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You need it when? No problem

This C.H. Robinson executive dreams of logistical nightmares

BY MERIBAH KNIGHT

In January, as the Midwest was slapped by the polar vortex, Jordan Kass received a photo from a colleague taken at a grocery store in Oak Park. Mr. Kass is vice president management services of TMC, a division of logistics heavyweight C.H. Robinson Worldwide Inc. His job is to manage complex supply chains for companies such as Ocean Spray and Microsoft Corp.

Passing by the dairy aisle, the colleague noticed an empty shelf usually filled with Greek yogurt. In its place was a sign apologizing to customers that the extreme cold had “caused some kinks in our supply chain.” He snapped a photo with his cell phone and sent it to Mr. Kass. “That’s a supply chain with not a good outcome,” Mr. Kass recalls.

This is the sort of basic problem that Mr. Kass, with his growing team of employees across four continents, works to solve every day, by helping companies configure their supply chains to source and move products from point A to point Z—despite rain, snow, gloom of night or polar vortices.

Over the past 15 years, as products and their suppliers have snaked farther around the globe, TMC has unlocked a modest new revenue stream for its parent company, using computer algorithms and human analysis to overhaul and manage other people’s supply chains. It’s one of the company’s fastest-growing segments, with offices now in Amsterdam; Shanghai; Mumbai, India; and another opening in Brazil this year.

Other logistics companies are starting to offer similar services. “Everyone is getting in on this game,” says Maciek Nowak, associate professor of supply-chain management at Loyola University of Chicago’s Quinlan School of Business.

So what is this game? Rather than simply connecting shipments and moving product, supply-chain management means pinpointing inefficiencies, sourcing raw materials, worst-case-scenario planning and advising companies on the most effective place to build a manufacturing plant or a distribution center. “We have fun solving people’s problems,” Mr. Kass says.

“They see it as a real strategic advantage for them, and rightly so, because it will differentiate them from someone who simply provides transportation capacity to someone who provides solutions,” says Rick Blasgen, CEO of the Council of Supply Chain Management Professionals in Lombard. “I think they are very forward-thinking in that regard.”

C.H. Robinson, based in Eden Prairie, Minnesota, is a Fortune 250 company that contracts with more than 63,000 transportation companies to get goods to and fro by every mode of transport short of a rickshaw—air, sea, train, truck. Its Chicago outpost in Lincoln Park, with roughly 1,000 employees, is its largest. TMC, though, is headquartered in the West Loop, in a swanky industrial space filled with midcentury furniture and commissioned art.

Today, among the dozens of clients that TMC works with are Deere & Co., Dole Foods Co. and Ocean Spray Cranberries Inc. TMC helped Ocean Spray raise its on-time delivery rate of raw materials and finished product to 95 percent from 85 percent.



Jordan Kass, vice president management services of TMC, in the company's offices in the West Loop.

That can save millions of dollars a year, Mr. Nowak says. “It’s the little tweaks and adjustments that really make that supply chain hum,” he says. The appeal of TMC, he adds, is that it’s tough for companies to pinpoint these adjustments in-house. “It’s expensive to have that visibility.”

A 20-year veteran of logistics management, Mr. Kass, 42, began his career at Chicago’s American Backhaulers Inc. There he got the idea for a comprehensive service model that mixed technology with analysis to recalibrate supply chains for clients that were already using the firm for basic shipping needs. “When I started in this business, supply chains were considered this back-office, backroom function,” Mr. Kass says. “Now, it has moved from the backroom to the boardroom.”

In 1999, when American Backhaulers was acquired by C.H. Robinson, Mr. Kass was offered the chance to run with his idea, creating proprietary software. A few years later the company took the whole thing global. Today TMC employs 300 people and manages 4 million shipments across 168 countries. While Mr. Kass declines to give specific revenue figures, the division is responsible for the bulk of \$68 million in revenue that C.H. Robinson took in last year under its “other logistics services” segment, which also includes warehousing and moving small parcels. C.H. Robinson’s total revenue was \$12.8 billion in 2013, up 12 percent from \$11.4 billion in 2012.

C.H. Robinson is not alone in seeing the opportunity. United Parcel Service Inc.’s supply chain subsidiary in Alpharetta, Georgia, and FedEx Corp. in Memphis, Tennessee, offer their version of supply-chain management, for instance. C.H. Robinson, however, is further down the road, Loyola’s Mr. Nowak says. “They know how to do it better than just about any other company.”

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