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JOHN BENKO
CLDA PRESIDENT

“ This past annual meeting, we welcomed over 100 first time attendees.

Dear CLDA Members,

I am pleased to write my first letter for the President's Corner on the heels of the 2016 CLDA Annual Meeting which was both invigorating and exciting.

This past annual meeting, we welcomed over 100 first time attendees and 329 returning attendees.

The strong attendance at the annual meeting speaks volumes to the quality of the educational content and networking opportunities our association provides to carriers, shippers and vendors.

CLDA is committed to bringing the best in content and thought leadership and will continue this tradition as we look to the Fall Forum in Dallas, TX.

With regards,

John Benko
President

ELECTIONS '16



Mark Cossack
Government Affairs
Committee Chair

As we head into the fall and near the November elections, working with your elected officials and candidates is beneficial for you and your business as it is for the candidates to meet and hear from you.

While the “top of the ticket” has been turbulent it is worth your time to reach-out the others that are running for other offices this year. In addition to the Presidential election, 34 members of the US Senate, all 435 members of the US House of Representatives, 12 state Governors and multitudes of Representatives and Senators in the state legislatures are in the midst of campaigns.

Ranging from U.S. Senators and Representatives down the ballot to state and local representatives you can meet with them and discuss what is important to your business.

If you are interested in finding out when how you can become involved and tell your elected representatives and candidates about your business and industry, contact Shawn Swearingen at sswearingen@theclda.com.



Shawn Swearingen
Director of
Government Affairs



Advocacy Fund 2016

CLDA had done a lot because of the Advocacy Fund through its lifetime and has gone on to help many places across the country protect and promote our industry, and without it, would not have the advocacy program on Capitol Hill.

As the Annual Meeting attendees heard first hand in Las Vegas from CLDA President John Benko and from Government Affairs Chair Mark Cossack, the Advocacy Fund needs your help to keep the Fund going. Several individuals and companies stepped up at the show [Thank You!] but we need to continue moving forward.

Over the years, the Advocacy Fund has been able to help at many different levels of government, too many to list in this article (we have a multi-page full list; if you'd like to read it, contact me!). Here is a snapshot of what CLDA has been able to do in the last year thanks to donors:

- Congressman Paulsen (R-MN) introduced HR 2483 in time for Lobby Day attendees to promote at the annual event. Garnering 6 cosponsors!
- Continuing funds and grants for State Department of Labor (DOL) misclassification audits were removed from both House and Senate appropriation bills for 2016. With ground work laid for 2017.
- CLDA established relationships with DOL oversight committee staff on Capitol Hill in preparation and response to the agency's "interpretative guidelines".
- The association with Prime Policy Group had introductory and productive meetings made with the Uber federal policy staffer their federal policy agenda which currently is not outlined along with keeping open communications with contact.
- Responded to potential Highway Bill's Denham amendment [FAAAA clarification language], while working with ATA's Coalition Director, circulated stand-alone letter and signed-on to group collation letters. Although the Denham amendment didn't make it, the relationships gained have been beneficial in trying other avenues to get language through Congress.
- Federal policy presentation given by Shawn Swearingen and Keith Smith during Advocacy Fund Luncheon at 2015 Annual Meeting.
- Its My Business Coalition spokeswoman Blanche Lincoln was invited and spoke at the opening reception of 2015 Lobby Day Event. Speaking to the continued communication on coalition's work in states while preparing for federal initiatives.
- Quarterly conference calls with State Association leaders to share on-going advocacy efforts and ideas in state capitols as well as coordination of meetings to avoid scheduling conflicts.

State Association Meetings

Be sure to watch for your state association meetings in 2016! Several states have had meetings across the country ranging from California, Texas, New York to Florida which you can read about more in the state update section. If you are not aware if your state has an association, contact Shawn Swearingen at sswearingen@theclda.com. Not only do these groups provide educational outreach, opportunities to lobby in your home state are possible with the relationships established over the years.

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.

NO APPEAL

MDA DECISION CROSSES THE FINISH!

The Massachusetts Delivery Association's (MDA) case against the Commonwealth's Attorney General is finally over with their most recent decision and victory standing from the Federal First District court. The Attorney General had until August 11th to file an appeal to the U.S. Supreme Court which it did not do.

Congratulations are in order for the MDA with thanks to Michelle Cully of Xpressman for putting her company forward as the test case as well as to Aaron Driben, MDA President and the rest of the MDA Board Fred Aryan, Steve Cannavo and Eric Devine for helping keeping the wheels turning forward. This decision allows the FAAAA pre-emption over the 'B' factor in Massachusetts's 'ABC' IC test to stand.

With the case over and the threat of a final appeal gone, please find out how you can help the MDA finish the legal fees as well by contacting Shawn Swearingen. Look for complete coverage and insight in coming editions of the CLDA Express newsletters and the next issue of the magazine.



The MDA decision allows the FAAAA pre-emption over the 'B' factor in Massachusetts's 'ABC' IC test to stand.

Federal Update: CLDA Picks Up Co-Sponsors

Despite election activity and members of Congress going in and out of session, CLDA has picked up three new co-sponsors this year! Representatives Tom Emmer (R-MN), Elise Stefanik (R-NY) and Steve Scalise (R-LA) have all signed on to CLDA's HR 2483 bill this calendar year.

All three are a direct result of constituent outreach and meetings during CLDA Lobby Day events. Amongst the three, Representative Steve Scalise is a member of the House leadership serving as the Majority Whip.

Through the summer, staff has heard of IRS audit reports as it relates to the 20-factor test.

In order to properly monitor the activity please contact CLDA staff if you hear of increased activity in your area.

This allows our lobbyists at Prime and Shawn Swearingen to relay any information to the Congressional Oversight Committees.

Thank you to everyone that contributed to the CLDA Advocacy Fund in 2016 so far!

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Interested in contributing to our
advocacy efforts?

Contact Shawn Swearingen at
sswearingen@theclda.com or
(202) 207-1114.

Thank you!

RECORD NUMBERS

ANNUAL MEETING BRINGS TOGETHER SHIPPERS AND CARRIERS

By Andrea Obston
Director of Public Relations, CLDA

The CLDA Annual Meeting in Las Vegas was marked as one of the association's largest gatherings of decision makers in its history. Over 420 attendees, including a record number of first-time attendees (120) were joined by more than 25 shippers. All left the three-day meeting with new business, new ideas and new connections.

"This year we made it a priority to set the stage for shippers looking to find the providers to help them tackle the last mile. Some of the country's biggest shippers took part in this conference. Throughout the conference they were telling us that they were finding solutions to help them deliver on the last and toughest mile

in the supply chain," says conference chair Jason Burns. "They were particularly excited about the new CLDA Exchange which gave shippers and LTL carriers the opportunity to meet face-to-face with last-mile providers. There were three CLDA Exchange sessions that helped pair up shippers with carriers that could provide solutions. In our post-conference survey, 94 percent of conference participants said they wanted these sessions to be part of next year's conference and 84 percent said they found new business opportunities for their companies. We're calling that a win all around."

