

# Building the Little Guy

Upstart Dawson Logistics finds a fast growth track through tight services offered to niche markets

**Y**ears of logistics industry consolidation produced some enormous companies striving to become the be-all, end-all of supply chain service. But some argue there's still room for an ambitious upstart.

With 60 employees and revenue estimated to hit \$7 million this year, Dawson Logistics is unlikely to prompt trembling from likes of UPS and Agility. Yet the

**“Even though we’ve grown very rapidly, we’re not an organization that loses customers.”**

Danville, Ill.-based service provider has won fans in niche markets helping pharmaceutical distributors and escalator and elevator companies that propelled Dawson to 700 percent growth over the last three years and will reportedly win the company a place on this year's *Inc. 500* list of fastest growing private companies.

“We found a real opportunity for customized supply chain applications,” said President and CEO Doug Dawson.

Dawson and co-founder Josh Hobick started their logistics applications business in 2000, after stints at parcel carrier RPS and UPS convinced them there was an under-served market in software and

services for transportation management.

Richard Armstrong, CEO of Armstrong & Associates, said Dawson Logistics' track record so far “is typical of fast-growing small companies.” They tend to start from a small, specialized base, under the leadership of industry veterans who recognized a challenge that has been overlooked or ignored.

By serving a relative few — preferably marquee — customers, such startups gain experience to compete for bigger business.

Even after the merger and acquisition frenzy of the last few years, it seems plenty of big companies want services a niche player can best provide.

**D**awson said his company's first big project was for a graduation gown company that needed to use reverse logistics to reduce expedited transportation costs.

“As we worked back in the supply chain, partnering with the company, we realized that no one wants to see expedited outbound freight rates,” he said. Instead, Dawson Logistics learned by bringing rented gowns back quicker, they could be cleaned and sent out faster to new customers, reducing overall outlay.

Dawson said he's used the same approach of reverse engineering other clients' supply chains to find savings that might otherwise be lost. He sends pharmaceutical shipments valued at anywhere from \$500 to \$150,000 per shipment for

clients including Amgen, Wal-Mart and Aetna Specialty Pharmacy.

But even the biggest carriers can deliver on-time only 97 or 98 percent of the time, he said. “We manage that gap,” Dawson said, by continuously monitoring time- and temperature-sensitive shipments and intervening with Dawson's own trucks if a delivery schedule slips.

Dawson Logistics also maintains more than a million square feet of warehouse and distribution facility space in Illinois, Texas, the West Coast and Florida. That includes a consolidation operation for escalator and elevator service and installation companies that narrows the typical delivery window for components from up to six months to as little as two weeks.

The unit coordinates delivery and assembly of the massive, complex mechanisms and then delivers them whole to building sites. The clients save on labor and inventory, among other costs, Dawson said.

Dawson said he believes his company is in the midst of transitioning from an entrepreneur-led startup to a larger, diversified service company.

Dawson Logistics is focusing on providing software as a service to international companies, based in part on its Guardian Angel Logistics Services built for its core pharmaceutical customers. The company will expand its dedicated fleet services for customers such as Owens Corning and Sweetheart Cup, and move into full-service transportation and warehouse management.

Some things won't change. Hobick said, “Even though we've grown very rapidly, we're not an organization that loses customers.”

**BY WILLIAM HOFFMAN**