth



By Andrea Obston
CLDA Director of Public Relations

C LDA Board Member Jason Burns created this panel with the unlikely name, to remind business owners that failing is not a dirty word. In fact, he says not failing means not trying.

His inspiration for that observation and the name of the panel comes from a quote by the founder of Spanx, Sarah Blakely: "My dad encouraged us to fail. Growing up, he would ask us what we failed at that week. If we didn't have something, he would be disappointed. It changed my mindset at an early age that failure is not the outcome, failure is not trying. Don't be afraid to fail."

With that in mind, Jason created a panel of experienced logistics and delivery veterans who used their knowledge to tackle the challenges faced by two hypothetical companies: EZ Logistics and Dynamic Courier & Distribution.

The panel included: Casey Crook, Pace Runner; Ben Kaplan, Rightaway Delivery; Matt Lawrence, Pace Runners and Jon Rydel, Priority Express Couriers. They were joined by members of the audience who added their experience to the discussion.

First, Jason painted a picture of his two hypothetical companies:

Company A - EZ Logistics (EZ)

- Footprint – Local provider servicing three major cities in Tennessee
- No existing line haul network
- Service Lines – On-demand and scheduled; 5,000 sq. ft of warehouse space (one location)
- Primary Verticals – Banking, legal, hospital labs
- Business Model - 100 ICs / 15 Employee Drivers
- Sales Force – Owner and one full-time sales rep



- Revenue
 - 2011 - \$6.5M
 - 2012 - \$6.2M
 - 2013 - \$5.8M (projected)
- Current State – EZ Logistics has experienced negative growth over the past three years and ownership is skeptical about the company's future. While two of its primary verticals are slowly decreasing their reliance on couriers, the hospital lab sector has remained steady with marginal growth. If EZ does not find a way to increase revenues within the next year, it will inevitably face going out of business.

Company B - Dynamic Courier & Distribution (DCD)

- Footprint – Regional coverage servicing three Midwestern states with an existing line haul network and terminals.
- Service Lines – Routed and line haul; 70,000 sq. ft of warehouse space (seven locations)
- Primary Verticals – Automotive distribution, pharmaceutical
- Business Model - 225 ICs / 0 Employee Drivers
- Sales Force – VP of Sales and three full-time sales reps
- Revenue/Profit
 - 2011 - \$12.0M
 - 2012 - \$14.9M
 - 2013 - \$17.2M (projected)
- Current State – DCD has exploded with growth over the past three years primarily due to its relationship with its best customer, SlowPay pharmaceutical. After providing stellar but unprofitable service for SlowPay in 2011, DCD was eventually awarded several new markets to expand its footprint. In each new market, DCD and SlowPay have agreed to a dedicated pricing model that only nets about three percent profit but allows

DCD to penetrate new opportunities. Unfortunately, DCD has struggled to add new business lines to increase overall profitability. To make matters worse, last week ownership received an email from SlowPay stating that DCD must change its pricing model from dedicated to conjunctive in order to retain their business.

Jason then introduced four possible to these companies involving growth, new verticals, resource management and new markets. Panelists gave their advice to the management of these two hypothetical companies.

Growing Through Increased Sales or Acquisition?

In the first scenario, the two companies both have some decisions to make about growth. Should they increase sales or grow by acquiring a competitor?

Here's how Jason framed it: "Both companies are faced with the challenge of growing their revenue base to remain solvent. Given each company's unique position, what steps would you take to solve this problem? Would you focus on hiring additional sales support, entertaining a competitor acquisition or renegotiating terms with key customers?"

Jon – For Company A, EZ Logistics, acquisition isn't going to work. They have to fix things in-house before they buy another company. That means they really need to look at their sales process as it now stands. Do they have a CRM system in place to follow up their sales reps? Is the owner in the right position? Is he capable of making the tough decision to either retrain the sales rep or walk him out the door? I'm thinking they might want to consider hiring an internal sales rep to help out with their existing customer base and then hire another outside rep to help bring in new customers. That would free the owner to be a true manager.

I'd actually recommend a similar set of tactics for Company B since most of their

growth has been from existing business. They might also want to consider hiring internal marketing and business development professionals. They would feed leads to the outside sales reps. These inside business development folks would get a point from the outside sales reps' commission for their work supporting them.

Casey – At Company A, the owner and the sales rep are the sales force. And it's not working. So someone's got to go. Obviously, you can't fire the owner so it has to be the sales rep. What the owner needs is a sales rep who knows how to get customers to the point where he can close them.

For Company B, I wouldn't give a lot of runway to a sales force that's not producing. They've got just one big customer. And that big customer is coming back for conjunctive pricing. If you want to keep them, your sales force is going to have to sell in their existing lanes. If they fill these up, they can keep the big customer, give them a discount and still make money. It's a risk, but sometimes it works. Sometimes it doesn't. We tried it awhile back unsuccessfully, I must admit. We had a customer that really helped us grow. We gave him really favorable pricing with the idea that we could fill up the lane. Unfortunately, we didn't and we ended up having to adjust their pricing. But it was worth trying and I'm glad we did, even if it didn't work out.

Ben – I think you're putting the cart before the horse for Company B. They continue doing business that's not profitable and hoping they can fill up the lane. It makes no sense to go after the same kind of business and continue expecting it's going to be profitable. I know it's hard to pass on some business, but you have to. You have to understand what's profitable and what's never going to be profitable.

It's the same issue for Company A. I feel like they are taking on business that they can't afford and it doesn't make money. They need to find a salesper-



son who's going to go after productive business for the company and not try to make money in a segment that won't be profitable.

Adding Home Delivery or Another Trending Vertical?

In the second scenario, Company A, EZ Logistics, is looking into other sources of business and considering adding home delivery or another vertical that's new for them.

Here's how Jason posed this to the panelists: "With the emergence of online shopping and consumers demanding faster shipping options, many experts believe that the customized and last mile delivery industry is in prime position to take advantage of the home delivery boom. However, by many accounts, this niche vertical is quite challenging and can result in either feast or famine. If you were the owner of EZ Logistics, would you consider this vertical as an option to increase revenue given your current state? Is there another vertical that you would consider? What factors would you assess prior to making this decision?"

Casey – We've done this and I can't tell you today whether it's a mistake or not. We do home delivery of TVs. We learned about it a CLDA conference a few years ago. We decided it was a good opportunity and got into it. It's not something you can do with just one customer. You either do a lot of it or let someone else do it. If you've got just one customer, you'll find yourself sending one truck 60 miles away for them. That makes no business sense. If EZ Logistics wants to get into this vertical, it would have commit to doing it and they'd have to learn how to handle this business in a new way for them. But first, they need to learn all about it. I suggest they find a company that's done it before. This is more than just getting a truck and two guys. You're losing payroll right out of the gate that way. Talk to someone in your company who's got the expertise.

Or, go outside if you don't have someone in-house who's been down this road before.

Ben – I want to give EZ Logistics advice from my own experience. I've been there and done that. It was a trend in the industry so I thought I'd give it a try. I'm good at medical and so I figured this home deliver thing couldn't be that tough compared to that. I started by running four trucks. Then, the claims starting coming in: "Someone scratched my wall"; "Someone knocked over my \$2000 painting." Between that, and not having the density, it was a real challenge. It's really important that you have the density or you just can't make this niche work.

Matt – If you ask people in our industry if they are in this vertical and whether they are doing it successfully, you'll get a very small number who say yes to both. Who here is in it?

Steve Howard (Esquire Express, Inc.) – We are. We jumped into it about eight years ago. I have to say, there's a daily challenge with that business. I think our experience with warehousing helped. Warehousing is all about protecting what comes in and out especially when you're plowing through a lot of merchandise daily. So we knew about that.

I agree with the advice that you want to hire someone who's experienced in home delivery if you want to get into it. You're not using your usual couriers to do this kind of delivery. We operate as two companies. One is white glove home delivery. I still think it's a tough business, but we've grown in that sector by purchasing five businesses strategically and using their owners' expertise to help us grow. In fact, I just bought a moving company. This guy runs a tight ship. We'll learn a lot from him. I should also mention that we have a separate sale rep for this vertical.

Matt – I want to add another thing - measure everything. When you get into any new vertical you need to look at it

as an investment. You need to know if that investment is paying off. You do that by measuring what you're putting into it and what you're getting out of it. We're always looking at the verticals we handle to see if they are profitable. And when we're looking at a new one, the first thing we ask ourselves is "Is in line with our business?"

Ben – We're in two sectors that fit nicely with our business: career fairs and auto shows. We have specialized crews that only work in those sectors. We require our customers in these niches to allow us to do our own scheduling. If they want to work with us (and we're good at this, so they do), they have to work within our time frames.

Casey – We had to do the same thing with one of our customers. We took a look at what we were doing for them and realized the scheduling was the key to profitability. We went back to them and said we'd deliver only three days a week. They said that was okay and that works all around, for them and us.

Matt – You just have to keep an eye on the metrics and commit to a new vertical for a period of time. Don't dip your toe in it. Then, after a while, you have to take a good hard look and ask yourself if it's worth it and how you expect it to play out in the future. It's your best guess, but if you have the metrics, it's easier to make that guess.

Managing Resources During Growth

In the third scenario, Jason asked the panelist to talk about the impact of rapid growth on the resources of the second company, DCD.

Here's how he framed this situation: "DCD's record growth is beginning to place a strain on its workforce. To date, management has mostly used its own resources to invest in additional sales reps and expand marketing efforts. It has tried to limit the amount of new operations' personnel to protect its low margins. However, the VP of Operations



recently notified the executive team that employee morale is at an all-time low and he is concerned about losing key individuals. Some employees are asking for an increase in compensation for their expanded responsibilities, while others simply want the company to add more staff to shoulder the burden. As previously stated, DCD is facing the possibility of losing its largest (in terms of revenue) customer. As the CEO of DCD, how would you deal with this issue? Would you increase pay, add more staff, both, or do nothing at all? Is there a more creative approach to increasing morale?"

Matt – They are not in a position to put money into staff when they are experiencing these kinds of growing pains. They need to analyze staff roles and functions. I'll bet if they looked carefully they'd find people are doing things they don't even need to do, like doing reports that no one needs or pays attention to. It's about creating efficiencies. It's also about empowering everyone with knowledge of their individual strategic roles in the overall scheme of things. That can help them hang on through a painful growth spurt. We've found that if we're open with our staff about our long-term plans they find ways to contribute to them.