On the first day of the conference, Burn's set the tone when he told participants: "We want you to leave this show with business opportunities. Everything at this meeting

was designed to bring business to you. We want you to leave here with business and learn from your industry colleagues."

Another new feature at this year's meeting was the addition of Carriers Row. This section of the exhibit hall was dedicated to regional carriers looking to find local providers. Participants were enthusiastic about it. Over 95 percent of post-event survey participants said they wanted it to be a part of next year's show in Orlando.

The third innovation that met with enthusiastic response was the Shipper Focus Groups. These 90-minute sessions were designed to give carriers access to shippers in specific verticals. During three separate rounds, participants

"I CAME TO the meeting from Australia and I have to say it was well worth the trip!"

First-time attendee Brett Arthur, Capital Transport, Clayton, Australia



met with shippers looking for providers. Each shipper was teamed up with an experienced provider in that vertical. In these intimate roundtable discussion sessions, carriers learned how to become successful players in these verticals:

- Medical
- Home Delivery
- Automotive
- Ecommerce (DDU)
- Pharma
- Critical Parts/Warehousing
- LTL
- Office Supply

Post-event surveys also gave this new approach an enthusiastic thumbs-up.

Outgoing president Kirk Godby explained the reasons for the changes in his remarks at the meeting: “Two years ago when I stepped in as president we made it our mission to engage the shipper and supply chain industries. Those of us in the industry have always known that we were the source of successful last mile deliveries. But those outside our industry didn’t. They know about us now. Over the last two years we have aggressively strived to engage the supply chain industry. And now its members know that we are out there on the forefront of final-mile solutions. This conference, and all that we do, is about creating opportunities for our members. But we are not done. We are just getting started with a record number of attendees and shippers at this conference. We are a 29 year old association that is the voice of the industry working for the common good of the customized logistics industry. Our value proposition has always included providing education, advocacy and networking. Through the hard work of the board and our members, we’ve added a fourth leg to that value

proposition: business opportunities. That’s what this conference was all about. This meeting has become a place that those in the industry feel they must be, both to learn about new trends and to bring in new business.”

In his final remarks to the meeting as president of CLDA he said: “I am proud of this association and where it’s headed. I am humbled to have been the leader of this organization as it’s evolved to meet the needs of its members and their customers. I truly appreciate and would like to thank each one of you for your continued support of the CLDA.” The reaction was a standing ovation.

Practical Knowledge from Industry Thought Leaders

The conference also included

workshops and panels about issues affecting the customized logistics and delivery industry.

On Day One, the keynote was delivered by YRC Worldwide Inc. President James L. Welch who talked about the Final Mile and the Role of LTL. “Those of us in the less-than-truckload sector need help from companies like yours when it comes to delivering the last mile. We have assets, but we need you,” he said. “The Amazon Effect means that consumers feel that they need what they want to be delivered at home and delivered fast... LTL drivers aren’t equipped to handle these new consumer spending habits. We will need more partners to deliver. We have to pick up and deliver freight in a way that satisfies our customers and the members of CLDA are the key to making this happen... We are the travel agents for freight...The purpose



“I’ve attended this meeting for 15 years, but this one was the best ever, both from an educational and opportunity point of view. Everywhere I twisted and turned I found opportunities,”

Larry Zogby, RDS Delivery Service, New York, NY



of this conference is for us to form partnerships to help deal with the changes in the industry." [See story on page 7 for details of this session]

Working with LTLs was also the theme of a panel discussion later in the day. Moderator Jim Bramlett of uShip led a panel of LTL industry leaders in a discussion called "How CLDA Carriers Can Participate in the Multi-Billion Dollar LTL Opportunity." Panelists included: Rick Mathews, Vice President, Specialized Services at YRC Freight; Steve Selvig, Vice President, Sales & Marketing, Reddaway; Thomas Nagel, President/CEO, Clear Lane Freight Systems and John Kenneally, Vice President of Transportation, Roadrunner Transportation Systems.

Each panelist described his operating models; who they partner with; why they partner with them and what they seek in last-mile delivery

partners.

On Friday, the day began with a panel called "The Future of Transportation." It was led by former CLDA President and the newest member of the CLDA Hall of Fame, Chris MacKrell, who was honored on Day One of the conference.

Three panelists discussed trends, challenge and opportunities in today's business environment. Panelists included: Jim Berluti, Vice President, USA Sales, Dicom and former President/CEO of Eastern Connection; Brian Surber, VP of Operations, Priority Dispatch and Steve Wilson, Ecommerce Analyst at Tompkins International. Among the topics the panelists discussed were: the growth of ecommerce and the need it's generated for local inventory; the pressure created by ecommerce for cheaper deliveries; the opportunities created by the

Affordable Care Act as it encourages more home-based medical care; the consolidation of the industry as venture capitalists become more attracted to it; the opportunities presented for cross-border business and the effect on the supply chain from international companies like Alibaba. [See story on page 21 for details on this panel]

Later that morning, a panel of shippers shared tips about what it takes to become an approved carrier in their networks; their views of the future of the supply chain and the ways customer expectations are changing the way the industry does business. They included Cory Dickerson, Dickerson Transportation Solutions; Peter Huie, Senior Vice President, Supply Chain Operations at Medical Specialties Distribution, LLC and FedEx's Djoly Souffrant.

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Digital Delivery Age” was the title of the first afternoon session on Friday. Moderated by conference chair Jason Burns of QCS Logistics, it included Brett Parker, Co-Founder/President, Cargomatic; Josh Hamilton, CEO/Co-Founder, Bringsy and JC Burnett, President/CEO, Loadchief. Burns kicked off the session with these thoughts: “Over the years our industry has been resilient. Now we face a real challenge to that resiliency. We can either forget everything and run or face everything and rise. It’s your choice.” With that he opened a session that included a discussion of mobile technology; the sudden attraction of this industry to investors; how larger shippers are looking for ways to use local carriers for the last-mile; the impact of Uber and the shared economy. [See story on page 7 for details on this panel].

The final panel was called “Class Action Threats – What Courier

Companies Need to Know and What to do to Prepare.” It included remarks by two partners from the law firm of Scopelitis, Garvin, Light, Hanson & Feary, PC: Attorney Andy Butcher and Adam Smedstad. The session looked at the most common targets or problem areas that those filing class action suits focus on. The attorneys suggested areas within courier companies where self-audits could make a difference in such suits. The panelists talked about ways for executives to get ready for or even avoid these kinds of lawsuits, which are becoming more common.

The CLDA Annual Meeting wrapped up with rave reviews by participants. They commented on the quantity and quality of the business contacts they were able to take advantage of and the doors the conference opened for them. “If I knew these meetings were this

great I would have been to them sooner,” concluded Natasha Boekholt a long-time CLDA member who was attending the Annual Meeting for the first time. She founded STAT Courier Service, Inc. in Lake St Louis Missouri 16 years ago, but has never before attended an Annual Meeting. She’s already planning for next year’s Annual Meeting at the JW Marriot Orlando on May 3 – 6, 2017.





