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COVER STORY

TQL TAPS COMPETITIVE TEAM SPIRIT IN DRIVE TO THE TOP

BY BARRETT J. BRUNSMAN

Last fall, Ken Oaks, CEO of Total Quality Logistics, grabbed one of the ropes attached to the front of an 18-wheeler and began pulling with all his strength. Seven other executives joined in to help roll the massive semi-tractor-trailer across 180 feet of pavement next to the company's Eastgate headquarters. That's not how TQL usually moves trucks around.



TEAM PLAYERS

The TQL leadership team includes several execs who played varsity football at McNicholas High School in Mount Washington.

Total Quality Logistics, the nation's second-largest freight brokerage firm, helped transport more than 1.8 million loads last year – lining up 85,000 carriers to convey 3,500 types of commodities. Clients ranged from grocery chains to retailers and the U.S. Department of Defense.

Oaks, who founded TQL in 1997, remains just as intense and motivated as the 5,000 employees who combined to generate \$3.48 billion in sales in 2019.

Outfitted in sneakers, shorts and a T-shirt, the 55-year-old CEO grimaced as his muscles strained during a truck-pull contest. It pitted four teams of TQL men and women against each other.

"We do love to compete – even with each other," Oaks said. "Pulling that semi wasn't easy, but the teams had a blast."

TQL is a competitive workforce by design, tapping into the adrenaline rush that arises from a culture focused on sales. The payoff can be huge not only for the region's largest private company, but for employees.

The starting salary for salespeople – those who work the phones to pair trucking firms with companies that need products moved – is \$35,568.

Once they start selling, which follows six months of observing how it's done as a logistics account executive trainee, they receive a commission on a percentage of sales. The average pay for an employee selling one to two years is \$53,000, and that average rises to \$104,000 over three to four years.

TQL has 57 offices across 26 states, and some employees flew in for the truck-pull in Clermont County's Union Township last October.

Three finalist teams – chosen from the 24 top-fundraising teams nationwide – got to compete against Oaks and the other executives in TQL's Pull for a Cure to benefit the American Cancer Society.

The goal was to cross a finish line in the fastest time, which turned out to be 1 minute, 1 second. The executive team didn't win the contest, but Oaks was pleased with both the team-building experience and the results.

"And we were really happy to raise \$100,000 to help in the fight against cancer," Oaks said.

But just like pulling a truck, learning the ropes at TQL is hard work – and it requires that teams maintain momentum.

Total Quality Logistics keeps an



CEO Ken Oaks (center, in light shorts) participates in a truck-pull contest that pitted TQL employees against each other to raise funds to battle cancer.

eye out for young people who played sports in high school or college. The mold was set decades ago.

Oaks was the center on the McNicholas High football team, and four other members of his executive team also played ball at the Catholic school in Mount Washington.

Kerry Byrne, who oversees sales as

president of TQL, was the varsity quarterback who took snaps from Oaks.

Financial officer Mike Zins was the running back for McNicholas, graduating in 1983 just like Byrne and Oaks.

One year behind them was vice president of sales Gary Carr, a wide receiver who also played defensive back for the Rockets.



CORRIE SCHAFFELD / CBC

Construction is two-thirds complete on a building, above, that will more than double the size of TQL's headquarters along Interstate 275 in Clermont County.

SALES TIMELINE

Total Quality Logistics has reported dramatic revenue growth over the years. Revenue was under \$50 million from 1997 to 2002.

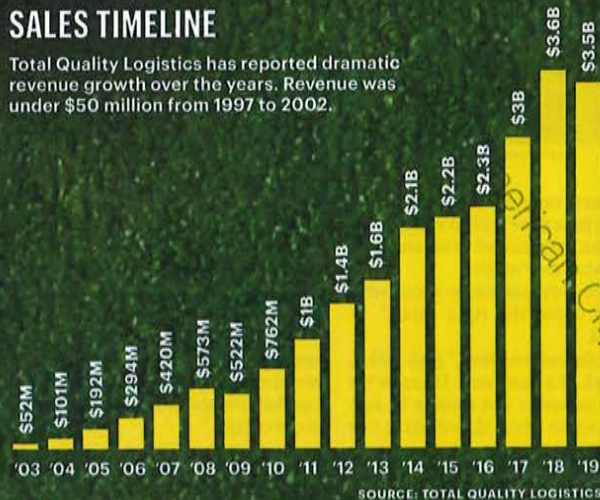


PHOTO ILLUSTRATION BY CORRIE SCHAFFELD / CBC

BY THE NUMBERS

\$3.48B

Sales in 2019

1.8M+

Loads moved last year by TQL

3,500

Types of commodities shipped

85,000

TQL carriers

5,000

TQL employees

57

TQL offices across 26 states

TQL chief operating officer Jeff Montelisciani, who was promoted from senior vice president of sales on July 28, was a running back and defensive back. While he didn't graduate until 1987 – and so didn't play on the same varsity teams as the others – Montelisciani shares the gridiron mentality.

Their backgrounds hint at how much TQL's leadership values teamwork – and the competitive intensity that trickles down from the top.

"There are certainly some consistent themes there," Oaks said. "When we were together on the football field at McNick, we pushed each other and worked hard to learn and get better every day because we wanted to win. We do the same thing now at TQL."

Driving sales

After graduating from the University of Dayton in 1987 with a finance degree, Oaks got a job buying and selling produce for Castellini Co. He dealt with freight brokers nearly every day – and figured he could do better.

In 2004, seven years after launching TQL, Oaks was among the outstanding young professionals recognized with the *Business Courier's* Forty Under 40 Award.

What makes TQL successful, he believes, is finding employees who do things the right way – and are committed to never disappointing the customer. That means if a truck breaks down at 2 a.m. in Tulsa, Okla., somebody at TQL finds a solution to get the load delivered on time.

