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## Transplace - Not Just a Transportation Broker

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By Ethan C. Nobles

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LOWELL -- From shoes at J.C. Penney to supplies at Office Depot, Transplace moves products great and small for shippers throughout the U.S.

Transplace of Plano, Texas, was formed in 2000 when Lowell's J.B. Hunt, Covenant Transport, M.S. Carriers, Swift Transportation Co., U.S. Xpress Enterprises and Werner Enterprises joined forces and became equity owners in a new venture.

The number of equity owners was whittled to five after M.S. Carriers merged with Swift in 2001. Transplace was set up to provide transportation logistics for shippers and trucking companies alike.

The firm is headed up by Jun-Sheng Li, president of J.B. Hunt prior to the formation of Transplace. Li's idea was to merge the logistics departments of its equity owners in attempt to save money by setting up a centralized system.

Li's idea centered around the theme of eliminating waste in both the budgets of six companies with individual logistics departments and in "empty miles" when trucks are between loads and traveling empty between terminals.

Transplace has around 600 employees and 400 of them work in Lowell in the firm's office at 509 Enterprise Drive -- just a stone's throw away from J.B. Hunt's headquarters.

Given the history of Transplace, misconceptions suggest the company operates as a broker specializing in selling shipping space to the highest bidder and only utilizes trucks operated by the company's equity owners.

Chad Palmer, vice president of integration for Transplace, says nothing could be farther from the truth.

He said Transplace, in fact, has struck deals with more than 3,000 carriers in the nation and attempts to match available space with shipping freight. Palmer said Transplace, when it comes to selling capacity, represents shippers and not carriers.

Joel Sutherland, senior vice-president of Transplace, said about 250 of the 3,000 carriers utilized by the firm get 85 percent of the work. By design, he said

Transplace has to be neutral in selecting which carriers to use -- there's no room for favoring the company's equity owners.

"We have to satisfy our customers," Sutherland said. "If they tell us not to use any of those carriers, we won't."

Palmer said Transplace was built on a model called Dense Network Efficiency, which is a concept based on the idea of matching freight with available space.

"We can have an almost unlimited amount of shipper freight with almost an unlimited amount of capacity," he said. "It's not just about finding the cheapest truck. ... We're offering an opportunity for our customers to be as lean as they can be with regard to moving their freight."

Palmer said Transplace is set up to handle everything from the smallest loads which have to be sent through the mail to taking care of most of the shipping needs of J.C. Penney Co. and Office Depot.

David Genge, director of information technology for the firm, said Transplace's philosophy suggests good rates are possible through arrangements with thousands of shippers.

"We feel like if we grow the opportunity to negotiate with our shippers, we could negotiate a better deal over all," he said.

Relationships such as the one Transplace maintains with J.C. Penney suggest the scale of the logistics firm -- a mere freight broker would be in no position to effectively handle all the inbound shipping for a major firm such as J.C. Penny, Palmer said.

He said Transplace's ability to handle all the shipping duties for companies allows company officials to concentrate on their businesses and leave shipping hassles to someone else.

Sutherland said his company only takes care of the inbound freight for J.C. Penney and Office Depot.

Transplace, he said, delivers goods from vendors of those retailing firms to distribution centers. Both J.C. Penney and Office Depot, he said, use their own trucks to supply their stores and customers.

J.C. Penney and Office Depot aren't the only major companies which have hired Transplace to resolve one logistics problem or another. Other firms which have hired Transplace are Anheuser-Busch, Circuit City, Georgia Pacific and Nissan.

Because Transplace is privately-held, the firm is not obligated to share financial information. However, Kecia Bosse, spokeswoman for the company, said Transplace handled around \$2 billion in freight last year, up 66.67 percent from \$1.2 billion in freight moved in 2001.

Palmer said Transplace is ambitious enough to attempt to take care of most shipping needs a company might have. Furthermore, he said, company officials want to handle some administrative chores for trucking firms through its Fleet Services Group.

Transplace, for example, has put together a deal with the Arkansas Trucking Association over the past month to handle drug testing for shipping firms in the

state. Palmer said Transplace can take care of the administrative tasks involved with drug testing, including the necessary paperwork, coordinating with medical labs to make sure the tests are done and collecting the results.

By virtue of its brokerage, administrative and logistics roles, Palmer said Transplace handles volumes of information. In order to handle the load, company officials have developed Internet-based systems which allow Transplace's customers to track necessary data.

Palmer said one of the most-used features of Transplace's Internet services is a system through which shippers and carriers can track the status of loads.

"This gives them the ability to say, 'We've moved your freight,' he said. "It's not just cool Internet stuff."

Genge said perhaps the biggest benefit of the company's presence on the Internet is the ability of customers to check on the status of freight whenever they want.

"They can use it anywhere," he said, adding the centralized network saves both employees and customers a lot of time and trouble. "It's a heck of a lot better than pulling out a Big Chief notepad and keeping up with it on paper."

Bosse said Transplace officials are considering taking the company public one day by offering an initial public offering "when the time is right."

Genge said the slumping economy, which has forced many trucking firms into bankruptcy over the past two years, has had little impact on Transplace -- the freight level hasn't dwindled nearly as much as the number of trucking firms called on to carry it.

"The economy has been good for us," he said. "From our perspective, he who has the most freight in his network wins."