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The Power of Supply Chain Partnerships

BY ANDREA OBSTON, DIRECTOR OF PUBLIC RELATIONS, CLDA

By Andrea Obston
Director of Public Relations, CLDA

James Welch took the stage at the CLDA Annual and got the attention of the crowd right off the bat.

Speaking about the relationship between LTL companies and local carriers he said: “We know we have to develop relationships with companies like yours. We have the ability to deliver to you multiple shipments from any point in North America. CLDA members have the knowledge, expertise and resources to take those same shipments the final mile. Our partnership needs to be built on a commitment to grow our businesses together and at the same time make sure it is a profitable endeavor for all of us.”

Welch brought his 35 years of experience in the transportation business in to play in a rousing keynote speech highlighting the need to find ways for LTL carriers and CLDA members to leverage their strengths to serve a fast growing market efficiently and competitively. He is the chief executive officer of YRC Worldwide, a \$5 billion transportation company that is a leading provider of LTL transportation services throughout North America. YRC Worldwide has four LTL operating companies, YRC Freight, Holland, Reddaway and New Penn. Prior to his



position at YRC Worldwide, Welch was the president and chief executive officer of Dynamex Inc.

Welch built his case for a partnership between LTL carriers and last-mile providers based on his observations of the supply chain. “America has a magnificent supply chain,” he said. “This is an industry that never sleeps. America is powered by trucks daily. Trucking, whether it be over the road or final mile, is the lifeblood of our nation’s commerce. Trucks travel 775 million miles every day, hauling over nine billion tons of freight by way of the 1.8 million trucks on the road.

“LTL companies carpool shipments,” Welch continued. “We are

the segment of transportation that’s between truckload and parcel. We’ll pull together 15 to 20 shipments for different customers into one truckload, bringing them to terminals and distribution centers everywhere. Our network allows us to pick up shipments from multiple locations and funnel them into the area of delivery by the final mile carrier.”

YRC Freight, for example, has 14,200 dock doors and 258 service centers around the country handling 10.4 million shipments per year. They look for partnerships from companies like CLDA members. “We need help from companies like yours to deliver on that last mile,” said Welch. “We thrive on shipping partnerships to serve customers. We interact

with other transportation providers nearly 16,000 times every month. Partnerships are an integral part of our business and I can think of no better opportunity for new partnerships than the growing final mile segment.

“The ‘Amazon Effect’ has opened new business opportunities for all of us in the transportation industry. Customers say they want their deliveries in their homes and they want them NOW. While our networks are designed to move those shipments across North America, CLDA members have the experience and resources to make the final mile delivery efficiently and effectively. The LTL industry needs more partners like you to deliver on that final mile promise.”

Challenges to the Industry

Welch then went on to talk about some of the challenges facing the supply chain.

Chief among them is the challenge of finding truck drivers who can handle the increasing technological advances right in the truck cabs. “The most important advanced safety technology device in the cab of a truck is the driver. Professional drivers are getting harder and harder to find. We need people who have the patience to deal with both complex technology and the challenges faced by sharing the road with distracted drivers,” he pointed out. “We pay our drivers well and provide excellent benefits. What we cannot afford is to hire a driver who is not committed to safety and service.

“The equipment side of the trucking business is getting extremely complex and expensive,” said Welch. “However, drivers need more



resources to operate safely. Today’s [vehicles] are reaching biological levels of complexity,” Welch said, quoting Chris Gerdes, Professor of Mechanical Engineering at Stanford University. “Today’s advanced Class 8 truck is commanding 100 million lines of code, more than Facebook and the Hadron Collider,” he said. “That technology is there to protect the freight, the public and the driver. It encompasses in-cab videos, lane departure documentation, automatic braking monitoring, electronic logging devices and stability controls. The trucks are also equipped with technology that protects the driver and the company in case of an accident so they can detail precisely what happens in a traffic incident. For sustainability there’s also route optimization software that includes GPS to minimize the number of schedules and miles truckers run.

“Back office technology helps us optimize our LTL networks. The most efficient way to move freight is direct with the least possible amount

of touches to ensure it is delivered damage free and on time. Inefficient handling of LTL freight can cause it to be lost, damaged, misrouted or misplaced. The way to decrease that is to minimize the time we use to handle freight.” In the end, Welch pointed out that the technology helps document and optimize the freight handling process. “In today’s world information is as important, or in some cases, more important, than the physical movement of the freight. Customers expect damage free and timely delivery of their order and no one understands that better than the final mile delivery members of CLDA.”

A Changing World

Welch said that change is not only taking place in the cab and with the driver but also in how LTL carriers interface with customers. He pointed to the increasing role of 3PLs and third parties in this space. “We are the travel agents for freight,” he said, quoting CH Robinson’s CEO John

Wiehoff. “3PLs are utilizing technology and multi-platform service offerings to handle an increasingly large and diverse customer base. The challenge to asset carriers is to invest in the technologies to improve efficiencies with customers whether they are direct or via 3PLs. Asset carriers are at the first mile, last mile and every mile in between.”

Welch also talked about what he called the “Uberization of Trucking.” “Everyone wants to be the Uber of trucking,” he said. By that he means finding ways to use applications to connect shippers with local truckers to best use mobile communications in today’s on-demand world. “But it’s not that easy,” he pointed out. “Freight is more complex than point-to-point transportation. As freight moves, information about it changes. Does it need a lift gate? Does it need a signature? Does it need two people to move it? Is there a dock available when it arrives? These are the kinds of knowledge-based decisions that need to be made all along the way. And what about contingency plans if

the freight’s late, or there’s an accident or a snowstorm? How does the app respond to that? While mobile technologies show great potential, the freight business is far more complex than what translates easily into the Uber model. Right now, I think the most likely candidates for the Uberization of trucking are same-day/local move markets.”

Mutually Beneficial Partnerships

Welch concluded his remarks with a callout to all CLDA members to reach out to LTL companies: “CLDA members have the last-mile resource, experience and expertise. The LTL industry has the national freight networks and local facilities,” he said. “Together we can establish a partnership based on core competencies. Your members have the specialized equipment for business and residential deliveries. You have the expertise in white glove assembly service and the experience with the shippers’ delivery and installation instructions. LTL companies have vast hub and spoke networks.

We have the local and regional physical presence in the form of facilities and employees. And we have redundant over-the-road delivery systems to ensure on-time arrival.

“The purposes of a conference like the CLDA Annual Meeting are to learn new ideas, create new partnerships and improve business opportunities by the sharing of knowledge. That’s why I am here,” said Welch.

Responses to the speech were universally positive. “It was very informative,” said Nick Osbern, a first-time attendee from Freightquote. “When you’re combining LTL and last-mile, it’s good to hear advice from the chief [of YRC].”

NOW Courier’s Ryan Schwalbach agreed: “It was outstanding. It’s exactly what we need to hear. From a business standpoint you have to look beyond the narrow picture on which your company was founded. Look at LTLs as an opportunity.”