Jon – I wouldn't recommend that they give any raises or hire more people. To go off of what Matt said, I think it's time they share their long-term plans and set some goals they have to achieve along the way. So, for example, I'd say to them, "Here's where we are and here's where we need to be before we can hire a dispatcher. Set up a plan and when you meet the targets in that plan, you'll get a bonus." What you're doing is putting out the goals for all to see. You say you'll pay for performance. You get them all on the same page. Once you lay out specific goals, they can see the light at the end of the tunnel. You're saying "no" now, but you're explaining that it's not necessarily "no" for later if they reach those goals.

This is how much money we need to be generating and when we get to that point we can bring on staff. Revenue generated correlates to staff on dispatch.

Ben – It's all about establishing a correlation between revenue and what each one of them is doing. You say, "This is how much money we need to be generating and when we get to that point we can bring on staff. Revenue generated correlates to staff on dispatch."

Casey – DCD's problem is that one big customer. They caused the rapid growth. I suspect that was unnaturally quick and it caused the pain. They need to take a step back and a fully assess what they are doing. I'll bet they'll find a lot of redundancies caused by that growth. I'll bet you're going to find that there are a lot of people doing things that are not adding value and that you can move them to other positions in the company that will add value.

Jason – If you don't do that kind of analysis you can't understand what's involved. You're just going to continue to throw money at the problems. So, instead of a knee-jerk reaction, I'd like to see their management spend time on analyzing data so they have a true picture of what's going on.

Evaluating the risks of new market expansion

In the final scenario, Jason threw out the possibility of responding to a request to service a large hospital system.

Here's how he framed this opportunity: "In the midst of all of the changes at both EZ Logistics and DCD, a sales rep for the company announces that a rep-

resentative at a large hospital system has just contacted them about taking over its routed and on-demand courier business. This is a growing system that consists of three hospitals and 10 clinics. Here's the challenge: It is located in another state (nearly 250 miles away from their closest terminal). Both companies are interested in this opportunity, however they are concerned about the risk of this project given their current state of affairs. While EZ has developed a niche in hospital logistics, its declining revenues and reserve funds limit management from taking huge risks. This sounds like a great customer fit, but if EZ makes one miscalculation or experiences operational challenges, this project could bankrupt the company. As the CEO of EZ, would you take on this risk or decline the offer knowing that passing it up may allow a larger regional competitor to get into your niche? What factors would you evaluate in making this decision?"

Casey – We've all made it to this room because we're risk takers. Our company was given this exact opportunity and it was 350 miles away. I decided to take the risk. I'd be lying if I said it was easy. The bumpy ride started early. The second day that we had the customer the guy we hired to run it quit. I did it myself. I ended up stayed there for 60 days to make it work. But, in the end, it was a good risk and it had a good reward.

Jason – What about this scenario for DCD? They don't do hospital work, but they want to get into a new vertical. They have more than enough financial resources to take on this project and the company has been looking for a new niche to add to its revenue stream. However, hospital logistics does not fit into their current distribution/route based model and their management team has no experience operating within this vertical. As the CEO of DCD, would you decline this offer or accept it, knowing it might divert the company's focus and potentially cause a negative



impact? What factors would you evaluate in making this decision?

Casey – This could go either way. I might tell them to go for it, as long as they've fixed what's broken in their company first. But, if they have a lot of work to fill lanes in their existing places, I'd turn it down

Ben – I'd say no. They are already straining their cash and this is out of their wheel house. I'd back off. Why take the additional risk in a vertical you don't know?

Matt – I disagree. They have the resources and they've wanted to add a new vertical. I say yes. Do it. This vertical's going to be around for a while. But, they need to do it right. I suggest they bring in a consultant who will make sure they know how to do this well.

John Benko – The distance still bothers me here. It has to go through the due diligence. Then, I'd make sure to negotiate the details to make sure they cover their expenses. I'd also try to do it with a strategic partner, someone who's already in this niche

Jason – I'd like to end here where we started – on the idea of learning from failure. Please share with us your greatest failure and tell us what you learned from it.

Jon – Our biggest failures have been in hiring sales reps. I've been with Priority for 15 years and during that time we're hired 40 reps. Today, we have only four and they are all outside sales reps, supplemented with an internal sales rep team. Our problem before was our interview process. We were just going off the resume. And we weren't hiring reps who understood that our customers need more touches. They need to take them out. They need to spend time with them socially. Candidates can fake that during one or two interviews, but once they get in the situation, many can't pull that off. We finally came to the fact that we needed fewer outside sales reps and more inter-

nal sales reps.

Ben – Our biggest failures have also involved picking the right people as well as getting into the right verticals. First, I want to talk about hiring the right people because finding the right people and training them is such a big cost. Beware of the bright candles! These are the guys who interview so well. They look incredible. You spend the time training them and two weeks later they quit. But then there's a guy who's nervous. He's only had two jobs. He ends up being the one who wants it more. He does more. He stays and he's good at what he does.

Now to the idea of picking the right vertical. I have to admit that I was overly focused on looking for ways to utilize my infrastructure. That's not a bad idea, so long as you don't use it as the ONLY criteria for evaluating new business opportunities. Let me give you an example: we got this idea that we could deliver dog food to people's homes. Who wants to drag those 40 pound bags into the car and then haul them into the house? It seemed like a no-brainer. We partnered with a wholesale pet food supplier and bought commercials for the venture which we called PetFood Now. We spent \$50,000 doing it and it just didn't work out. He just didn't figure on how fickle the customer would be.

Casey – Our biggest failure revolved around growth. We were growing for the sake of growth only. We didn't want to lose a customer to someone else, so we were taking business with low margins. We figured we'd get that one commitment and then we'd just fill the lane and beef up the market later. We grew the company to a large size, but we were operating in Indianapolis, seven hours from our home base in Birmingham. It was our biggest failure. We just grew too fast. We had to go back to the basics. We learned that the best growth is planned growth. You need to build a plan. You need to put together a strategy and to only take

business that really fits. It took us a long time to learn that lesson.

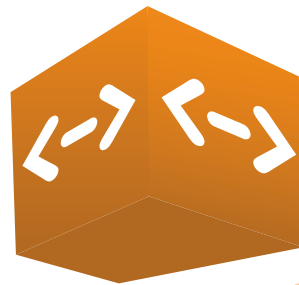
Benko – I let rapid, sustained growth lull me into taking my eyes off the ball. We were growing double digit numbers for multiple years in a row. Margins were high. And I have to admit that I was disconnected from the business and the operation. We were making money. Then sales went off the cliff. I had to go from 32 employees down to 12 in 16 months. None of those folks did anything wrong. I am mindful of the money I left on the table. That's a mistake I won't make again.

Matt – The lesson I wish I'd have known earlier was that "data trumps delivery." I have to tell you our biggest failures taught us to be mindful of how important the data is. We're now shifting our culture to weave that in.

Steve – You can't let failure throw you. You're going to have catastrophic failures and sometimes they hit you so hard you just freeze. You beat yourself up. You ask yourself, "How did I not see this coming?" When things are bad your people are going to look to you for direction. You simply can't freeze. You need to shake it off and get back on track.

Those at this session left with a lot to think about --- managing resources during growth, jumping into new verticals, weighing the pluses and minuses of market expansion and, most of all, dealing with risk and uncertainty. Audience member George Williams of Affordable Courier Express Service in Louisiana capped off the session with his own observations about risk and reward: "I'm a first-time attendee at this conference. It was a risk for me to come to this meeting. My business is only two months old. I have not delivered a package yet, but the information I got this weekend will help me. Our company looks forward to becoming an association member that knows how to move through failure to success because of what I've learned at this conference."

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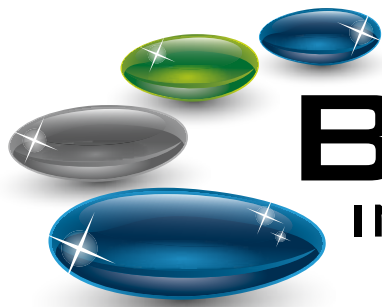
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The Final Mile Delivery:

Strategies, Benefits, and Challenges for Multichannel Fulfillment

Jim Tompkins

CEO, Tompkins International

Bill Loftis

Principal, Tompkins International

Same-day delivery has long been the holy grail of internet retailers, something that dozens of start-ups have tried and failed to accomplish. However, new strategies, processes and technologies are making same-day/next-day delivery possible. Due to competition and innovation in the online market, especially from Amazon, same-day/next-day delivery is now becoming a reality and necessary for retailers to attract and keep customers.

The problem: Traditional retail supply chains do not stock fulfillment inventory within one-day delivery periods from all markets (unless they can do fulfillment from their store network.) This means that the ability to do store fulfillment and final delivery is becoming a requirement for maintaining market share for retailers.

Over the last few years, Amazon has invested billions in setting up fulfillment centers in the largest metropolitan areas in the nation. At last count, Amazon was up to 54 fulfillment centers in the US and still growing. Amazon's goal is to offer same-day or next-day delivery to a large percentage of their customers,



giving them a significant competitive advantage over other retailers.

To level the playing field, brick & mortar retailers need to move quickly to a multichannel supply chain by using their store infrastructures as a national network of fulfillment centers. Amazon's efforts will set the bar for customer expectations and profoundly change retail market share away from stores to online.

Not all retailers have been sitting back looking at their options. A number of traditional retailers are in the process of expanding their capacities to fulfill online orders from stores. Though the key driver has been the ability to compete with Amazon and other internet retailers by offering same-day or next-day delivery, there are other benefits of using the store network for in-store fulfillment. These include significantly reducing overall shipping costs, avoiding costly markdowns in-store for slow moving SKUs, reducing the need to stock balance inventory amongst retail stores, and the ability to leverage existing store personnel.

The Challenge of Staffing and Training for Store Fulfillment

Along with the benefits, there are staffing challenges that retailers may need to overcome to properly implement store fulfillment. The typical retail store has a high percentage of part-time employees, and they are often young adults making low wages. These associates are far less efficient at fulfilling orders from the store than order pickers are at a fulfillment center and have little experience in picking orders.

A significant question is: Should orders be picked for in store fulfillment be

- Picked from store?
- Picked from the store backroom?
- Picked from a fulfillment center and shipped to store?

The hurdle for a number of retailers in trying to pick orders from the store

floor is the accuracy of the store inventory. This can create out-of-stocks in filling orders, leading to service issues. Additionally, there is limited available space in most retail mall stores for packing and shipping orders, which can impede the process.

If store fulfillment is to take place from the store shelves, then floor staffing and training issues need to be addressed.

The system enables retail stores to improve inventory accuracy, acknowledging and accepting order fulfillment requests, and executing order fulfillment directly in the store.

The ability to pick orders while still serving store customers is critical. An associate's ability to multitask should be part of the hiring criteria, and staff will need to be trained in the new process of store fulfillment. Depending on the size of the store and the volume of orders, it may be feasible to have a store associate hired to pick orders, while in smaller stores a number of staff will need to be cross-trained in the process to cover multiple shifts.