Byrne, TQL's president, joined the company in 2005 as executive vice president. Although too small for football at the University of Cincinnati, he played left field on the varsity baseball team and earned a bachelor's degree in marketing in 1987. Byrne spent the first 17 years of his career at Fifth Third Bank, rising to vice president and manager of the private banking group.

He succeeded Oaks as president of TQL in 2015. While Oaks is now focused largely on operations, Byrne seeks to drive sales.

"The key consideration for us, especially on the sales side, is work ethic and attitude," Byrne said. "We do like folks who like to compete – and it doesn't matter if it's on the football field or in a chess match. Competitive people are competitive people, and at TQL it's a fast-paced environment."

"You are negotiating both sides when it comes to booking a load," Byrne said. "You're going to negotiate with the customer on the rate, and you're negotiating with the carrier, the trucker, on the rate as well. So, we need folks who can multitask – who like to work in a fast-paced, high energy, dynamic environment."

The *Business Courier* has named TQL a winner of the Best Places to Work competition numerous times, and the company has been a finalist on other occasions.

Now, TQL is trying to make its workplace even more attractive by investing \$20 million in a headquarters expansion.

Construction is 65% complete on a building that will more than double the size of TQL's headquarters, which sits prominently along Interstate 275 in the Ivy Pointe office park. The move into the new space is planned for December.

The new headquarters building will encompass 133,100 square feet. TQL will continue to use its current HQ building, which is 100,608 square feet.

A new three-story annex will connect the two buildings and will include a space to meet with customers. TQL is also building an outdoor terrace for employees.

Miller-Valentine Group, located in Warren County, is general contractor for the project. BHDP Architecture of downtown Cincinnati is handling design. The complex will be able to accommodate 2,000 employees, with about 1,500 seats occupied on day one.

TQL has 1,801 employees in Greater Cincinnati, including 862 at its headquarters in Union Township. Another 198 work out of leased office space 4 miles east in Batavia Township, and they will move to the new HQ.

The company plans to maintain offices in Miami Township (436 additional employees), West Chester (176) and Erlanger (129). The remaining workforce is spread across the country.

Total Quality Logistics gave employees the option to work from home at the onset of the Covid-19 pandemic, and about 90% did until early June. Now, about 75% of employees are back in offices.

Of the 25 logistics firms ranked by the *Business Courier* by number of local employees, Verst Logistics – which placed No. 2 with 1,753 – comes closest to the size of TQL. Verst reported 2018 revenue of \$235 million.

Only C.H. Robinson Worldwide, a publicly traded firm in Eden Prairie, Minn., surpasses TQL in revenue – reporting \$15.3 billion for 2019.

Byrne said TQL is unlikely to go public.

"We've never been serious about it," he said. "The reasons for doing it is access to capital, and we basically self-fund all of our internal investments."

In addition, TQL has a long-term incentive stock plan that includes 475 company leaders. They can benefit if the value of the enterprise grows, Byrne said.

Some speed bumps

There have been speed bumps en route to becoming a major player, including lawsuits.

Total Quality Logistics faces a class-action suit in federal court in

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COVER STORY

TQL values competitive spirit of workers

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Cincinnati that alleges negligence because of a data breach. It included sensitive information about trucking firms that work with TQL to find, pick up and deliver loads.

On Feb. 23, TQL confirmed that hackers had gained access to information in some carrier accounts – including, in many instances, tax ID numbers and bank account numbers.

"Hackers are always going to try," Byrne said. "We fixed the issue, for sure. We've doubled down on security. We've hired 40 net new IT people. We probably have a total of 300 now on our IT team."

Another hiccup occurred in 2009, when TQL's dramatic revenue growth stalled. The company reported \$522 million in revenue that year, down \$51 million from 2008.

Oaks turned to Mark Daly, a former Procter & Gamble brand manager for Crest toothpaste who is now principal of Daly Strategic Associates. The Indian Hill resident embedded with TQL workers and leadership to help them make the best choices for the company's future.

"If you walk on the campus, there is energy," Daly said. "You feel it. You go into other companies, and it's quiet. It just



AMY ELISABETH SPASOFF FOR ACB

doesn't have that 'veve'."

With TQL, Daly prompted the leadership to look at choices and options to be more successful. He asked: Where do you want to go? How do you want to get there? What unique thing do you bring to the table that the customer values?

These questions help a company prioritize choices and make them work.

"I'm kind of a business architect and shrink in one," Daly said. "But, really, it's

street-smart, common sense stuff. I sat on the phone lines there. Talked to all the different folks. Interviewed them and got a grasp of what they're like.

"They're very passionate about winning and doing the right thing," he concluded.

"I love the culture there," Daly added.

"They work on a team basis. They give the folks the resources and tools to be successful. And the whole idea of taking care

of the customer is paramount. In any successful company, that's the cornerstone.

"The next thing you need is a good leadership team," he said. "They've got it. A core of them knew each other from way back when. But they aren't afraid to try new stuff and do different things. And they are clear on where they are going."

"It's not a fuzzy place," Daly said. "I think that's where that energy comes from."

In 2010, the year after Daly began working with TQL, revenue leaped to \$762 million. It topped \$1 billion in 2011.

TQL's chief executive officer, who centered the offensive line for McNick and brought in his old quarterback to help call the firm's plays, said moving trucks around the country via what's now a multi-billion-dollar business isn't quite as simple as moving a football down the field.

"We don't ever have all of the answers," Oaks said. "But we have an incredible team of talented people, who are determined and committed to working together to find solutions and opportunities for the customers and carriers with whom we work."

"We want to continue to win in this marketplace," Oaks said. "And that simply would not be possible without the strong foundation of teamwork that is embedded in our culture."

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