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KATHLEEN LAVINE | BUSINESS JOURNAL

Anthony Linderman (left), general manager of Unishippers of Denver, and Jeff Boyer, director of sales.

Attention to shipping costs opens niche for Denver firm

BY SCOTT BASSETT

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Highland Water LLC had its most profitable year in 2009, and President Keith Warner attributes that to money saved on shipping costs by going through Unishippers of Denver.

Warner said his company grew revenue by 28 percent last year — while the rest of the industry shrank by 45 percent, he said.

"My product arrives to me at a lower price, which means that I can price it at a lower cost — which means I'm going to sell more," Warner said.

Denver-based Highland Water, a small business specializing in water purification, sells products such as softeners and filters that vary in weight from 200 to 2,000 pounds per pallet. Unishippers handles the shipping of items from 50 vendors nationwide to Highland Water, which then installs equipment in Colorado homes.

Warner used to hire trucking companies to ship his products, but he said that coordinating shipping bills and setting up appointments took too much time. Those carriers also commonly flubbed his shipments, and he never got a discount because of low volume, he said.

So in 2008, he hired Unishippers, which is a franchised shipping re-seller of Unishippers Global Logistics LLC (UGL), to handle his freight needs. Since then, his shipping costs have dropped 30 percent.

"Many, many, many thousands of dollars a year in value to me to have lower [shipping] cost," Warner said. "Who is a trucking company going to listen to? In other words, I get a big voice because I'm working with them [Unishippers]."

Unishippers helps more than 400 small and medium-sized businesses in the Denver area reduce shipping costs by 20 percent to 30 percent because they get volume discounts, said Anthony Linderman, co-franchisee of the Denver branch. Nationwide, Salt Lake City-based Unishippers has 75,000 customers, which gives it leverage in negotiating lower rates with carriers. The company generated \$230 million in revenue in 2009, according to its website.

"It would be a barrier of entry for another

company to go to UPS or one of these big freight companies and say, 'We don't have any customers and we don't have any volume, but we feel like if you gave us this pricing, we could do X,'" said Jeff Boyer, Linderman's business partner. "I think they [the carrier] would be less inclined to do anything ..."

UGL, founded in 1987, has 285 franchises nationwide. Its carriers include UPS, UPS Freight and Saia, said Steve Leavitt, UGL executive vice president, chief operating officer and owner of six Midwest franchises.

Unishippers is the first freight reseller that UPS has partnered with, Leavitt said.

Linderman and Boyer bought the Denver franchise in 2007 with personal funds. They're equal partners.

They met at DHL, where they worked for a combined 22 years as regional sales managers in California. Boyer's last job at DHL was national account manager for Unishippers.

"It seemed like a good fit," Linderman said. "We wanted to do something on our own and kind of be rewarded a little more for our efforts."

The transition began smoothly as they experienced a 25 percent growth in profit in 2008. But 2009 was a different story.

The amount of shipping business dropped, and Boyer said they didn't cut costs quickly enough by moving to more efficient vendors.

"We're used to being in the corporation world, where there's a lot of financial backing and you're not watching the P&L (profit and loss) as much as you are in this environment," Linderman said. "So I think reaction time is definitely one of things I took away."

Still, profit grew 5 percent in 2009. Boyer said they used their experience to help consult with clients. Among their pieces of advice: Avoid unnecessary costs such as next-day shipping.

"People are definitely shipping less, but it's sort of a blessing and a curse because you've got people that are shipping less, but on the other hand, people are looking to do things in a more economic way, so that definitely opens up more doors for you at the same time," he said. "It's sort of a double-edged sword."

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