Software and Technology Options for Retailers

There is no one specific store fulfillment strategy that fits every retailer. Options can range from a distributed order management (DOM) solution that can simply pass orders to the store for a traditional paper-based fulfillment, all the way to a fully configured WMS solution supporting a mini-fulfillment center in the store. Other options include a store inventory management and order fulfillment solution.

Though multiple options exist, there are other benefits of using a proper DOM solution. Inventory visibility and accuracy are key drivers for proper execution of an in-store fulfillment strategy. The ability to fulfill an order can come from multiple sources.

To satisfy the customer, the location

of the inventory starts the process. Customers do not care where the product came from, just that it is available when they want it. It may be bought online, but picked up in a store; or bought online, but picked up in a locker; or bought online, and shipped to a store. To fulfill the request, the product might be in the store, in a different store or in a fulfillment center.

All channels need to be able to ship product. Using the proper algorithms, the DOM will ensure the order is fulfilled within the agreed timelines (such as same-day or next day).

Improving store inventory accuracy and the fulfillment process can be accomplished by implementing store inventory management and order fulfillment software. The software offers benefits in three key areas: store inventory management, store order management and store order fulfillment.

The system enables retail stores to improve inventory accuracy, acknowledging and accepting order fulfillment requests, and executing order fulfillment directly in the store. Using a mobile device like a smartphone or tablet, store associates can see and locate both on-hand and in-transit inventory, track the status of their orders and proactively monitor delivery disruptions. The software also provides store-level parcel shipping execution, connecting via the internet directly to the courier's software.

Another option some retailers are using to improve store inventory accuracy is the implementation of RFID technology for store item level tracking. The product will be tagged by the supplier prior to shipment to the retailer. Product will be scanned into the store upon receipt, and the RFID tag will help store associates



locate items in the store through the use of mobile RFID readers. The readers can also be used to scan the product for fulfillment, print packing slips and enable shipping.

Whatever the solution, a key driver to achieve the full benefits of in-store fulfillment is to build algorithms that determine where to pull the inventory for fulfillment. The algorithms need to look at fulfillment locations, inventory levels and service commitments to the consumer.

Whatever the solution, a key driver to achieve the full benefits of in-store fulfillment is to build algorithms that determine where to pull the inventory for fulfillment.

As an example of the drivers to consider when pulling inventory for fulfillment, product should be pulled from a store where inventory is moving slowly in order to reduce inventory in the store where the product was not moving. Avoid pulling inventory from a store where it is selling quickly; this prevents in-store out of stocks. This also helps balance the inventory throughout the store network.

Another example of these drivers is the proximity to the consumer's delivery address. If a fulfillment center can achieve the same day/next day service requirement, it may be the lowest cost option for fulfillment.

Store Fulfillment and the Role of Final Delivery

The other aspect of store fulfillment is the final delivery. There are a number of options retailers have available. For home delivery, some retailers use a national courier like UPS, FedEx or the US Postal Service, while others use a network of regional providers. Wal-Mart

is currently testing same-day delivery in five metro markets using their own delivery trucks. Zipments, founded in 2010 as a crowd-sourced delivery network, allows anyone over 18 years old with a vehicle, a text enabled phone, and a PayPal account to bid on local courier services.

The other option for the final mile is to have the online consumer pick up the product at the store or at a designated location where lockers are located. The locker concept is being tested by a number of online and traditional retailers.

A Cost Perspective

Moving toward store fulfillment and final delivery will take several phases, as preliminary efforts will migrate to more elegant solutions over time. As often occurs in rapidly unfolding events, this will be an expensive process if it takes several times to get right. Sustaining or increasing market is the reason for all of this, but, done poorly will be cost prohibitive.

The ultimate effect of online retail commerce is that the retailer is absorbing a very expensive part of the logistics cost burden. Until direct-to-consumer fulfillment evolved, the final logistics activity was essentially absorbed by the consumer by picking the product from the store shelf and carrying it home. Now this extremely expensive process will be absorbed by the retail company when fulfilling ecommerce orders.

The picking function is the most expen-

sive in the distribution center. Outbound transportation costs are often higher than those of the DC. This shift from consumer to retailer-absorbed costs will be huge, and the entire retail model is moving to a more expensive state which will require much more sophisticated optimization capability.

What this means for traditional retailers is they need to create optimized capabilities around all of this. Entirely new retail supply chains will emerge, since the traditional network will not meet service expectations, yet on the other hand it would be cost prohibitive to equip all stores with ecommerce fulfillment capability. Optimal solutions are truly being re-defined in this new world.

Don't Get Left Behind

The end state for successful retailers will be a holistic supply chain strategy that meets the service expectations of their target customers with a supply chain cost structure able to maintain margin targets. Store fulfillment and final delivery capabilities will be a key part of this new optimal model.

With Amazon and other online retailers implementing next-day/same-day delivery, it minimizes the competitive advantage of instant gratification that traditional brick-and-mortar stores had in the past. Delivery and logistics companies need to understand the market and be prepared to work with these retailers for faster more efficient customer service.

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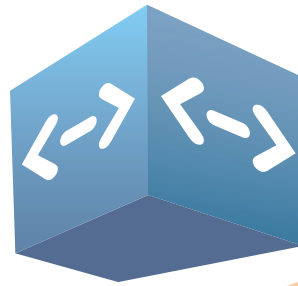
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LaserShip Appoints Guy Jackson as New Chief Financial Officer



LaserShip, the east coast's leading parcel carrier, is proud to announce the appointment of Guy Jackson to the position of Chief Financial Officer (CFO). Mr. Jackson will be responsible for all aspects of financial strategy as well as accounting, financial reporting, budgeting, treasury, cash flow and debt management and will also oversee the organization's Human Resources department. Mr. Jackson's appointment further strengthens LaserShip's executive management team as the company continues to move forward with its strategic growth initiatives.

"We are very excited to welcome Guy to the LaserShip team," said LaserShip CEO Ali Dilmaghani. "Guy is a proven financial leader with extensive experience working with growing companies in fast-paced industries. His high business and financial IQ make him a valuable member of our executive management team as we continue to serve an ever-growing base of customers and deliver value to our partners."

Guy Jackson previously served as the Chief Financial Officer for One Call Care Management (OCCM) and MSC Care Management. During his time as the CFO with MSC, the company implemented Oracle financial systems, completed five acquisitions and experienced double-digit revenue and earnings growth. Before working for MSC, Mr. Jackson was the Vice President of Finance for the Dr. Pepper Snapple Group.

"LaserShip is an exciting company that has achieved impressive growth by executing well on its last mile delivery solutions for consumers and businesses," said Mr. Jackson. "I am thrilled to be joining the LaserShip team and look forward to contributing to the company's future success."

Guy Jackson holds a Bachelors of Science degree in Mathematics and Operations Analysis from the United States Naval Academy and a Masters of Business Administration degree in Finance and Accounting from the University of North Florida. Mr. Jackson is a Certified Management Accountant and a Certified Public Accountant.

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Leveraging a strong background in logistics and operations, Pam Wade joins CitySprint to serve as its executive vice president and chief operating officer. Previously a customer of CitySprint, Wade served as the director of logistics for Miraca Life Sciences where she helped create efficient logistics that supported strong patient care. She will join CitySprint's team to help build on the company's success in the medical courier service niche.

"As a customer of CitySprint, they were the 'gold standard' among the regional courier suppliers that served my previous employer," says CitySprint Executive Vice President and Chief Operating Officer Pam Wade. "When I visited with the owner about her vision for the company, I was thrilled to join the team as there are huge opportunities in the medical industry for a high quality medical courier service partner, such as CitySprint."

In her new role at CitySprint, Wade will oversee the company's expansion strategy as the company continues growing to serve the medical delivery service niche in its core Texas metro markets.

"Working with Pam at Miraca, we were held to a very high standard and developed some key innovations together to streamline work for both of us," said CitySprint Chief Executive Officer Tammy Patterson. "Knowing what a demanding client Pam was for us, she will bring this same scrutiny and operational vision to help take CitySprint to the next level."

At Miraca Life Sciences, Wade achieved a seven figure cost reduction across several teams and helped reduce an empty client pickup rate by 10 percent. Prior to Miraca, Wade held operations management positions at Diageo, Fresh Express and The Sherwin Williams Company.

Relay Express achieves a 7th Consecutive Year on Inc. 5000 list of Fastest-Growing Companies in America for 2013

Relay Express, a leader in the Logistics & Transportation Industry, continues to attain their goal of remaining on the Inc. 5000 list of Fastest-Growing Companies in America for a 7th year in a row. Inc. magazine has ranked Relay Express No. 4127 on the Inc. 5000 list and ranked them No. 42 for the Top Companies in the Cincinnati Metro Area. Relay Express accomplished this goal by obtaining a 3-year growth of 63%. With continuous development, Relay Express has also made it to a 3rd year of being a member of the Inc. 5000 Honor Roll Alumni, which recognizes companies who have been on the Inc. 5000 list at least 5 times.

"It is a real honor to make the Inc. 5000 list for seven years in a row." Says Jim Bernecker, Relay Express' Vice President. "The demonstrated growth and recognition is even more remarkable when you consider the fact that our company is 27 years old."

Relay Express was founded by Matt Seiter, Bob Smith and Mike Bernecker in 1986 on the west side of Cincinnati, beginning with just one 600 square foot office and 2 pickup trucks. They had a basic philosophy of "Do everything with a sense of urgency and if there is a problem, call the customer before they call you." This philosophy has grown into a Same Day Delivery company that specializes in local on-demand deliveries, scheduled routed solutions, expedited out of town shipping and logistical warehousing. Relay Express is now established throughout the Midwest with additional offices in Dayton, Columbus, Louisville, Romulus, Pittsburgh and Buffalo and runs over 180 vehicles from cars to tractor trailers. Relay Express considers exceptional customer service and dependability to be the foundation of their success and since day 1, still offer all of their services 24 hours per day, 365 days per year.

An advertisement for CLDA (Cincinnati Logistics & Distribution Association). It features a blue background with the CLDA logo on the left, which consists of a stylized 'E' and 'D' icon followed by the letters 'CLDA' in red. To the right is a photograph of a delivery driver in a grey uniform holding a cardboard box. Below the logo and photo, the text reads: "Advertise in the CLDA Magazine", "CALL (202) 591-2460", and "www.theclda.com".

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Priority Express to Serve as Cornerstone in Express Delivery and Logistics Platform

Boulder Capital LLC (“Bolder”), a co-investment partnership between JZ Capital Partners Limited (“JZCP”) and The Edgewater Funds (“Edgewater”), announced today that it has completed the acquisition of Priority Express Courier, Inc. (“Priority” or the “Company”). Priority is a provider of customer-centric express delivery and logistics solutions to the healthcare and pharmaceutical markets in the Northeastern U.S.