“In a market
in which
demand
exceeds
supply,
there exists
a wealth of
opportunity.”



THE FUTURE OF TRANSPORTATION IS LOOKING GOOD

By Andrea Obston
Director of Public Relations, CLDA

How will the continued growth of e-commerce impact our industry? How will local providers cope with The Amazon Effect? How do providers know when a new opportunity is right for them?

These are the kinds of questions tackled by a panel of industry leaders at the CLDA Annual Meeting. They polished up their crystal balls for a sneak peek at our industry's future and found good news.

Led by moderator Chris MacKrell of Custom Courier Solutions, the panel included: Jim Berluti, VP Sales, US, Dicom and Founder/CEO Eastern Connection; Steve Wilson, Ecommerce Analyst at Tompkins International and Brian Surber, Priority Dispatch, VP Operations.

MacKrell: No one can look into the future of this industry without talking about the impact of e-commerce. Talk about that:

Wilson: Nobody's going to go back to the brick and mortar model of retailing and that's good news for those of us in the transportation industry. The package delivery numbers generated by e-commerce are incredible. The volume will force us to consider new financial models and to ultimately confront the need to build fulfillment centers to support e-commerce. We know Amazon

and other on-line retailers understand the compelling need for local inventory. They know they need to keep up with customer expectations (yes, they, too, are wrestling with The Amazon Effect). And they understand that they will need fulfillment centers near their customers to lower their delivery costs and make same-day feasible. They are already doing that. But here's the opportunity for the rest of us right now: those fulfillment centers haven't all been built so they can be located where they make the most sense: in and near local markets. Amazon has already begun that process in larger markets, but they won't get to the smaller ones for a while. There's a window



of opportunity for local and regional delivery companies.

Amazon is also selectively in-sourcing parts of their supply chain. They are shipping directly to some of your hubs. They are inducting into the postal system. They are doing deliveries of food through Amazon Fresh and offering one

and two-hour deliveries through Amazon Flex. Right now, that means they are giving you more business to meet those needs, but what does the future hold? They are buying their own planes and tractor trailers. They think they can do it better and cheaper than you in the future. If they think they can do it, they will do it. Consider how that will impact your value proposition. What will you do in the face of that competition? How will you adapt? What will you offer that they can't or won't?

Amazon's concepts aren't new. Some logistics service providers have eight or ten fulfillment centers and can lower the cost of delivery by being closer to the markets. But here's the good news for you: retailers are beginning to understand that they have to take drastic action in the face of Amazon's continue rise. And that they will need to work with last-mile delivery companies to do that. With the help of third-party providers like you, retailers will engage in fulfillment-sharing and pooling business models with local delivery. YOU are the key to helping them store and quickly deliver more volume to their local delivery markets.

Mackrell: How does a carrier decide whether these and other business opportunities are right for them?

Surber: Right now demand exceeds supply in our space and I forecast that trend will continue for the near term. However, not all business is good business for every provider. So, how do you guide yourself? What acts as your compass to ensure you create a mutually beneficial relationship with the shipper? It's taking the time to reflect and create a strategy that's founded on the motto "Know thyself." Look, this space is confusing by default. The last-mile space

acts as a liaison to a variety of transportation genres. You need to gain clarity on your core competencies. You're going to have to understand what niche in this industry is your strength. Review your revenue stream. Break it out by service verticals. What drives your profitability? What's next? Where will you grow based upon the results of your review and what the market is telling you? Be absolutely intense and disciplined on direction once defined. Let your strategy guide you.

Berluti: I agree with Brian. When I was the CEO of Eastern Connection I knew we had to continually reinvent ourselves. At one time, we focused our attention on the B-to-B end of our business. But when we looked at revenue per stop, it turned out B-to-C was actually more productive due to the focus on the medical home delivery market segment. For us, that was where the opportunities were. The Affordable Care Act presented us with one of them. The numbers were staggering: 10,000 people per day will be turning 65 for the next 15 years. And the Affordable Care Act is designed to have patients cared for at home. That opportunity was right in front of us. We were already doing home delivery of medical products. So we asked ourselves, "What can we do to add value to those deliveries?" So we began offering to set up the equipment and show people how to use it. That business was very good for us. It was recurring and included multiple stops.

That "Know Thyself" motto guided us when we looked for ways to grow our business and was the reason we welcomed the acquisition by Dicom. What they brought to the

party was expertise and support so that helped us build up our facilities to make them into distribution centers. As Brian mentioned, it's allowed us to offer pool distribution to retailers. You have to know yourself and where you can make money. There's so much out there and it's so dynamic that it's hard to figure out.

The acquisition by Dicom also meant a capital infusion to help us grow our footprint. That capital helped us compete in this market place. Their investment helped us bring on the technology to better integrate with the supply chain of customers. Package visibility is what customers expect and that means a tremendous investment in IT resources. What The Dicom Group provided us was that IT backbone and infrastructure.

Mackrell: What are the long-term implications for this industry from what Alibaba's doing? Do you think it will affect the supply chain in this country?:

Wilson: The world is a small place. We can learn from China. There's a lot of innovation coming from Asia. There's no question that Alibaba is a model retailers will need to respond to. Amazon could respond or Alibaba could come over here and play a leadership role. I think it's important that we understand how they evolved. It was never in Alibaba's plans to do deliveries. They wanted to remain a market place and leave the delivery assets to others. But the logistics infrastructure wasn't keeping up. They didn't have the technology infrastructure that tied together logistics providers and warehouses. They saw a void and they felt they had to create something to fill it. Someone's going to see that opportunity and do something similar here in the U.S.



Mackrell: I want to talk about something else that's top of mind for shippers and carriers, the current low pricing of fuel. Is this a positive or a negative?

Surber: Strangely enough, the answer is "both." You have to look closely at what's melded into your base rate. It's much cleaner for all parties involved to keep surcharges, of any nature, separate from base rates. If you have transparency it's much easier to talk to your clients about their rate structure. You can educate them about what you're up against. A shipper could say, "I need a reverse fuel surcharge since gas prices have gone down." You need to know if that's possible. You need to be able to draw a line between your base rate and your other charges so you know the role fuel costs play in that rate. If you're fortunate enough to have started relationships when fuel was \$4 a gallon and your fuel charges were baked into that rate, then you need to celebrate this scenario with your contract partners. Not doing so creates an unsustainable reality. When fuel prices bounce back, expectations will exceed what the market can bear. It's important to "normalize" expectations now.

Mackrell: Jim, Eastern Connection recently joined the trend towards

taking advantage of cross-border opportunities by becoming part of Dicom. Tell us how this gives us a look into the future of our industry.

Berluti: We believe there are big opportunities for cross-border shipments as a result of the acquisition and now being part of the Dicom Transportation Group. Eastern Connection's location was an asset here, as it's on the border of Quebec. It was in a perfect position to take advantage of the growing potential of cross-border trade between the Northeast and Canada. We have been building that cross-border network since our acquisition by Dicom Transportation Group in September 2015. I believe those opportunities will attract other companies that are looking for ways to drive up yield and increase profitability.

