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THE LOGISTICS NEWS WEEKLY

Seko Seeking Growth

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Air forwarder finds life on its own allows stronger focus on customers, international

Going it alone appears to be paying off for Seko Worldwide.

In the nearly two years since spinning off from trucker US Freightways, the company has returned to a sharp growth track and executives who engineered a buyout from USF say they are focused on new expansion in the international arena.

The Chicagoland-based forwarder has made major adjustments since its five years as USF Worldwide. Seko remains a small player in the forwarder realm but the company wants to compete with the big guys.

"One of our major goals has been out of the box … to get on a par technology-wise with our biggest competitors in the industry," Seko President and CEO William J. Wascher said in an interview. "And we feel we're there right now. And now we're going to take it to the next level and surpass it in some of the areas. When you do that, the technology then turns into a commodity."

The privately held company doesn't release its sales figures, but Wascher says Seko pulls in between $100 million and $200 million in gross revenue, putting it in the upper tier of private air forwarders based in the United States focused largely on domestic business. He says Seko saw record monthly sales in March with 30 percent growth from a year earlier. For the year, the company is hoping for 25 percent sales growth.

Wascher said Seko's customer base has grown 5 to 10 percent since it spun off from USF, with customers now numbering from 9,000 to 10,000.

Seko's return to the ranks of private forwarders in late 2002 marked the end of a bid by USF to bring LTL trucking together with air forwarding. USF bought Seko in 1997 just as several truckers were looking to extend their services by adding expedited air delivery to their portfolios.

Wascher said that under the corporate structure, attention to the customer didn't always come first.

He described USF Worldwide as "the typical subsidiary of a large public company where a lot of the energies of the company are geared at staying off the radar

WASCHER

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screen of somebody at corporate headquarters and, number two, geared at serving that corporate master."

Those days are gone, Wascher said.

"I think we have effectively changed that culture so that all the energy is focused on the customer," he said. "We're more of a sales- and marketing-driven company than we were in the past."

Airforwarders Association Executive Director David Wirsing agrees that the Seko of 2004 is very different from the Seko that emerged from USF in 2002.

"They have gone through quite a metamorphosis," Wirsing said. "They are doing very well and have been able to define a nice niche. They're obviously much more focused now than they were in the past when USF probably had bigger concerns in other parts of the transportation chain."

At USF, the forwarding business struggled. During the first three quarters of 2002, USF Worldwide lost $33 million. When USF decided to rid itself of the unit to focus more on its core business, Wascher, Seko's former chief financial officer, and other executives stepped in to buy the company.

After leaving the company in 2000, Wascher thought he was done with the freight forwarding business. But he said he has no regrets about jumping back into the fray.

"The president/CEO function is definitely a lot different than being the CFO

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of a company," Wascher said. "So it's had its challenges but it's very rewarding. Our biggest constraint right now is the calendar and the clock ticking. We want to fix everything yesterday and solve all the problems of the company and the industry yesterday."

Seko plans to continue its expansion both domestically but more especially on the international side, which accounts for some 30 percent of the company's business. The company has three offices in the United Kingdom and plans to open at least 12 more across Europe within the next few months. Another 12 or so offices are planned to open in Asia during the second quarter.