Based in Boothwyn, Pennsylvania, Priority provides same-day express delivery services to clinical laboratories, health systems, long-term care pharmacies and other industries requiring a high level of service. Priority serves a growing base of clients located in the greater Philadelphia and Lehigh Valley regions of Pennsylvania, New Jersey and southern New York. The Company provides both regularly scheduled logistics services as well as on-demand delivery and has built its business through strong relationships with a regional customer-base that requires a high level of quality control, service accountability and timeliness.

“We are thrilled to partner with Bolder and its team,” said Rob Johnstone, CEO of Priority. “Over the last 20 years, we have worked very hard to establish our leadership position and know that with Bolder, we will have the expertise and resources to take our business to the next level. Of all the investors we looked at, it was clear that Bolder was unique in its commitment to working with partners to create value and build enduring companies.”

Priority is the first acquisition made into a new strategic investment platform which is targeting a regional build-out in the express delivery and logistics market. The strategy is led by Operating Partner and Chairman, Bruce Parker, who has spent his career in senior management roles at leading transportation and logistics companies. Mr. Parker has previously served as an officer of Ryder System, Inc. and United Airlines, Vice President of American Airlines and Sabre Computer Systems, and Chairman and CEO of AirNet Systems, Inc.

Mr. Parker commented “We are very pleased to be acquiring and investing in a high quality company like Priority Express. The Priority team is an excellent group of professionals that I look forward to working alongside to increase the Company’s capabilities and geographic reach as we continue to deliver outstanding customer service. We are committed to bringing together best of breed companies, people and technologies to deliver customized express delivery and logistics solutions to our growing customer base.”

About Bolder

Bolder Capital is a Chicago-based private investment firm focused on investing in leading privately held companies generating up to \$15 million in EBITDA that have a unique market position and are led by exceptional management teams. Bolder was formed in 2004 through a co-investment relationship between Edgewater and JZCP. With over \$1.5 billion in capital resources, a team of seasoned operating executives, and a highly experienced investment staff, Edgewater and JZCP have a strong track record of adding substantial value to their portfolio companies and creating wealth for shareholders. Bolder is actively seeking niche service providers in the express delivery sector that may be interested in joining the partnership alongside Priority Express and building a leading presence within the industry.

SOURCE Bolder Capital

BDS Courier obtains TSA IAC Certification

BDS Courier Inc., headquartered in Boca Raton, Florida since 1985 is very proud to have obtained TSA Indirect Air Carrier certification. This important certification enables BDS to tender and recover air freight to and from all airlines that offer freight services. We are very excited to be able to offer these additional services to our already large customer base as well as potential customers located throughout all of South Florida (Palm Beach, Broward and Miami / Dade counties).

To develop and coordinate the additional services now available, Eric Barber has been hired to the position of Service Solutions Specialist and the designated TSA / IAC security coordinator for BDS. Eric has over 20 years of experience in logistics and is the former Director of Logistics of a large electronics accessory importer and distributor in New York.

“The large fleet of extremely professional and experienced drivers that BDS has along with the proximity of our headquarters to all three major South Florida airports will enable BDS to be a major presence in the freight forwarding business. Under the continued guidance of our owner and president, Lindsay Gruskin, who has been an owner in the courier and trucking business for over 35 years, BDS has a very bright future” said Eric Barber. Please visit www.bdscourier.com for more information.

Relay Express Announces New and Expanded Roles for Key Team Members

Eight leaders hired or promoted as company matches leadership talent to expanding business priorities

Relay Express, a leader in the Same-Day Logistics & Transportation Industry announced a series of new positions and promotions today— eight new and expanded positions to the Relay team — reflective of the company’s commitment to build and maintain a strong and dynamic management team across its unique approach to the Same Day delivery industry. These new hires and promotions are needed to support the growth Relay Express continues to enjoy, as they have been recently recognized as a 7-time honoree of the INC 5000 Fastest Growing Privately Held Companies in America. The eight Relay Express team members are Jason Pottorf, Chad Collins, John Vara, Chuck Burkhart, Rick Hogue, Luke Roy, Mark Moeller, and Paul Newton.

The following individuals now hold these titles and responsibilities:

- Jason Pottorf, Regional Manager. Previously the corporate Project Supervisor, Jason will continue to manage growth for some of Relay’s largest customers through his oversight of key regional offices such as Romulus, Buffalo, Louisville, and Nashville.
- Chad Collins, Corporate Logistics Manager. Previously the corporate Operations Manager, Chad’s experience and knowledge of our overall fleet capabilities will allow us to create more efficiency in the interlining of line hauls and terminals in his new position.
- John Vara, Buffalo Manager. John comes to Relay Express with over 30 –years of experience in the transportation industry. John is focused on developing our presence in the greater Buffalo area while protecting the existing customers and service.
- Chuck Burkhart, Pittsburgh Manager. An industry manager since 1992, Chuck brings hands-on knowledge of working in a fast paced shipping hub. As our Pittsburgh Manager, Chuck is bringing this same dedication to the Relay team.
- Rick Hogue, Second Shift Supervisor. A decorated Veteran of the armed forces as well as the Hamilton County Sheriff’s office, this former General Manager of a local logistics company comes to Relay with vast experience and success in the transportation field. Rick will continue to manage all functions of customer service during the key evening hours.

- Luke Roy, Weekend Supervisor. Previously a dispatcher in our Fairfield office, Luke came to Relay Express with several years of experience in the trucking industry. His dedication and spirit make him the right fit for Relay’s weekend operations.
- Mark Moeller, Logistics Planner. Previously the Second Shift Supervisor, Mark’s new position at Relay focuses on reviewing all of the large truck fleet and planning for upcoming deliveries. Years of experience in the transportation industry make him a great fit for this new position.
- Paul Newton, Safety Director. A former police detective and safety advisor for various companies, Paul brings not only extensive knowledge to his new position as Safety Director, but also a new approach to the safety department. Paul has already had a positive impact to our recent SMS scores through his diligent screening and orientation process for all new Independent Contractors.

“Relay Express has grown tremendously over the last 7 years as was recognized by the Inc. 5000 list of fastest growing companies. It is due in large part to the hard work and dedication of our people. I especially want to congratulate the 8 employees that have been recently hired and or promoted.” Matt Seiter, CEO of Relay Express says, “Without their hard work and commitment Relay Express could not achieve the success it has.”

Rush Transportation Moves into New Facility



Rush purchased and will be moving into a new facility in Cincinnati Ohio November 23. "The 25,000 sq. ft facility with 30 dock doors and 4.5 acres permits great expansion into the cross dock and distribution market," stated Ashley Von Derau, President. Rush has been doing courier and freight business in Cincinnati since 1994 and this move will triple their capabilities in Cincinnati.

New Insurance Program Now Available from Brightstone

Brightstone Insurance Services has developed an exclusive new insurance program for Courier, Delivery, and Logistics companies nationwide. The new program boasts a world-class, international, A+ rated carrier and represents the successful completion of many months of effort. Along with our recently-announced IC Misclassification insurance product and the continuation of special programs for specific coverages such as Cargo and Employment Practices Liability, this new comprehensive insurance program represents our biggest accomplishment to date since we all joined together to form Brightstone two and a half years ago.

Insurance companies still writing transportation sector business are restricting coverage and looking to raise rates substantially so this program could not have come about at a better time. It combines many of the best features of our existing multi-line courier programs and offers unparalleled flexibility to handle virtually all of the ways companies are expanding and innovating. Our new program enables us to keep pace with our clients, who will always do what it takes to address the needs of customers. Brightstone has never been in a better position to serve the needs of your dynamic industry!

We are carefully evaluating every client's account to recommend the best course. Those not currently a client of Brightstone can apply any time to see if you qualify. It's best not to wait until your current insurance is near to its renewal date. Mid-term check-ups are the way to go.

Of course, Brightstone maintains access to virtually every available program and carrier in the marketplace suitable for your industry, and these include other fine carriers. We will continue to develop ground-breaking new programs and solutions for you in the months to come. Brightstone has never been in a better position to serve the needs of your dynamic industry!

Relay Express contractor recognized by Ryder as a Top Driver for the Month Nationally

Relay Express is proud to announce that Tim Lysaght, DBA Reliable Delivery, was picked as driver of the month by Ryder Transportation for September 2013. Reliable Delivery has been contracted with Relay Express since 2009. Reliable Delivery rents trucks from Ryder in Hebron, Ky. Relay Express



has been recognized as an industry leader providing quality service for over 27 years now. Successful partnerships with quality Owner-Operators is evident with this recent award.

The award was presented to Tim by Ray Viers, National Account Rep for Ryder and Paul Newton, Safety Director for Relay Express.

On receiving this award, Tim Lysaght shared, "I've always had a good work ethic. I try to always look out for the other guy, it's the key to my success. I appreciate everything Relay has taught me and the patience they have shown me in this process. This award was unexpected and certainly appreciated. It is always nice to know that you have achieved something you have worked for and today I feel appreciated."

Tim's company, Reliable Delivery partnered with Relay Express on April 16, 2009. Tim's great work ethic, safety focused demeanor and professionalism is why Ryder hand-picked Tim for this award. Tim has driven collision- and violation-free miles for all 5 years with Relay Express with over a half a million miles logged. Relay Express is excited about Tim and his recognition as a safety focused driver.

Ryder Transportation recognizes the tradition of driver excellence by identifying drivers on a monthly basis. These drivers have demonstrated exemplary safety performance, customer service and citizenship throughout their careers. Honorees are selected from a pool of over 3000 customers, after a rigorous review process by a committee that includes Ryder customers, executives, safety experts, and professional drivers.

Paul Newton, Safety Director for Relay Express, states that "Tim's conscious effort everyday to provide quality service to Relay's customers while keeping track of all the little things required of a Commercial Driver is an admirable quality."

Relay Express, Inc.'s corporate offices are located in Fairfield, Ohio. With locations in Ohio, Kentucky, Michigan, Pennsylvania, New York and Tennessee, Relay is quickly becoming a leader in regional transportation across the mid-west.

Avalon Ranked 12th for 2013 Best Places to Work In Insurance

Business Insurance has recently announced that Avalon Risk Management has been awarded 12th place for 2013's Best Places to Work in Insurance! This is the third year in a row that Avalon been recognized in the fifth annual program. The competition, which involved 65 different companies nation-wide, consisted of a survey and awards program designed to identify, recognize, and honor the best employers in Insurance.