Mackrell: Speaking of acquisitions, I'd like to talk about the influx of interest by private equity firms in this sector. What are your thoughts on that? Is it positive or negative?

Surber: It's an opportunity for all of us. However, a direct relationship with a VC may not be for everyone. Take a look at your strategy, value proposition and succession plan. What are your ultimate goals? Is it to cash out and move on? Or to build

a business that you and your family will keep for generations? Priority is a family business. We like steady sustainable growth for the long-run. For us, being too opportunistic means watering down our Value Proposition. We're not interested in doing that.

This is still a cottage industry. VC capital is good for it. Companies that take advantage of those opportunities are paving the way for everyone in our industry. Many of the entities are being acquired by the same firms and creating regional networks through these synergies. Shippers realize that we offer a true alternative to the "duopoly." Supply exceeds demand and these regional carriers are reaching out to us. Who better to partner with than a room full of proven entrepreneurs in the last mile space? We are doers. VCs love that.

In a market in which demand exceeds supply, there exists a wealth of opportunity. Like everything else that's coming over the horizon, it's going to be a matter of picking the right course, the right partners and the business model that's right for you.

Understanding and Preparing for the New FLSA Salary Rules – Effective December 1, 2016

BY BETH CARROL, PROSPERIO GROUP



First, don't panic. While the change is dramatic, the issue is fundamentally a math problem with a heavy dose of human psychology thrown in for good measure.

BACKGROUND

To manage through a change, it's good to first understand the history and the players. The federal government sets the minimum wage and overtime rules for ALL employers who generate more than \$500k in annual revenue/sales in ALL states through the FLSA (Fair Labor Standards Act). Note that a state can be more favorable to

employees but not less favorable than the feds; home rule states are not exempt from this requirement. The FLSA has had (for a very long time) a two level check system to determine if overtime must be paid:

Check #1: The minimum salary required to consider a position EXEMPT from overtime (no overtime required) was \$455 a week (\$23,660 a year) and has been for many years

Check #2: The duties test that looks at the actual job description and determines if the position falls under one of the defined exemptions

(Executive, Administrative, Learned Professional, Outside Sales, Motor Carrier Exemption, Retail Sales, etc.)

If an employee's salary failed #1, #2 didn't really matter – you must pay overtime (except for Outside Sales – it's ok for them to have salary less than the minimum (or no salary)).

THE REASON FOR THE CHANGE

The salary level had been at \$23,660 (\$11.38 per hour) since 2004 and was starting to fall behind and would soon be eclipsed by minimum wage in many places (a minimum wage of \$15 per hour is \$31,200/year). The

duties tests are vague and subject to considerable interpretation, so many jobs were being classified as exempt from overtime that probably should not have been. There is considerable lack of understanding/information on how all this works with some managers thinking employees can “opt out” of overtime (they can’t), and the advent of the internet and 24x7 accessibility meant workers were working far more hours (often at night and on weekends) yet being paid the same rate as prior. Just do some quick math: if an employee works 60 hours a week and is paid \$36,000 a year, that’s \$11.54 an hour. This is less than temporary secretaries were paid in 1989 (I know because I was making \$12.00 an hour working for Manpower).

WHAT HAS CHANGED

The government raised the minimum salary required to consider an employee exempt from overtime. It was \$455 a week or \$23,660 a year. Now it is \$913 a week or \$47,476 a year. Note this test comes BEFORE any duties test. It doesn’t matter if their duties are justifiably exempt (e.g., they are a division manager over 100 people). If they aren’t paid at this salary level, then you must raise their pay or start paying overtime based on the rules of your state (for most states this is 40 hours a week).

Note that the DOL has allowed that commissions, non-discretionary bonuses, variable comp, sales comp, etc. can satisfy up to 10% of the salary requirement (or \$4,747.60). This means that you can use variable or incentive compensation to reduce your salary minimum requirement to \$42,728.40 (but if the employee doesn’t actually ear \$4,747.60 paid on a quarterly basis (\$1,186.90 per

quarter) then you must do a catch up payment at the end of the quarter).

HOW DO I KNOW IF I HAVE TO CHANGE AND WHAT DO I DO?

If you are not currently paying overtime to an employee and that employee is making less than \$42,728.40 a year in GUARANTEED SALARY plus \$4,747.60 in non-discretionary incentive pay, you MUST make a change. Note, if the incentive pay is less than \$4,747.60 then the salary must be higher to make up the difference.

You have two options, and you should consult a labor attorney about which option makes the most sense for you.

1. Continue to classify the employee as exempt and raise their annual salary to \$47,476 (or \$42,728.40 if you are paying more than \$4,747.60 in incentive pay).

2. Reclassify the employee as non-exempt and pay overtime.

You will likely take option 1 for some of your employees and option 2 for others.

In order to not break your compensation budget, you need to do some math under either option. Under option 1, you will need to overhaul your compensation plan, target incentive amounts, and/or performance expectations to account for the increase in salary. For most this will mean increasing the threshold required before incentive pay is earned, and/or reducing commission rates. It will not be easy, but it IS doable.

Under option 2, you will need to refigure salary (you can still pay using a salary approach but pay overtime - this is called “salaried non-exempt” and it may be the right answer for many of you), and their incentive pay (e.g., commission rates), to account for some amount of additional pay that will come to them in the form of overtime pay. Usually you will need to reduce the salary a little and reduce the incentive a little to make up for the additional income in overtime pay. Note that you must also figure overtime pay on any incentive earnings (this is where the math gets convoluted, but the overall impact to costs is around 10% of the incentive pay if an employee is working 50 hours a week).

There is another option when you reclassify to non-exempt, but for many it is not practical. That would be to ensure that no overtime is ever worked. This would mean you do not need to change anything about your current pay arrangements, but you would have to be certain that the employee is not working ANY hours over 40 a week (at home, on the weekends, ANYTIME). We know for many of you that this will not be possible, though you may save money in the long run by considering hiring additional resources to take over some of the excess work.

To make things easier, we have developed a free Excel-based tool that will help you evaluate the cost of the different options. Please email info@prosperiogroup.com or call 815-534-9228 for guidance and to get a copy of our free FLSA evaluation tool.

CHRIS MACKRELL NAMED TO CLDA HALL OF FAME

“IT WAS THE PINNACLE OF MY CAREER”



For the last 30+ years Chris MacKrell has been making sure things get where they need to go. In his career those “things” have included everything from blood to office supplies.

In May, the members of the customized logistics and delivery industry paid tribute to his life-long commitment with their highest honor – induction into the CLDA Hall of Fame.

“I was surprised and shocked. I had no idea that I was up for the award. It is the highest honor the association can give to anybody. It means so much to me,” says Chris MacKrell, the President and COO of Custom Couriers Solutions, Inc. and a former CLDA President.

