

## **e\*fill America National Network of Warehouses**

**“does size really matter?”**

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Every time a logistics service provider announces its imminent expansion-whether it's growing organically or through acquisition-the pundits wonder aloud whether there is a future for the small to mid-sized company. That question came up again in August, when Exel acquired Tibbett & Britten. With that acquisition, Exel's annual revenues will soar into the general area of \$8 billion, making it bigger than J.B. Hunt, Swift and Yellow Roadway combined. And though it may be the biggest player in the industry, Exel isn't the only logistics provider out there with revenues in the billions of dollars.

While the conventional wisdom holds that there will always be a niche for the local and regional warehouse companies, some aren't waiting around to make sure. This spring, a new company, e\*fill America, made its debut with the stated mission of becoming a leading supplier of value-added logistics services and distributed warehouse capacity in North America. Its strategy? Rather than trying to operate its own facilities, the company plans to coordinate and sell the consolidated resources of a strategic network of entrepreneurial-owned logistics companies all linked by a common technology platform.

In its first six months of existence, e\*fill America has recruited 33 warehouse companies operating more than 50 million square feet of space as part of the network and, more importantly, as investors in the company. The plan is to double this. If e\*fill succeeds, it'll vault into the same league as Exel, whose space inventory runs a bit over 73 million square feet.

Still, the question remains, does the “combine and conquer” strategy work? It's proved successful for companies such as SEKO Worldwide, FedEx Ground and a number of freight forwarders. But there have also been some notable flops among the warehousing companies that tried joining forces. DCW+ and IRON (Integrated Regional Operating Network) were two of the more creative alliances of the 1990's, but ultimately, both failed. There have been others as well-companies that attempted to combine technology, buying power, and marketing programs only to fold when, much like NFL team owners, individual business owners were unable to reach consensus on important issues. The Jerry Jones (Dallas Cowboys) position of “What's yours is ours and what's mine is mine” doesn't go very far toward building a cohesive, effective alliance.

Can e\*fill buck this trend? The evidence so far suggests that it can. When developing the company's business model, its leaders appear to have avoided some of the missteps of the past.

First of all, they have financing. The capital they've raised so far will give the company some staying power as it tries to establish itself in the marketplace. More important is the fact that much of the capital has been invested by the members themselves. With “skin in the game”, they are less likely to walk away when some internal disagreement arises.

Second, e\*fill has strong operations leadership. Its COO is a seasoned, well-respected senior executive who has the energy and expertise to make it work. The company has also hired experienced marketing personnel.

In this economy and industry, there's no sure thing, but my money is on their success. The only advice I would give its principals if they asked (and they haven't) is to lose the name! It sounds more like a dot-com venture than a real company with offices, employees...and more to the point, warehouse space.