To be considered for participation, companies had to fulfill the following eligibility requirements:

- Be a for-profit, not-for-profit business or government entity;
- Be a publicly or privately held business;
- Have a facility in the United States;
- Have at least 25 employees;
- Be in business a minimum of 1 year;
- Be one of 8 options within the insurance industry (see program website for eligibility).

The competition involved months of evaluation utilizing a two part survey process. The first part consisted of evaluating each nominated company's workplace policies, practices, philosophy, systems and demographics. This part of the process was worth approximately 25% of the total evaluation. The second part consisted of an employee survey to measure the employee experience. This part of the process was worth approximately 75% of the total evaluation. The combined scores determined the top companies and the final rankings. Best Companies Group managed the overall registration and survey process for this program, analyzed the data and determined the final rankings. The ranking were unveiled at an awards luncheon in October. The employers that make the 2013 list were profiled in the October 21 issue of Business Insurance.

Companies that were evaluated created high-quality workplaces with traditional and nontraditional benefits and offered benefits such as bonuses and mentoring programs, as well as flexible hours, weight-loss challenges, and more. These companies went beyond the expected and also supported the community through wellness events and charitable efforts.

The awards were divided amongst three categories – large employer, medium employer and small employer (with at least 25 employees). Industries that were considered for the award included benefits brokers and consultants, group life/health insurers, retail agents/brokers, property/casualty insurers, claims managers, reinsurance brokers, rein-

surers and wholesale brokers/managing general agents. Lisa Gelsomino, President/CEO of Avalon commented on the award. "We're proud to be a company that is not only recognized for our ability to service our clients, but also our ability to create a working environment where 100% of our employees will go above and beyond for our customers, each other and the community. We will continue to strive to be the best at what we do to deliver innovative surety and insurance products to the trade and logistics industry."

Southwest Airlines® Cargo Honored for Outstanding Performance

Airline Earns Quest for Quality Award for 17 Consecutive Years

Southwest Airlines Cargo is honored to receive the 2013 Quest for Quality Award, awarded by Logistics Management Magazine. The Quest for Quality Award is the gold standard for customer satisfaction and performance excellence for the logistics industry. Southwest Airlines Cargo received the highest overall score among all cargo carriers for outstanding performance, and has been honored with the Quest for Quality Award for 17 consecutive years!

"Once again, Southwest Airlines leads the way in service excellence in our Air Carrier's category," said Michael Levans, Group Editorial Director of Peerless Media, publisher of Logistics Management. "This achievement is nothing less than a monumental feat when you consider the challenging environment in which our nation's transportation services providers have been operating over the past 12 months." In addition to receiving Logistics Management's Quest for Quality Award, Southwest Airlines Cargo has been presented a number of awards and recognitions of excellence throughout the last 17 years. Visit the recently launched Accolades page from their main website to view and learn more about the organization's accomplishments.

"Our Customers count on us to deliver excellence in quality and Customer Service," said Matt Buckley, Vice President Cargo and Charters at Southwest Airlines. "We are honored to have been recognized for our Relentlessly Reliable service, and we continually strive to improve the overall Customer Experience and value."

For further details on this latest and any previous awards, please visit <http://www.swacargo.com/swacargo/accolades.shtml>.

Rev-It Logistics Named One of Utah's Fastest-Growing Companies

Logistics company ranks #79 on the elite Utah 100 list

Rev-It Logistics was recently honored by the MountainWest Capital Network (MWCN) as being one of the fastest-growing companies in Utah.

Rev-It Logistics ranks #79 on the MWCN's elite Utah 100 list, which represents the 100 fastest-growing companies in the state. Thousands of eligible companies throughout the state representing all industries were evaluated.

The Utah 100 rankings were determined by the percentage of revenue increase from 2008 through 2012. Rev-It Logistics more than doubled its sales during this time period.

"Rev-It Logistics is honored to be included among this distinguished group of companies driving Utah's economic growth," said Tyler Thatcher, CEO of Rev-It Logistics. "Our inclusion is the result of our team's hard work, dedication, and reputation for providing the highest level of service in meeting our customers' transportation management and delivery needs."

This is the 19th year for the MWCN Utah 100 Awards Program. MWCN is the largest business networking organization in Utah.

Rev-It Logistics was also included on the 2012 Inc. 500|5000, ranking 2325 on the renowned list of America's fastest-growing companies.

Visit www.revitlogistics.com for more information.

Relay Express Delivers Partnership With Cincinnati Cyclones

Relay Express Named Official Courier of the Cyclones

The Cincinnati Cyclones once again agreed to an exclusive partnership making Relay Express the exclusive courier of the organization. Relay Express will continue to handle all package deliveries and warehousing needs for the ECHL hockey club including delivering the official game puck onto the ice prior to each U.S. Bank Arena home game.

The Cincinnati Cyclones play their home games at U.S. Bank Arena as part of the ECHL's North Division. They are the 2008

and 2010 Kelly Cup Champions and the proud affiliate of the NHL's Florida Panthers and Nashville Predators and the AHL's Milwaukee Admirals and San Antonio Rampage.

For the opening of the 2013-2014 season, Cincinnati Cyclones were very proud to host a unique 5K run/walk on the banks of the Ohio River. This event attracted over 700 participants that ran alongside a zamboni through the streets of downtown Cincinnati to U.S. Bank Arena where a party and the first faceoff of the season awaited them. Relay Express participated in the festivities by positioning our "Relay Express Hospitality Zone" at the finish line of the race. The Relay Express Hospitality Zone provided participants an area to rehydrate via free refreshments immediately after the race.

"Our business is about creating value for our customers by not only providing niche services to help them with their specific shipping needs, but to also participate in any opportunities to sponsor and promote our customer's brand. We are proud to be partnering with the Cyclones and U.S. Bank Arena once again, it has proven to be great match." said Relay Express' Director of Sales Doug Vetter.

"The Cyclones are happy to team up with Relay Express for our courier needs," said Kristin Ropp, Vice President and General Manager of the Cyclones. "Having a trusted partner to hand deliver our VIP packages and deliveries is comforting. Relay Express's ability to deliver packages in a timely, professional manner sets them apart from their competition."

"The Relay Express Hospitality Zone was created as a vehicle to foster fellowship in our community events. This year we used it to aid in our partnership with the Cyclones, as well as to support multiple youth sports organizations, their players, parents, coaches, and our communities. As parents we all spend our weekends at these types of events, we might as well embrace them and enjoy ourselves." Says Vice President, Jim Bernecker. "This is our way of using our business success to give back to our customers, our families and our communities that have been a huge part of the reason that we are able to succeed.

Relay Express is a Same Day Delivery company that specializes in local on demand immediate deliveries, scheduled route solutions, expedited out of town shipping and logistical warehousing. Relay has physical locations in Ohio, Kentucky, Tennessee, Michigan, Pennsylvania, and New York that provide service to the Midwest. Relay Express established goals to provide excuse-free 24 hour delivery to our customers in the most efficient way possible. Whether you ship packages or pallets, Relay Express can provide the solution.

Relevant Business Solutions Officially Launches to Help Companies Keep their Independent Contractor Practices Current

The use of Independent Contractors has been a common business practice for decades in the US. In today's environment the Independent Contractor business model is under intense scrutiny.

After 10 years, Scott Grandys decided to part ways with Contractor Management Services as Chief Strategy Officer and start Relevant Business Solutions in March 2013. With over 20 years in the transportation industry Scott brings a wealth of experience and industry-specific knowledge in the nuances involved in companies' utilization of Independent Contractors.

"The demand for relevant information regarding State and Federal rules, regulations and legislation is great," States Scott, Relevant Business Solutions' CEO. Companies need to become better educated and more informed on all factors surrounding Independent Contractor best practices. Companies have a difficult time finding good information that can be applied to their IC model. We provide that."

As their tagline states, Relevant Business Solutions (RBS) has a singular focus – Helping Companies Keep Their Independent Contractor Practices Current!

"The amount of information needed to stay current is overwhelming. We constantly monitor and analyze the most current information surrounding Independent Contractor best practices and leverage that information to educate companies and give them knowledge about critical factors that need to be addressed when using the services of Independent Contractors and structuring an IC model." Grandys goes on to say, " Among other things, our database keeps track of the current contact information for all members of State and Federal government agencies, committees, congressional, legislative and assembly members that participate in decision making for the Independent Contractor model."

For more information about RBS visit their website at www.relevantbusinesssolutions.com or contact them at (623) 242-5499.

CXT Software and Shutl Announce Partnership Shutl to leverage CXT Software's carrier network for deliveries

CXT Software, a leader in providing automation technology to expedited delivery and last-mile logistics companies, announced today that Shutl (shutl.com), as part of its U.S. launch, has partnered with CXT Software (cxtsoftware.com) to utilize its network of same-day carriers. Under this partnership, the two companies are teaming up to provide the Shutl integration to approved CXT Software customers at no additional monthly cost during the initial ramp up phase.

"This is a fantastic opportunity for CXT Software carriers to become a part of Shutl's delivery platform at a very attractive price point," according to Mike Fiorito, Shutl's Head of North American Operations. "Partnering with CXT Software's carriers is an important part of our growth strategy in the U.S. and Canada."

"Teaming CXT Software carriers up with Shutl is a win-win," explains Darin Soll, CXT Software's Chief Executive Officer. "We are excited to partner with Shutl to help drive additional delivery volume to our valued customers."

The Shutl integration enables approved CXT Software carriers to receive delivery orders from Shutl and provide status feedback to Shutl on delivery progress, all via electronic data interchange.

About Shutl

Shutl is a branded same-day and same-hour delivery platform that connects multi-channel retailers with local same-day courier companies, providing shoppers with the world's fastest and most convenient delivery service. With Shutl consumers can receive their purchases within minutes of order or select a 1-hour delivery window. Shutl operates 24/7 and can be offered to shoppers at a comparable price to standard delivery, often even for free. Shutl's point-to-point delivery model has been proven at scale on a national basis in UK, where it has been operating for 3 years before launching its offerings in North America. Find out more at www.shutl.com.

About CXT Software

CXT Software is a leading provider of software products that help package and parcel delivery companies manage on demand, route, and distribution work. The company is dedicated to providing courier, messenger, regional carrier, distribution, and last mile logistics companies with the tools necessary to compete and grow in an ever-evolving marketplace. CXT Software is an Arizona company headquartered in Phoenix. For more information on CXT Software, visit www.cxtsoftware.com.

Relay Express and its employees participate in Cincinnati Childrens Walk for Kids



On September 28, 2013 Relay Express and its employees participated in Cincinnati Children's Hospital Walk for Kids. The walk which has been going on since 2006 is a way for parents and families of Cincinnati Children's

hospital to give back to the medical center. This is also an opportunity to remember and honor the courageous patients and staff of one of the nation's leading Children's Hospitals. The Cincinnati Zoo closed down the park and allowed all the participants of the Walk for Kids to have access to the attractions offered by the zoo. With more than 9,500 walkers this was a successful fun filled day for everyone that participated.