BANK RUNS AFTER GRADUATION

Like many in the industry, Chris started as an independent contractor. “It was the summer of 1982 and I had just graduated college,” he recalls. “The economy wasn’t good and job prospects were pretty sparse. A family friend asked if I would do bank runs for his company and that was my first exposure to this industry.”

After 6 months in that position, Chris moved into the role of night dispatcher, eventually graduating to become assistant manager for that company. Then it was on to a position as location manager for a start-up. Banking was the bedrock

of that business. “In those days, if you were serving the banking industry all it required was drivers. You didn’t need an office, just a place for drivers to meet,” he recalls.

After that Chris moved to the position of VP of Sales for Camelot Courier. Six years later, he was recruited by Rob Slack to join L.E.D.F.O.O.T. Express Inc. It was 1989 and Chris came on as their Vice President of Sales. At the time, the company was small, but growing. “We were doing less than a million in sales, mostly on-demand work, plus we had a substantial contract with Xerox,” he says. All that changed in one weekend when Camelot closed operations and L.E.D.F.O.O.T. Express took over their business. The result was a 400 percent jump in sales. “That was quite a weekend!” Chris recalls.

Four years later, L.E.D.F.O.O.T. Express became part of the US Delivery Network and Chris assumed the role of VP for the New England Region. The company served customers from Maine to Michigan with 36 locations. Its business focused on banking, pharma and office supplies. Chris stayed with the company when it became Velocity, moving into a position as Vice President of Sales, focusing on Healthcare.

Two years later he left Velocity to work for AirNet. As Vice President of Sales for the Eastern US, Chris helped grow the company, which focused on the banking industry. "The company owned and operated 138 airplanes. Our charge was to move cancelled checks around the US," he says. "The operation was impressive. In fact, the best way I had to close a sale was to bring them to our facility in Columbus, OH so they could watch our planes take off at 70 second intervals starting at 3:30 a.m. They were headed for every major city in the US. It was an amazing system. When you think of how much money was involved, it's breathtaking. We were moving checks that were presented to the banks all over the country. It's something you couldn't help but be impressed with."

All that changed on September 11, 2001. AirNet had the last plane up before the attack and the first plane back up when flying resumed. But the impact for the industry long-term was significant. "I think 9/11 really pushed the Check 21 and Imaging process changes along and that changed our business model dramatically," he says.

Chris stayed with AirNet for two years and left in 2004 to work for CD&L. For the next two years he built their sales organization. By 2006, he was ready to start his own company. "I met Dan Ayer at CD&L and when it was purchased by Velocity we decided we were ready to strike out on our own," he says. "On Sept. 16, 2006, we started Customer Courier Solutions, Inc. in Saratoga Springs, NY. We worked out of my home and on Dan's kitchen table. One of the first things we did was to become part of the Dynamex Franchise network. I met them through the association (which was then called the Messenger and Courier

Association) and I felt it would be a productive relationship. It has been."

Today, Customer Courier Solutions provides full-service courier and distribution services to Upstate New York, New England and the Mid-Atlantic. They offer their customers scheduled service, on-demand, distribution services, and warehousing, home delivery and full logistics services. Among their high profile customers are those from the banking, pharm, office products, retail, automotive, manufacturing and freight forwarding. The company that started from Chris' Home now has 11 locations, 225,000 square feet of warehouse space and is responsible for 11,580 scheduled deliveries per week. They now provide service from the Canadian border down to Virginia Beach.

ASSOCIATION INVOLVEMENT

Chris credits his relationships with CLDA as a key part of his growth. Rob Slack introduced him to the association in the mid-1980s when it was the MCAA. Chris held leadership posts culminating in his presidency from 2011 to 2012. He was an active member of the board before that. One of his most long-standing commitments was his 12 years term heading up the association's Government Affairs Committee. As part of that work, he served as the voice of the industry, testifying before the Senate Health, Education, Labor, and Pensions Subcommittee on Employee and Workplace Safety in favor of the independent contractor model in November 2013. "It was one of the highlights of my professional life," he confesses. "I was honored to represent this industry as the only witness for the Republican minority."

By then, Chris had become the association's president, having moved through the positions as the board's secretary, treasurer, second VP and heading up the Annual Meeting Committee.

The award was presented to Chris by the man who hired him as he moved up in the industry, Rob Slack. "We owe this man a debt of gratitude for all he's done for the industry," Slack said. In accepting the award Chris said, "This is an extreme honor but something I could not have done without the people around me, including my business partner, Dan Ayer and all the friends in this association I've made over the years. This association wouldn't be where we are at a national level without the people in his room who have given their time and their financial support. When I started as a driver in 1982 I never would have dreamed I'd be up here one day!" His remarks were greeted with a standing ovation.

As he looks back on his career and his role with the association, Chris says induction into the CLDA Hall of Fame is one of the high points. "This award recognizes the efforts that members of the Hall of Fame have put forth for the organization and the industry," he says. "When I look at the other people who are part of that group I have to feel honored and humbled. It really is the pinnacle of my career to be added to that group. It actually tops my experience testifying before Congress. And that was an amazing experience."



CLDA Fall Forum To Focus on Final Mile and Same-Day Logistics Trends

By Andrea Obston
Director of Public Relations, CLDA

Final mile strategies and same-day logistics trends will be featured at the CLDA Fall Forum coming up September 12 -14. Held in conjunction with PARCEL Forum '16, CLDA's Fall Forum it will take place at the Gaylord Texan near Dallas.

This is the third year that the CLDA has partnered with PARCEL Forum for the association's annual Fall Forum. Over 1000 supply chain professionals will participate in the two-day event that will include over 70 educational and networking sessions. In addition to the CLDA sessions there will be presentations on transportation systems, measuring performance, packaging optimization and alternative supply chain channels.

This year the conference has added Business-Focused Educational PODs. These sessions will focus on practical solutions to business

issues that affect transportation, logistics, warehousing and packaging professionals. Participants can follow specific PODs or build the educational program that best fits their needs by choosing from any of the over 70 sessions being offered.

CLDA will present two of those PODs on final mile strategies and same-day logistics trends. Topics will include:

- Supply Chain Trends that are Redefining the "Final Mile"
- Reinventing Your Business in Today's Final Mile
- Lessons Learned and Key Success Factors in the Final Mile
- Voice of the Shipper
- Staffing Trends (Baby Boomers & Today's SC) – What It Means for Your Business

- Understanding the Legal / Regulatory Landscape: Preparing for an IRS Audit

- Supply Chain Visibility and Technology.

All attendees have access to any of the PODs, all exhibitors, meals and receptions.

PARCEL Forum has been an influential annual conference and exposition for the parcel shipping, distribution and logistics industry since 2003. It provides the opportunity for those in the industry to learn about industry trends, meet influential members in the business and learn about the latest products and services. The 2015 show attracted over 1000 attendees to the conference and exhibition hall which featured over 92 exhibitors showcasing products and services in more than 10,000 square feet.



New CLDA President John Benko Knows How to Deliver

BY ANDREA OBSTON, DIRECTOR OF PUBLIC RELATIONS, CLDA

After more than three decades in the business, John Benko has delivered everything from lost luggage to live tropical fish to a heart to wine, flour and dog food. Chances are if you've ordered something on-line from a major retailer, John's had a hand in getting it to your door.

