# Haul of Fame: Jevic Transportation

The hybrid less-than-truckload/truckload model struggled more than most when the freight market softened

Craig Fuller, CEO at FreightWaves • Thursday, January 16, 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.***

Jevic Transportation was founded in 1981 in Delano, New Jersey by Karen and Harry Muhlschlegel. The Jevic name was a combination of the names of the three Muhlschlegel children. Founding a trucking company just one year after deregulation was ambitious, but the gamble proved profitable. Jevic enjoyed prosperity throughout the 1980s and the early 1990s.

Unlike other less-than-truckload (LTL) carriers, Jevic rejected traditional hub and spoke networks and breakbulk centers. Instead, Jevic employed dock-to-dock delivery. Jevic also made a name for itself by accepting LTL freight that was heavier than was typical. Eventually, Jevic became a company that serviced both LTL and truckload freight.


Jevic's "breakbulk-free" offered superior service for certain customer profiles. The
any hauled heavier-weight truckload partials that could be mixed together. The

hybrid LTL-truckload carrier would offer an alternative for shippers that didn't want to buy a full truckload, but had heavier shipments than a traditional LTL shipment.

The company also created a "Heat Fleet," which offered heated trailers to protect freezable goods during  cold winter months. The company's use of a direct-ship network instead of hub and spoke also offered superior service times, cutting out as many as three days out of a delivery schedule.

By 1994, Jevic started to employ a satellite tracking system for its shipments, and boasted that the company was the first coast-to-coast carrier to do so. This innovation helped Jevic land over 5,000 customers,  and revenues to soar. The company's expected revenues that year were over $125 million. By this time, it had 1,100 employees and offices in Atlanta, Boston, Chicago and Charlotte, North Carolina.

Jevic went public in 1997. At the time, it had 1,750 employees. That year, the company's owners also made the decision to hire owner-operators to supplement Jevic's network.

In 1998, Jevic Transportation reported revenues of $226 million and net income of $9.3 million. The following year, the company was acquired by Yellow Corporation for $200 million in an attempt by Yellow to grow their regional services. At the time it was acquired, Jevic Transportation had grown to over 2,000 employees.

Jevic would function as a stand-alone subsidiary, operated as a siloed business unit with separate employees and management. Yellow's biggest competitor, Consolidated Freightways (CF), had spun off its non-union operations into a separate company in 1996 and the freight market and the stock market had rewarded CF for doing so.

In 2001, Yellow formed SCS Transportation, which housed the two non-union operating units of Yellow (Saia and Jevic) and spun off SCS from Yellow. Not long after, SCS Transportation shareholders started pressuring the board to relinquish control of Jevic. SCS sold Jevic to Sun Capital Partners, a private equity fund, for $40 million in 2006.


Unfortunately, Jevic Transportation could not make ends meet under Sun Capital Partners. In May 2008, Jevic abruptly closed its doors, citing the rising costs of fuel and insurance while the freight market was in a recession. Over 1,000 employees were left without jobs with no notice as the company filed for bankruptcy protection.

Shortly afterward, 1,800 former Jevic employees filed a lawsuit against the company, alleging they should have been given at least 60 days notice. In 2017, the U.S. Supreme [illegible] ruled in favor of the employees who were seeking lost wages.

*FreightWaves take: Jevic's business model was an arbitrage between LTL and truckload, allowing shippers near truckload service times at a much lower cost. The company played the partial truckload game.*

*When capacity was tight and the freight market was doing well, Jevic would thrive. But when the freight economy slowed, placing significant pressure on trucking spot rates, shippers would shift their freight routing to traditional truckload carriers.*

*Many companies have tried the partial game, but it is incredibly difficult to achieve with assets and dedicated drivers. Marrying different shipments in the same trailer, going in the same direction with similar service times requires significant lane density and consistent volumes among shippers. In many ways, it's like playing Tetris, but with the screen constantly moving on you.*

*Trucking brokerage firms, however, have built successful businesses by consolidating LTL shipments or building partials with a few different shippers. This gives them the advantage of playing provider of choice – parcel, LTL, partials and truckload.*

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

Other Haul of Fame coverage:

Builder's Transport

Consolidated Freightways

McLean Trucking


**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.