Mike Whiting, SSL Coordinator, was the driving force behind Relay Express's participation in this year's Walk for Kids. Mike and his girlfriend Tiffany Abbott put together the team Regan's Rebels in honor of their daughter Regan who was born with Pulmonary Stenosis. Pulmonary Stenosis is defined as a fixed obstruction of flow from the right ventricle of the heart to the pulmonary artery which is first diagnosed in early childhood. All the money raised by Regan's Rebels went to support the Cincinnati Heart Institute.

At the outset the goal for Regan's Rebels was to raise \$1,000 for their charity and Relay Express agreed to match dollar for dollar any donations made by their employees. Everyone at Relay Express rallied around Mike and his family and raised \$545 which was matched by Relay Express. With extra donations by friends and family Regan's Rebels was able to raise a total of \$1,695 for the Cincinnati Heart Institute. Regan is now a bright, energetic sixteen month old that goes for regular checkups every six months. The Whiting and Abbott family is committed in seeing Regan through this life long ordeal and continue supporting other charities such as the March of Dimes.

We would like to thank Relay Express and everyone who donated to this cause. It warms our hearts that we received such generosity towards such a great cause. We greatly appreciate it! – Mike Whiting Relay Express is a Same Day Delivery company that specializes in local on demand immediate deliveries, scheduled route solutions, expedited out of town shipping and logistical warehousing. Relay has physical locations in Ohio, Kentucky, Tennessee, Michigan,

Pennsylvania, and New York that provide service to the Midwest. Relay Express established goals to provide excuse-free 24 hour delivery to our customers in the most efficient way possible. Whether you ship packages or pallets, Relay Express can provide the solution.

AOG Desk dedicated to Aerospace Customers

Network Global Logistics, the market leader for next flight out services, attended the 2013 National Business Aviation Association (NBAA) Annual Conference in Las Vegas, October 22-24th. While there, NGL promoted its new global dedicated Aircraft on Ground (AOG) Desk to the aerospace industry and its leaders.

"This service enhancement is a collaborative effort between our customers and world class operations team", states Scott Riddle, NGL CEO. "This is a great solution for our AOG customers to have a dedicated team to process, route and oversee their orders from pickup to delivery anywhere in the world they may find a need to move a mission critical AOG part".

Companies rely on NGL to pull and ship or ground deliver critical aircraft parts domestically and internationally. NGL's AOG experts can help make quick decisions for optimal routing options, aircraft size and source a pilot to ensure shipments arrive on time. To meet these needs, a new service enhancement will be in place beginning October 21 to support the growing aerospace industry NGL serves. Customers can continue to place orders via the Network Global Logistic website, by email, or by calling the dedicated AOG Desk line at 866-AOG-DESK (866-264-3375) anytime 24 hours a day, 365 days a year.

Passing of Jerry Perlstein, former president of CLDA

Jerold Perlstein, living in Scottsdale, AZ, but native of Milwaukee, died Sept, 4; he was 76. Jerry was president of Bonded Messenger from 1978 until 1999. He was instrumental in the formation of MCAA and was a past president. Jerry was inducted into the MCAA Hall of Fame. He sold Bonded Messenger to Pam Witt and Carrie Ehlers only after determining that he taught them well and could entrust his business in their hands. He moved to Colorado and Arizona after retirement to enjoy his passion of skiing, motorcycling and cars. He is survived by his wife Sandi, four children and three grandchildren.

Blue Streak Delivers to Lifecare of Brandon

What could a transportation company possibly do with a large amount of bottled formula left over from a distribution project?

Blue Streak Couriers found the answer: donate it to a worthy organization. In September, representatives from Blue Streak presented a full pallet of Enfagrow® ready-to-drink formula to LifeCare of Brandon, a non-profit organization that provides information and support to women, couples and families facing the challenges of an unplanned pregnancy.

“The product was in its original packaging and was nowhere near its expiration date. We hated to see it go to waste,” said Barrett Cook, Vice President for Blue Streak. “We’ve provided service in the greater Tampa market for years, so we were familiar with LifeCare. Knowing their mission doesn’t stop once a child is born, we knew they would be able to use this product immediately.”

Laura Jean Gray, Executive Director Emeritus of LifeCare said, “We’ve served nearly 55,000 people since opening our doors in 1987, and that has been possible only through the hard work and dedication of our staff and volunteers along with support from the community such as this.” She added, “Nearly 70 families will benefit from this donation, and who knows what the ultimate impact of this act of generosity may wind up being. If one life is positively impacted – or saved – it was a tremendous success.”



Shown helping load the product into LifeCare’s storage facility is Dustin Wallace, Blue Streak.

This donation is just one example of Blue Streak’s commitment to community involvement. They are actively involved in Jacksonville’s Small Business Resource Network (SBRN), a network of professionals who work with other small businesses to assist them during start-up and beyond.

Additionally, Blue Streak supports HandsOn Jacksonville and Dreams Come True through both financial and in-kind donations. HandsOn Jacksonville is an organization dedicated to inspiring, equipping, and mobilizing local volunteers, while Dreams Come True strives to fulfill the dreams of children with life-threatening illnesses.



Pictured with Laura Jean Gray, Executive Director Emeritus for LifeCare Brandon (center) are Dustin Wallace (left) and Barrett Cook (right), both of Blue Streak.

“Delivering Houston” Spotlights Local Charities

Hot Shot Delivery Launches Social Giving Campaign

Delivering Houston, a holiday giving campaign organized by local courier service Hot Shot Delivery, was held through the beginning of December. The campaign and its companion website, deliveringhouston.com, spotlighted three local non-profit organizations and invite visitors to vote for their favorite. The three participating organizations are Houston Children’s Charity, Houston Food Bank and Houston Humane Society.

Houston Humane Society was the charity with the most votes by December 10 and they received a special delivery from Hot Shot couriers on Wednesday, December 18. However, according to Hot Shot Delivery president Eric Donaldson, there is no single winner. “This is not a competition — each of these three organizations contributes to Houston in its own unique way,” said Donaldson. “The voting aspect gives community members a voice and a platform through which to promote their favorite local non-profit. It gets people excited about charitable giving. And the more excitement and visibility we can create for local charities, the better it is for the community as a whole.”

Hot Shot Delivery has provided quality same-day delivery services to individuals and businesses in Houston for the past 35 years. Its comprehensive delivery and logistics services include local courier, same-day delivery, routed and scheduled delivery, express air, process service, freight service, warehousing and third-party logistics.



Cargo Insurance

Good News! SCI's partner Gallagher Transportation Services has developed a program that protects against liability for cargo loss for a minimal weekly fee. The costs are as follows:

| Per Occurrence Limit | Per Occurrence Deductible | Weekly Cost |
|----------------------|---------------------------|-------------|
| \$10,000 | \$500 | \$7.00 |
| \$25,000 | \$1,000 | \$8.00 |
| \$50,000 | \$1,000 | \$9.00 |
| \$100,000 | \$1,000 | \$14.00 |

These rates with this coverage makes this program second to none. Owner operators that have cargo insurance can significantly lower premiums for the delivery customer. Just another way SCI has got you covered.

Growing Business

SCI is also pleased to announce its new affiliation with Integrity Medical Courier Training.

Integrity Medical offers owner operators comprehensive education that meets all OSHA requirements in the fast growing business of medical deliveries. With a certificate of completion from one of the several OSHA compliant programs offered by Integrity Medical Courier Training, Owner Operators can perform deliveries in this emerging field with confidence and safety.



New Insurance

SCI is pleased to announce a new and improved occupational accident program offered by ACE USA Insurance and their new relationship with Arthur J. Gallagher Risk Management Services, Inc. ACE is an A+ rated carrier (AM Best) and has a long history of providing superior insurance products to the transportation industry. Gallagher also brings its 20 plus years of claim management expertise to this program.



In addition to these new partnerships, SCI is also pleased to announce its new relationship with IHA and Gallagher Transportation Services. IHA is a transportation association with over 20 years of serving the industry. Together, IHA and Gallagher Transportation Services can offer owner operators a wide range of new beneficial programs to grow and support their business.

SCIconcourier.com

SCI continues to grow on the technology side. We recently released our brand new website at SCIconcourier.com.

Stop by and find out the latest in all of SCI news, as well as learn even more about our programs and the added protection having the premier third party administrator in the transportation industry on your side.

Substitute / Helper Program

One of the programs that will undoubtedly help owner operators grow their business will be the new "Helper / Substitute" program. IHA, through Wilson Gregory, provides access to occupational accident coverage for the people that help or substitute for owner operators. The liability limits will provide protection to these individuals for minimal premium amounts. Owner operators that may have hesitated to use helpers or substitutes because of liability concerns no longer need worry.



Pay Cards

We've got them! Pay cards have become a popular request by owner operators that want more flexibility in their payment options. SCI can accommodate every owner operator with electronic payment to ensure payments are made on time every time. Owner operators no longer have to worry about lost checks, dealing with cashing paper checks, or the added expense of shipping. This is a convenient and economical program that's a win-win for everyone.



Quality Transportation medical couriers emerge as vital lifesaving communication link for leading NYC hospital



Quality Transportation, a leading provider of medical logistics based in Long Island City, NY, leveraged its medical delivery expertise within a leading NYC hospital to serve as its internal communication system when its computer network was down.

Quality Transportation, whose medical couriers serve as the hospital's inside staff, was notified that within the hour, the entire computerized system of communication between the laboratory and emergency rooms would need to be taken down due to an emergency upgrade. Thomas Cumby, Medical Account Representative at Quality Transportation, within minutes devised a process whereby Quality Transportation would serve as the hospital's critical communication link and dispatched a team led by Donovan Murphy. Medical couriers were selected, hospital stops identified, and timings per stop outlined, in a process that involved taking specimens from the emergency room, delivering them to the laboratory, and then delivering results back to each site. Mr. Cumby and his team of couriers became the conduit providing life critical services to the laboratory and emergency rooms. This process involved approximately 200 runs within a 36 hour period.



Pictured from L to R; T. Cumby, D. Murphy
Quality Transportation staff.

Due to Quality Transportation's diligence, internal communications continued seamlessly throughout the process. Quality Transportation's ability to react quickly and effectively may truly have made the difference between life and death for some. To learn more about Quality Transportation's medical delivery solutions, please call (800) 677-2838, or visit www.qualitytca.com.