And now, he has another accomplishment to add to his resume. He is the new President of the CLDA. He was elected at the May Annual Meeting and will serve in that position for two years.

John is the Director of Operations for Pace a multi-regional customized logistics solutions provider based in Birmingham. They provide final-mile, courier and customized logistics services.

He brings over 30 years of experience to the position and has been involved with the association for over a decade. Previously he served as the CLDA's First Vice President and chaired the Government Affairs; Membership; Vendor and State Association Committees.

As president of the CLDA Board of Directors John supports the association's emphasis on creating business opportunities

for members; deepening its relationship with others in the supply chain; moving legislative efforts forward on behalf of members and presenting its two major industry meetings in the spring and fall.

AN EX-AIRLINE GUY

John's been moving people and things around since 1984. That's when he started work for Piedmont Airlines. "I did everything other than fuel 'em and fly 'em," says this former customer service rep.

John started his career "throwing bags and driving tickets," he recalls. He worked his way up to supervisor, shift manager and departmental manager(s). When Piedmont was taken over by US Air, they closed Tallahassee as a mainline station where John worked and moved him to Charlotte, NC, Philadelphia, PA and finally Tampa, FL.

It was there that the idea to start a business began to take shape. "I was the customer service manager we used an outside company to deliver lost luggage that had to go to customers' homes," he recalls. "The company wasn't doing a very good job. Delivering bags was an ancillary business for them and frankly, I don't think they cared much about the kind of job they were doing on this part of their business. I wasn't alone. All the managers at the Tam-



pa airport were in the same boat. I couldn't even get the vendor to come see me about my issues. When they did finally meet with me they told me they couldn't do any better. So, I decided to develop a business model to do the job myself. For six months, I did that on top of my regular job and we were doing very well. It was clear I couldn't continue to do both jobs. I went home and told my wife Sandra that I would be delivering lost luggage for a living. After she recovered from shock, she would say. 'I know you would never do anything to hurt us, let's do this' and MANKO Delivery Systems Inc. was born in 1999."

BEYOND THE LUGGAGE

John knew he had to move more than lost luggage if MANKO was to thrive. For the next five years he, grew the business. "I knew I wasn't going to retire on delivering lost luggage. So we went to

work adding other verticals like deliveries of pharmaceuticals, industrial supplies, routed and scheduled deliveries, warehousing, home delivery and air freight delivery," he recalls. "We handled most everything under the 3PL umbrella."

The business was a success and in January 2014, John sold it to his two partners. Through his connections at the CLDA, John had worked closely with Matt Lawrence, and Casey Crook the two owners of Pace. Matt was also on the CLDA board. In April 2014, he joined with Matt and Casey as Director of Operations at Pace.

A Front Row Seat on Industry Changes

John joined the organization in 2005 when it was the Messenger and Courier Association. After only 18 months as an active member, his passion for the industry attracted the attention of then-board member Kirk Godby. "Kirk recruited me early on to join the board and from there I took on more and more responsibilities," recalls John. He chaired committees that covered state associations, vendor development, membership and, for the past six years, the association's influential Government Affairs Committee (GAC). He moved through the ranks of the association's Executive Committee, most recently holding the position of First Vice President for the last two years.

Over time, he's seen many changes, including a new identity for the association as the

Customized Logistics and Delivery Association. John was extensively involved in the re-branding of the association in 2013 as it adapted to changes in the industry.

"During my time with this organization, the membership has grown from moving small packages and paper into much more than that. When I started most of our members spent the majority of their time doing small on-demand pickups and deliveries," he recalls. "That market has, of course, seriously diminished and today our members have expanded into white glove, threshold, E-commerce, LTL work and a host of other verticals that require different and larger equipment. With the advent of Amazon and Google and the large retailers, E-commerce has shifted retail from bricks and mortar to on-line. That has given a tremendous boost to our members. The 'I need something immediately' mentality of the consumer has radically changed our industry. And it continues to evolve. I think the most dramatic illustration of that was the fervent response we got from members at the Annual Meeting. They were so enthusiastic about the significant presence of shippers looking for last-mile delivery providers at that meeting in May. As we continue to see that evolution happen it presents a unique opportunity for our members. They are uniquely positioned to take advantage of those opportunities. We are a just-in-time, nimble group of folks. We are adept at moving freight that fits the complexity of E-commerce. Unlike larger players or natio-

nally-based delivery services, our platforms lend themselves to flexibility, nimbleness and the ability to customize our services. For me, those are the most exciting changes in our industry."

Bringing Business Home to Members

John plans for the association during his upcoming tenure are all about driving business to the members. "I want to build on the association's recent successes getting shippers involved in this organization," he says. "I also want to continue doing everything we can to support the association's goals of solidifying and clarifying the independent contractor status and I expect to continue building coalitions with other industry groups involved in the supply chain."

Citing the association's past strength in networking, education and legislation, John talks about adding what he calls "a fourth leg to that stool" – business development. "I want to build on the momentum we got at the last annual meeting," he says. "I want members to say to themselves 'We are going to get business if we join because we'll get governmental advocacy, networking and educational content as well as contacts that will help us grow our business. I want CLDA to be seen as an association that, if you don't join, you'll feel you're at a competitive disadvantage. I expect us to move forward on our value proposition of bringing business home to every member."

To reach John with your comments, suggestions and questions, contact him at info@theclda.com.

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The Multi-Billion Dollar LTL Opportunity

By **Andrea Obston**
 Director of Public Relations, CLDA

First and last mile providers that find ways to partner with LTL carriers are opening the door to significant opportunities.

That was the message that was delivered loud and clear by four executives of LTL carriers at the CLDA Annual Meeting. These executives gave conference goers a front row seat on the potential for LTL/last-mile provider partnerships.

Moderated by Jim Bramlett, former SVP Business Development for uShip, the panel looked at ways that first and final mile delivery companies could work with LTL carriers. Panelists described their operating models, who they partner with, why they partner with them and what it takes to gain access to millions of dollars of revenue opportunities.

Moderator Jim Bramlett explained his company this way: is the industry's only neutral marketplace. We match the needs of those in the LTL industry with last-mile providers."

The panelists who represented the LTL industry included:

- Rick Mathews – VP, Specialized Services, YRC Freight
- Steve Selvig – VP, Sales & Marketing, Reddaway
- Thomas Nagel – President/CEO Clear Lane Freight Systems

• John Kenneally, Vice President of Transportation, Roadrunner Transportation Systems.

The LTL sector is a \$40 billion, consumer-focused industry. Bramlett compared the match of LTL and final mile carriers to a Reese's Peanut Butter cup. "Those of you in the customized logistics and delivery business are like the chocolate," he said. "You are flexible and go with many things. The LTL carriers are the peanut butter. Together we can create Reese's. And like the individual components of that sweet treat, together we can make more than if we went it alone."

