

Online Haul of Fame: M.S. Carriers



Craig Fuller, CEO at FreightWaves • Wednesday, February 19, 2020



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Key Takeaways:



This is part of our ongoing weekly feature called the “Online Haul of Fame.” FreightWaves will feature companies that have had a lasting impact on the trucking industry, past or present. Check out the Online Haul of Fame series posted each Friday on FreightWaves.

M.S. Carriers was founded in Memphis, Tennessee by Michael Starnes in 1978. Starnes founded the company from his own home, with just two trucks and \$10,000. By 1986, the company had achieved considerable success, and gone public. In 1987, M.S. Carriers announced the construction of a new terminal in Jackson, Tennessee. The terminal would be the company's fifth terminal. Other terminals were in Nashville and Memphis, as well as Tupelo, Mississippi and Baton Rouge, Louisiana.



Starnes began a strategy of expansion into short-haul markets throughout the 1990s. At the time, more than 75 percent of the truckload freight in the nation was carried on routes within a 500-mile radius of their origin, and Starnes focused on owning that market share. The strategy paid off, and in 1993, M.S. Carriers grew 20 percent overall. The growth allowed the company to add 400 tractors to its pool of assets, now totaling over 1,900. Growth continued in 1994, with revenues of \$292 million.

Carriers also established M.S. Logistics Services in 1994, a subsidiary of M.S. Carriers Inc. that provided logistics and supply chain services. Though the company's primary

business was in the eastern two-thirds of the United States, by this time at least 10 percent of its business was delivering freight across the border into Mexico. In 1995, M.S. Carriers continued to experience financial success, reporting first quarter earnings of over \$81 million, a substantial increase over the reported \$60 million for the same time period in the previous year.

In 1998, the company invested some of its financial success in the acquisition of Interstate Trucking Corporation, a truckload carrier located in Merrill, Wisconsin. Further investment occurred in 2000, when M.S. Carriers partnered with several other truckload carriers, including U.S. Xpress, Covenant Transport, Werner Enterprises, Swift, and J.B. Hunt to found Transplace.com, one of the first 4PLs in the market.

Each of the carriers that owned Transplace contributed a cash investment and agreed to merge their freight brokerage and logistics businesses into the venture. M.S. Carriers invested \$5 million in the endeavor. For owner carriers, the venture was a failure. After a decade, the owner carriers all sold off their ownership of Transplace to a private equity group and each wrote down their investment, effectively losing the money they had invested and value of their freight brokerage operations. Transplace went on to be a smashing success with new owners, who built it into an 8 billion dollar logistics powerhouse. It ended up selling for \$1 billion dollars in 2017.

In December 2000, Swift (NYSE: KNX) announced that it was acquiring M.S. Carriers in a merger that created the second-largest (in terms of revenue) truckload carrier in the United States. The \$650 million acquisition allowed M.S. Carriers to operate as a semi-autonomous subsidiary of Swift for three years. Combined, the two companies had almost \$2 billion in annual revenue and 15,000 tractors. At the time of the merger, M.S. Carriers had grown to employ over 5,000 people.

Each week, we will post another article from our Haul of Fame series. Check FreightWaves every week as we feature other legendary companies from our industry, past and present.



Craig Fuller, CEO at FreightWaves

Craig Fuller is CEO and Founder of FreightWaves, the only freight-focused organization that delivers a complete and comprehensive view of the freight and logistics market. FreightWaves' news, content, market data, insights, analytics, innovative engagement and risk management tools are unprecedented and unmatched in the industry. Prior to founding FreightWaves, Fuller was the founder and CEO of TransCard, a fleet payment processor that was sold to US Bank. He also is a trucking industry veteran, having founded and managed the Xpress Direct division of US Xpress Enterprises, the largest provider of on-demand trucking services in North America.