Award Winning Excel Group Expands to Richmond

Excel Group is pleased to make two announcements: First, their company Excel Transportation Services, Inc. recently received a Small Business award and secondly, the opening of the Richmond Virginia market.



Earlier this month, Excel Transportation Services, Inc. was nominated in a competition sponsored by the Loudoun County Chamber of Commerce. Once the company was chosen as a finalist, clients were invited to vote for them. On November 6, Excel Transportation Services, Inc. was awarded Small Service Business of the Year by this local Chamber. In a recent announcement to clients and employees, Chris Marchetti, President and CEO asserted that "we would not have been able to win this award without the support of our wonderful clients, our dedicated employees, and our team of drivers who make the deliveries every day."

Excel Group is also pleased to announce the opening of a Richmond office in late October. The announcement follows on the heels of the opening of a new 42,000 square foot headquarters facility in Sterling, VA and a new warehouse located in Beltsville, MD earlier this year.

Chris Marchetti, President and CEO, commented on the company's rapid expansion: "We had clients requesting our spare parts distribution services in the Richmond area to handle their growing business. We had always planned on opening Richmond, as we have been serving Northern Virginia for quite some time now. Richmond is strategic to our long-term expansion plans, and we are delighted to be there," says Marchetti.



The new office and warehouse are located at 8401 Sanford Drive, Richmond, VA, 23228.

Datex Warehouse Management System Helps Third Party Logistics Providers (3PLs) & Couriers Offer More Services



In the 2012 MCAA (CLDA) Industry Study, when asked what association members believe to be key factors for growing their businesses over the next 12 months, 40.8% noted new service offerings. According to the survey, more than 45% of respondents currently offer inventory management, cross docking, warehousing, last mile distribution and distribution services. But do these companies have the technology needed to effectively manage new service offerings?

According to the 2012 survey, 73.3% of survey respondents work for 3PLs. While businesses may hesitate to invest in the technology needed to provide these service offerings, the results can be transformative. "We have seen many 3PL clients grow their operations using our software" explained Michael Armanious, Vice President of Sales and Marketing. "Using Datex FootPrint WMS makes operations much more efficient and productive and helps 3PLs generate more revenue by capturing and billing for accessorial charges in real time. Because of the accuracy of the technology, workplace errors drop to zero. This produces noticeable savings in time and labor. Having more advanced technology also helps 3PLs attract larger clients."

Datex, a technology solution provider to the courier and third party logistics industries specializes in meeting the needs of third party logistics (3PL) providers and couriers. "Most of our clients are 3PLs" stated Kim Ganoie, Senior Solutions Provider for Datex. "Datex has been in business since 1978. We understand 3PL operations and have developed software specifically to meet the needs of their operations."

Datex provides a full range of solutions including supply chain software, hardware and managed services. Developed for third party logistics (3PL) providers, the Datex warehouse management system, Datex FootPrint WMS includes top level functionality for managing inventory, cross docking and distribution services and has specialized features for handling pharmaceutical, medical and other regulated products.

According to the 2012 survey, of the association members who were surveyed, 65.8% support the pharma industry and 88% support the medical industry. For courier and 3PL businesses supporting pharma and medical industry clients, this can pose special challenges. Datex FootPrint WMS provides a complete audit trail with full product traceability, ideal for pharma and medical products. The Datex solution supports serialization, Lot control and RFID and provides the needed security provisions for regulated products.

The Datex warehouse management system has modules for cartonization, shipping management, manufacturing and other options. Developed using the latest Microsoft technology, Datex FootPrint WMS is designed to scale as businesses grow and change at minimal cost and includes free software upgrades with support and maintenance agreements.

Don't Miss Out!

"Doing the Right things Right"
Featured at the Annual TCLA Conference

February 28-March 2, 2014

Sheraton Austin Hotel at the Capitol
Austin, Texas

This annual educational, political, and networking event draws Courier and Logistics Companies and Vendors within the State of Texas, with representation from other U.S. states as well as Canada.



For registration and more information go to www.texascla.com or contact Garth Wilkins at membership@texascla.com / 214-837-4003.

Relevant Business Solutions Announces New Subscription Based Service to Help the Transportation Industry with Independent Contractor Misclassification



Relevant Business Solutions, a leader in providing information and services ensuring Independent Contractor best practices, is pleased to announce that November 20, 2013 marks the date that officially launches the Relevant Business Solutions Independent Contractor Information subscription based service website.

The subscription based website provides companies a convenient one-stop, easy-to-use location to find relevant components applicable to using Independent Contractors.

“Components to this subscription based website service include; statutes, regulations, cases, legislative session and contact information, Bill tracking and general news both on a per state and federal level.” Says Scott Grandys, Chief Executive Officer, Relevant Business Solutions. “ We bring all of this information to our subscribers for a modest monthly fee that ranges from \$50 to \$100. For more information on each of these topics, visit our website. “

“Relevant Business Solutions analyzes, on a daily basis, a complicated set of variables that are used to determine the classification of workers. As a subscriber, this information is delivered in real-time, with live updates to help companies determine the most current best practices for using Independent Contractors.” Adds Rick Flaaen, Chief Administrative Officer.

Scott goes on to say, “ We are both very excited to offer this subscription based service. Currently, there are no other products that provide as much detailed information, on a state and federal level, in real-time, for companies that deal with Independent Contractors.

For more information about RBS visit their website at www.relevantbusinesssolutions.com or contact them at (623) 242-5499.

Network Global Logistics Introduces Diligent Delivery Systems is Seeking Acquisition Opportunities

EVE Specialty Services (“EVE”) has been retained by Diligent Delivery Systems (“Diligent” or the “Company”), DiligentUSA.com, to identify strategic investment opportunities. Diligent is focused on identifying acquisitions that would expand its geographic coverage and service offering in order to strengthen the Company’s position as a leading delivery and freight service provider in the U.S. Diligent is specifically interested in companies with a strong presence in the Colorado, Georgia, or Texas markets. Diligent has the ability to consummate a transaction quickly and fund a transaction from internally generated cash flow. Based on EVE’s research and industry contacts, the Company has requested that EVE contact you to assess the strategic fit and your interest in a potential transaction with Diligent.

Summary Overview of Diligent Delivery Systems

Founded in 1994 and based in Houston, TX, Diligent provides contract delivery drivers, direct hot shot, courier deliveries, and a variety of direct freight services to a variety of customers. Diligent serves customers in a number of different industries, including the automotive, airline, construction, food distribution, medical/healthcare, and manufacturing sectors. With access to a nationwide network of owner operator drivers, Diligent is able to serve customers in metro, suburban, and rural areas; domestic and international. Diligent provides 24/7 customer service and offers customers the ability to book orders online or over-the-phone, and receive frequent status updates.

EVE Specialty Services has been retained as an exclusive financial advisor in connection with Diligent’s investigation of strategic acquisition opportunities. If you have interest in exploring a transaction, please contact:

- Mark Dyer, 902.826.1911, mdyer@evepartners.com
- Kevin Ritter, 404.240.1393, kevin@evepartners.com

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Richmond Express Honors Employee for 21 Years of Service



Richmond Express is pleased to honor and recognize Joseph (Mike) Kee for his dedicated service to the company. Mike just celebrated his 21st year of service in October. He has joined

the ranks of Elite Courier, the highest level of distinction in the company.

Harold Bourne, Dispatch Manager, has worked with Mike from the beginning. Harold states, "I have the utmost confidence in Mike, he always gets the job done and he gets it done right." He also adds that "Mike is one of the best I have worked with and that he is very dependable, which makes my job easier at the end of the day. I am happy to celebrate Mike's achievements with Richmond Express."

Arthur McCray, President, has also worked with Mike since his early days and notes, "Mike is a one of a kind guy. I wish we had more team players like him working for us. His commitment and dedication is admirable."

Congratulations Mike to an outstanding career with Richmond Express!

For more information on how to start a career at Richmond Express visit <http://www.richmondexpress.com> or call 804-788-8080.

CXT Software Adds Experienced Software Engineering Leader

Caleb Carter to lead X Dispatch Engineering team

CXT Software, a leader in providing automation technology to expedited delivery and last-mile logistics companies, announced that Caleb Carter has joined its team in the role of Director, X Dispatch Engineering.

In his new role, Caleb is responsible for all software engineering activities involving CXT Software's market-leading X Dispatch product suite, including X Dispatch, X Route, X Mobile, X Internet, X Stream, and X Web.

"Caleb brings an outstanding mix of talent and depth to our X Dispatch Engineering team, specifically in the areas of

software development leadership, methodology, best practices, and change management," explains Shaun Richardson, CXT Software's Vice President, X Dispatch Operations. "Caleb will dramatically improve our ability to deliver quality releases with all of the capabilities X Dispatch customers need to remain ahead of the pack."

"I love everything I've seen about CXT Software so far," Caleb adds. "Everyone seems to like what they do, they are actively engaged in contributing to their projects, and they are always willing to help the new guy out."

Caleb's hometown is Aurora, Illinois, and he enjoys off-roading, bouldering, hiking, kayaking, traveling, and dining out in his time away from the office.

New CXT Software Mobile Courier App in Beta

CXT Software, a leader in providing automation technology to expedited delivery and last-mile logistics companies, announced today that its new mobile courier application, Nextstop Mobile, has entered the beta testing phase as it moves closer to general release later in the year.

"My drivers got an advance peek at Nextstop Mobile, and they can't wait to get their hands on the beta version," explains Andrew Brady, Chief Operations Officer of King Courier, San Francisco, California. "The streamlined driver workflow, easy access to turn-by-turn directions, and integrated camera barcode scanning will dramatically increase driver productivity."

"A major design goal of Nextstop Mobile was to make the application much more intuitive to use, without sacrificing features," adds Chris Geer, CXT Software's Vice President, Product & Architecture. "We understand the need to support BYOD, or "Bring Your Own Device," which is why we designed Nextstop Mobile to provide the same user experience on iPhone, Android, Windows 8, or any other supported mobile platform."

"We designed Nextstop Mobile to work seamlessly with our existing X Dispatch and X Route products," notes Darin Soll, CXT Software's Chief Executive Officer. "This provides two major benefits to our customers: Getting our next generation mobile product into their hands sooner, and enabling them to transition to the full Nextstop suite in 2014 without having to retrain their mobile users." CXT Software's Nextstop Mobile mobile courier app provides dock-to-destination tracking of parcels handled by last-mile delivery and logistics companies with broad support for current smartphone and mobile computing platforms including Android, iOS, and Windows 8 Embedded Handheld.