YRC executive Rick Mathews echoed that sentiment asking for a standing ovation for the partnership idea. "The reason I came to this meeting is to look for those partnerships," he said.

YRC Freight offers standard, accelerated, time-critical, and logistics solutions services throughout North America. YRC Freight's 20,000 employees operate a network that supports approximately 10.7 million shipments annually. Their network includes approximately 8,500 tractors and 32,000 trailers operating in over 250 facilities with over 13,000 doors. The average YRC Freight shipment weighs approximately 1,200 pounds and travels 1,300 miles.

Among the opportunities he sees for partnerships with CLDA members are in the areas of:

- White glove residential deliveries

• Home deliveries that require quick responses to e-commerce demands

• Reverse logistics

• Freight that moves between distribution centers.

Reddaway's Steve Selvig added to Rick Mathews' comments. It was his first time at a CLDA conference. "I am impressed with what I've seen at this meeting," he said. "I love the entrepreneurial spirit all of you have. That's what makes an economy grow."

Reddaway is a leading Western States LTL carrier. "We are primarily next-day for deliveries that are, on average, 500 miles or less," he said. "In today's environment being nimble is so important, especially in this space. Our customers have distinct needs for early-morning deliveries and they will pay more to make that happen. They want their goods on the retail floor as soon as they open their doors."

Among the opportunities he sees for partnerships with CLDA companies are in the areas of:

- Residential and white glove deliveries
- Deliveries that require unique experience and/or equipment
- Deliveries of on-line orders.

"One of our biggest e-commerce customers is a home improvement chain. Their on-line orders are up



36 percent and we look to partners like you to help us respond to that.”

He concluded his remarks with a charge to those in the room: “Look for ways to partner with LTL carriers!”

John Kenneally, Vice President of Transportation, represented Roadrunner Transportation Systems’ LTL services. Roadrunner is a Top 20 LTL provider with full-state delivery capabilities throughout the United States and Canada. Kenneally added his voice to the conversation about the final-mile/LTL partnerships. “We have no interest in getting involved in final mile,” he said. “We don’t want to bring products into consumers’ houses. We’ll leave it to your drivers to do that. We need companies like yours to take products into the customers’ home and take away packaging. We do a great job transporting. We’re good on the road and at the dock, but if you have a driveway, that’s another story. That’s where you come in. It is fantascit meeting so many people at this conference with whom we can partner. You

have a special expertise in final mile that we do not wish to develop. Our agents are our partners. We value that. We couldn’t be who we are without agents like you.”

Wrapping up the panel was Thomas Nagel, CEO for Clear Lane Freight Systems, an economy LTL transportation network. His company has a network of over 20 agents in 30 states providing service from the Northeast to the Sunshine State. “Our customers are more sensitive to price than transit time,” he said. “We partner with third party providers. It’s what’s driven our company’s growth. We’re non-asset. We rely on our agent partners to pick up and deliver.”

He charged those in the room to look to the future to see what changes they will make to accommodate the demands of e-commerce. “When we look at the Amazons of the world we need to remember that their mission is to be the one single source for e-commerce. That might not bode well for those in this room. But we see it as an opportunity and a challenge that we

can take on together.”

As conference participants left the room, they talked about the ways the panel’s remarks got them thinking about the future. “It was good. It reinforced what I’ve been thinking. I liked the way they talked about what’s happening in the marketplace,” said Samuel Petite, Logistics Manager for Article, an online furniture manufacturer that describes itself as offering,

“...high-end quality and customization – and often a quick turnaround time – at low-end prices.” Petite is the Logistics Manager for the company’s Ocean and Final Mile Division.

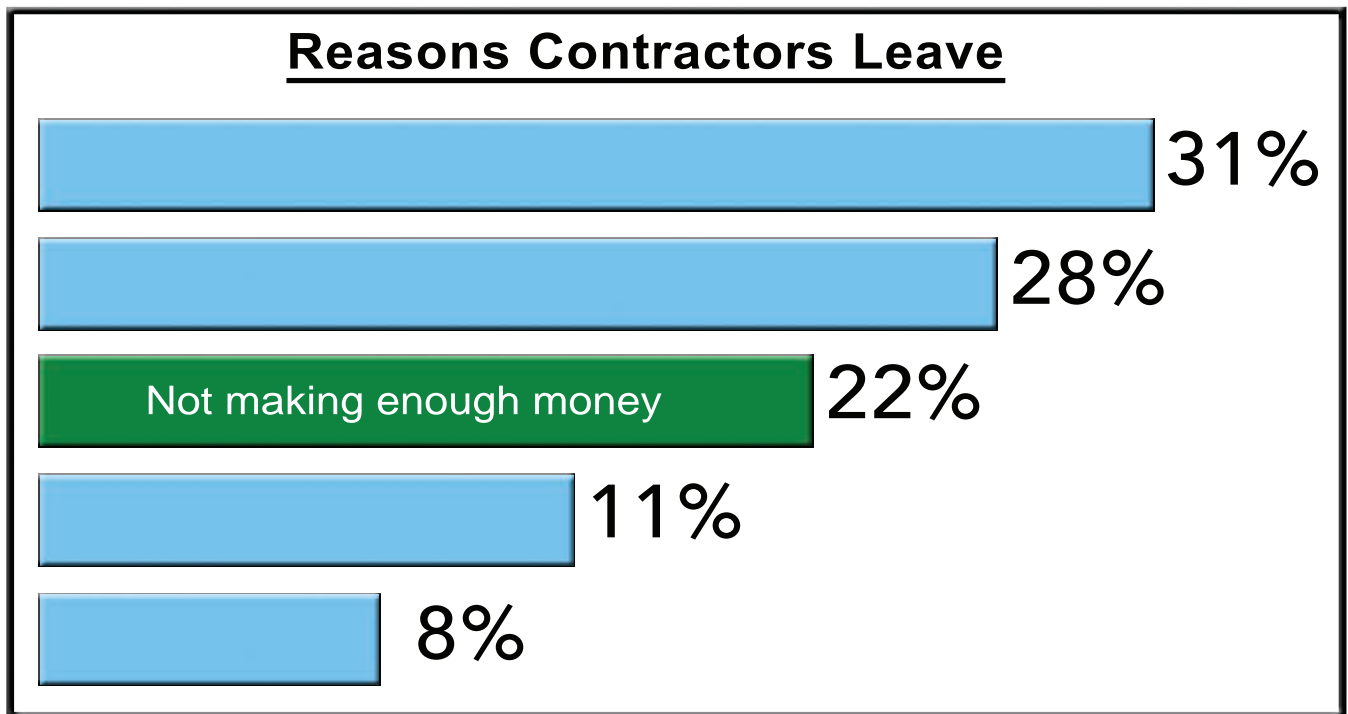
Peter Fernandez, Vice President – Sales & Marketing for Citipak Delivery Systems, Inc. summarized the reactions of the logistics providers this way: “It was a very informative panel, particularly for those of us that are looking to fill that need. Last-mile is an up and coming market segment that we all need to be looking at.”



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