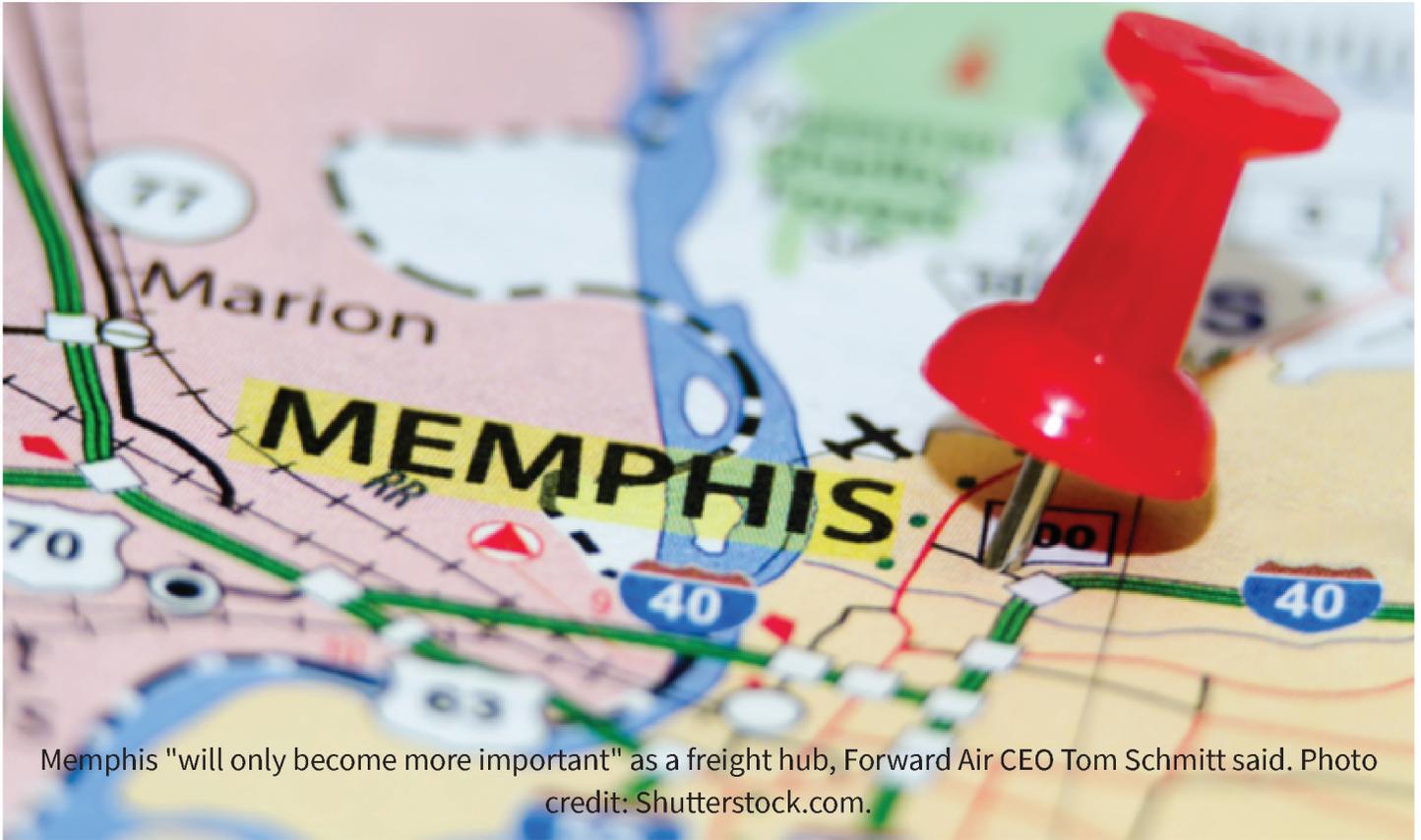


Forward Air extends inland dray reach with Memphis acquisition

William B. Cassidy, Senior Editor (/users/william-b-cassidy) | Oct 06, 2020 5:29PM EDT



Memphis "will only become more important" as a freight hub, Forward Air CEO Tom Schmitt said. Photo credit: Shutterstock.com.

Expedited transporter Forward Air is building out its intermodal, less-than-truckload (LTL), and final-mile networks one market at a time, announcing Tuesday the acquisition of Memphis-based intermodal drayage company Value Logistics. The \$2.25 million bolt-on acquisition expands Forward's intermodal presence in one of the leading US distribution hubs.

Memphis is key to the future expansion of Forward's intermodal network, which includes 20 terminals, largely in the eastern US, as imports continue to pour into Savannah to the East and Los Angeles and Long Beach in the West, with many heading to Memphis. Forward already has a presence in Memphis, and the Value Logistics purchase will expand that.

"Memphis will become more important, not less important," Tom Schmitt, chairman and CEO of Forward Air, said in an interview Tuesday. "It's not a coincidence Fred Smith decided to put the head office and global hub of FedEx in Memphis. It was very important to us to have a significant intermodal presence in Memphis, and this acquisition just adds to our presence."

The acquisition's timing is not a coincidence. Forward is experiencing heavy freight volume across its intermodal and expedited divisions, including expedited truckload, LTL, and final-mile operations. "We're seeing a significant increase in volume. September and October look more like the boom times of 2018 and less like a deflated 2019," Schmitt said.

The week ended Oct. 2 was the fourth-largest week for tonnage at Forward LTL in that unit's history, he said, "And that's after LTL volumes went completely to sleep." LTL volumes fell 26.6 percent year over year in April and were up 1.5 percent in July. "We're seeing some of the same buildup in the other modes, including intermodal drayage," said Schmitt.

Greater collaboration ahead

In a market where e-commerce is driving volume and service standards, Schmitt sees more opportunity for greater collaboration between the intermodal and over-the-road divisions of the company. "More and more we are dealing with the same shippers when selling intermodal and LTL," he said. "The sales teams are doing much more cross-selling and co-usage."

There is more collaboration between the truckload, LTL, and final-mile units of the expedited division, with LTL and final-mile operations often running from the same terminals and even using the same drivers, as in Savannah (https://www.joc.com/trucking-logistics/ltl-trucking-logistics/forward-air-expands-over-road-ltl_20200713.html), Schmitt said. "That's the primary tag-teaming, but intermodal and truck will be the secondary tag-teaming," he said. "Clearly there will be more impact."

Forward Air has been pursuing two routes to expansion — growing organically, as it did with its LTL launch this July in Savannah and new LTL services in Roanoke in Virginia, and Columbia in Missouri launched last month — and through acquisition. Forward Intermodal, formerly Central States Trucking, is a "roll-up" created from 12 acquisitions over the past six years, Schmitt said.

When the Value Logistics purchase is complete later this month, Forward will have closed three acquisitions in 2020, starting with Linn Star Holdings in January and CLW Delivery (https://www.joc.com/trucking-logistics/ltl-trucking-logistics/forward-air-expands-final-mile-reach-14-markets_20200916.html), both last-mile delivery operators, in September. "I wanted to make sure this wasn't a pause year" in terms of growth by acquisition, Schmitt said. "And we're not done for the year."

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