Faces in the Crowd

Crossroads Courier Supports StL World Food Day



Crossroads Courier is excited to share their involvement with the St. Louis World Food Day. On Friday, October 11th, they helped package 370,000 meals at a single day local event generating a massive local and international impact. The meals packaged at St. Louis World Food Day are designed to alleviate and reverse the effects of malnutrition. Each sealed package provides a nutritionally complete meal for six children (or four adults). This was a moving and memorable experience to unite our staff in service to a great cause.



ProCourier (CT) Delivers to 2013 World Series in Boston



ProCourier (CT) was called on to deliver signage and banners to Fenway Park for the 2013 World Series by MLB. The company had several deliveries to Boston from various suppliers located in Connecticut in the days leading up to the start of the Fall Classic

All Canadian Courier Delivers Unexpected Parcel



On September 18th, Scott and Jordan were making one of their routine mattress deliveries to a residential home where they also had to pick up an old mattress and box spring to be returned for recycling. As per procedure, the old mattress and box spring were encased in plastic sleeves and loaded into the back of the truck.

A few hours later Scott and Jordan received a call from the home where they had delivered the new mattress and removed the old because the woman hadn't seen her cat since the delivery had taken place. She asked them if they wouldn't mind pulling over and checking the box spring as Itsy, her cat, was fond of curling up inside. Scott and Jordan immediately pulled their truck over, found the box spring, cut open the plastic sleeve so they could reach inside and sure enough, there was Itsy, the very frightened cat. They brought Itsy up to the front of the truck to sit with them for some comfort and then brought him home.

*No animals were harmed during this event

We welcome your submissions to this column!

Faces in the Crowd

Football Night for Alpha Logistics Service

Friday night in the fall typically means High School football in Florida and all over the US. This year it held a special meaning for us at Alpha Logistics Service as we were a proud sponsor of the Colonial High football team which included our Orlando, Florida Logistics Manager's son, Grant McFadden.

With school's facing budget cuts and after school activities facing elimination, ALS was pleased to be able to make a donation in support of these important programs. Alpha Logistics Service is one of Florida's premier Courier Company's providing warehousing, same day and next day service with multiple locations in Florida and Georgia.



Pictured from left to right are: Brian McKenzie, Grant McFadden, John McFadden, Gary Gilbertson, Robert Bethencourt, Maria Bethencourt and Caroline McCaughna.

Denver Boulder Couriers Competes in Cycle Messenger World Championships



This past summer, one of our couriers, Rob Engelberth, took the opportunity to compete in the Cycle Messenger World Championships in Lausanne, Switzerland. Hundreds of bike couriers competing in one place is sure to be a blast, so we could hardly wait to hear Rob's stories when he got back to Boulder, CO. We thought we'd share the experience with CLDA.

How was the course overall?

The whole scope of worlds in Lausanne was bigger than anything I could have ever imagined. Europeans are serious about throwing amazing events, and it showed. Over 400 people were there to race. The course was in the actual city, which was shut down to local traffic, not to mention the event was televised, which has never happened in any of the other messenger races that I've attended. The course was brutal and regarded by many as the most grueling worlds course in a decade.

There's a lot more than standard racing at this championship: what was your favorite event?

There was a "backwards circle" race! Andy Zalan from D.C. crushed everyone. The hill climb was also brutal and fun to watch.

What was the coolest thing you saw?

There were people doing backflips off of the pier on their bikes into Lake Geneva during the awards presentation.

What did you take away from the experience?

Despite not performing to my full potential, I was able to take a step back and realize that being a part of something that massive was a victory in itself. Celebrating my job as a bicycle courier with people from around the world that do the same thing was epic.

Do you think you'll do it again?

If I can afford to take time off, absolutely. Mexico City next year.





Florida Messenger Association Continues Education Efforts Through Lunch & Learn Meetings



The most recent regional Florida Messenger Association (FMA) “Lunch and Learn” meeting was held in Jacksonville, FL on October 9, 2013. Those in

attendance were provided insight into the Transportation Security Administration’s (TSA) relationship with local agents for Indirect Air Carriers by Lou Garofalo and Robert Galmore, of the TSA’s Jacksonville office.

Both Lou and Robert shared best practices regarding staying compliant. Their message was simple: “If you have any questions, and if you are unsure of anything, just pick up the phone and call us. We are here to help.”

In addition to offering a glimpse into the TSA from seasoned veterans, the objectives of the meeting were:

- Discuss past and potential future legislation that could impact the independent contractor (IC) business model
- Share best practices regarding the IC business model
- Network
- Encourage involvement in FMA and Customized Logistics and Delivery Association of America (CLDA)
- Motivate members to participate in the efforts of the Government Affairs Committee
- Discuss vendor sponsorship for future meetings
- Educate and inform each other

Harold Boyett shared the history of the FMA, including their efforts to work with the legislature to help clarify the definition of an independent contractor as it relates to the courier segment of the transportation industry. As Boyett addressed the group, he stated: “Not only is it important for us to live up to the letter of the law, but more importantly, our members want to live up to the spirit of the laws regarding the proper use and classification of independent contractors.”

The dialogue then turned to industry best practices regarding the independent contractor business model. The group discussed the importance of supporting the independence of the contract driver; making sure they are free from direc-

tion and control. They also discussed other aspects of the work drivers accept from courier companies, and explored concepts such as maintaining “Job Rejection Logs” and “Negotiation Logs” as methods that support the independent nature of independent contractors’ businesses. The attendees shared their thoughts with each other and the dialogue was intriguing and insightful.

The meeting was attended by Harold Boyett, Vince Lambert, Mike VanFossen, and Victor Paterra, Blue Streak; Tim Petty, FMA President, Sylvia Mencner, and Justin Sanders, Pettyco Express; Chris Flowers and Adam Scrivner, Priority Couriers; Steve Wright, Air Van; Dan Schutt, Doubletime Transit; Jason Booth, JJ Enterprises; Sheila Ledford and Paul Winter, Verizon Wireless; Lou Garafalo, and Robert Galmore, Transportation Security Administration; John Dickerson, Dynamex; Mike Milam, Runabout Couriers; Walker Allen, Specialty Freight and Couriers.



“Doing the Right things Right” Featured at the Annual TCLA Conference February 28-March 2, 2014.

Houston, Texas, November 10, 2013 – The largest courier organization in Texas, the Texas Courier & Logistics Association, is having their 2014 Annual Conference in Austin, Texas, at the Sheraton Austin Hotel at the Capitol, February 28-March 2. This annual educational, political, and networking event draws Courier and Logistics Companies and Vendors within the State of Texas, with representation from other U.S. states as well as Canada.

Come join us and network with our industry leaders in the consistently vibrant economy of Texas. There are connections to be made, and business to be discussed in and out of Texas. Our members represent companies doing tradi-

tional on-demand courier work, to LTL and FTL, to warehousing and all types of distribution and last mile delivery. Furthermore, we will end the formal part of our conference with our annual Texas Hold'em tournament on Saturday night where there will be prizes and much fun.

The economy of Texas is one of the largest and most rapidly growing economies in the United States. If Texas were a sovereign nation in 2012, it would be the 14th largest economy in the world by GDP. We need help servicing our clients all over the nation. We invite you to join our association and come introduce yourself at our conference this year.

The Sheraton is right next to several attractions of downtown Austin, including the Texas State Capitol building and the nightlife and live music venues of Austin's world-famous “Sixth Street”.

Sponsorships are available. For registration and more information go to www.texascla.com or contact Garth Wilkins at membership@texascla.com/ 214-837-4003.

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DRONES AWAY!

BY REED HITCHCOCK

So the holiday season is already but a distant memory, but for delivery professionals there is one lingering bad aftertaste: extensive media coverage of the Amazon “drone” delivery program. As delivery professionals we – both owners and independent contractors – all know that there is a lot more to the whole delivery process than simply dropping a package in a specified location, although simple logic would tell us that it is highly questionable that one of these “drone” programs could even accomplish that.



This is not the first time a driverless delivery system has been proposed. In fact, going back as far as the mid-1800s engineers were developing pneumatic tube delivery systems along the lines of what you may see at the outside lane of a bank drive-through or in a really old K-Mart. There were those who proposed such systems could be employed for specialized delivery on a city-wide system, but problems of vacuum leakage, misrouted packages, and ultimately, cost kept anyone from implementing the system on a large scale.

DNKEY GARAGE

The companies touting drone delivery would realistically face the same types of challenges. First, at least at this point, human-interface customized delivery and logistics are far cheaper than engineering, developing, building, and maintaining a fleet of delivery drones for everyday use. I don't know about your company, but I know a lot of companies that can deliver a lot of packages for the billions of dollars that would need to be invested in a workable drone delivery system – if such a thing was even possible with today's technology, infrastructure, and society.

Second, airspace in the United States (and everywhere else, for that matter) is not even remotely well-controlled enough to support a network of little flying machines carrying a new Downton Abbey DVD to my ex-wife's house. You want to see fireworks in the government? Tell the FAA that they are all of a sudden responsible to route passenger and cargo aircraft through a veritable minefield of drones. To manage such a system would mean airspace control at the inch level or smaller as opposed to today's yards and miles.

Third, suppose you do manage to get the drones off the ground and into the air with your package. Then what? Consider that everyone living in America today lives in a building designed without delivery drones in mind. Maybe you could build a little platform outside your single family house where the drone could leave your package (completely unsecured, by the way), or maybe they could just drop it by your front door (I hope it isn't fragile....). But what about the hundreds of thousands of Americans who live in urban apartment buildings with absolutely no provision for delivery of this nature? Sure, you could probably retrofit some sort of landing platform and hire a building manager who would then be responsible to deliver the package in the building, but do you think building owners want to assume that additional expense? Get real.

Last, let's consider for a moment that a drone carrying an Amazon package in the open skies is akin to providing an opportunity for skeet shooting with prizes. Sure, there could be fines and penalties and all kinds of things to discourage such behavior, but we're inventive people, and we will always find a way to buck the system.

So in a nutshell, while technology is always moving the ball forward and there may be a day off in the future when delivery and logistics professionals will be rendered moot, that day is a long way off. Our money is on real live humans maintaining control of the process for a long time, and doing so with the aid of good old-fashioned motorized vehicles with their wheels firmly planted on the ground.

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| | |
|---|-------------|
| Brighstone Insurance Services | 26 |
| Contractor Management Services..... | BC |
| Complete Innovations..... | IBC |
| CXT Software..... | 19 |
| Datatrak..... | 11 |
| Dazen Express..... | 29 |
| Greyhound POackage Express..... | 53 |
| Key Software Systems..... | IFC, 25, 31 |
| Lasership | 51 |
| Priority Express Courier | 33 |
| SCI | i, 43 |
| Southwest Airlines Cargo..... | ii |
| Texas Courier & Logistics Association | 45 |

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*Good for the calendar year of 2013. Regular dues schedule applies thereafter.

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