

Online Haul of Fame: Burlington Motor Carriers

Once apart of a railroad, the truckload carrier eventually became apart of Celadon




Craig Fuller, CEO at FreightWaves





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Key Takeaways:



Burlington Motor Carriers was originally known by the name Burlington Northern Motor Carriers and was part of the transportation and rail giant Burlington Northern Inc. The company was spun off from its parent in 1988 and renamed Burlington Motor Carriers. After the spin-off, Burlington Motor Carriers moved its headquarters from Texas to Daleville, Indiana. The company serviced the lower 48 states, Mexico and Canada.

Not long after a corporate restructuring in 1990, Burlington Motor Carriers started to struggle with excessive debt. In 1995, despite revenues of \$360 million and a position as the sixth-largest truckload carrier in the United States, the company filed Chapter 11 bankruptcy. A bidding war for the company ensued, and Celadon was nearly successful. Instead, Celadon was surprisingly outbid by a group of other private investors led by Thomas Grojean.

The Grojean family is one of the most iconic names in trucking and own Hirschbach Motor Lines, Inc., Riverside Transport Inc. and Transco Lines Inc.



(Photo credit: Photobucket.com)

Grojean and the other investors paid \$24 million for control of the company and assumed \$90 million in additional debt. Grojean immediately divested a large number of Burlington's assets; the company had around 3,500 tractors prior to its acquisition. Prior to the bankruptcy, Burlington admitted that it had grown too quickly and had too hastily invested in more equipment than it could reasonably afford.

Burlington Motor Carriers' fleet consisted mostly of cabovers, which had fallen out of favor by most drivers at the time, mostly because of safety concerns.

Unfortunately, Grojean's attempts at restructuring could not stave off the inevitable, and in 2001, Burlington Motor Carriers filed Chapter 11 bankruptcy again. Almost simultaneously the Owner-Operator Independent Drivers Association filed a class action lawsuit against Burlington Motor Carriers for allegedly violating federal leasing regulations. Celadon Group was given its second chance to purchase the ailing giant, which at that time was a 2,000 truck operation. In 2002, Celadon Group purchased Burlington's assets, customer contracts and office equipment and began to transition Burlington's customers to its own service.

As it entered its second bankruptcy, Burlington Motor Carriers had \$250 million in revenue according to Transport Topics.



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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.