

METRO BUSINESS ...

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**Trucking ahead:
Estes Express is ^{DB}
growing, adding jobs**



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MARKETPLACE



Webb Estes (left) and his father, Rob Estes, at the Estes Express Lines trucking terminal in Richmond, are among about 10 family members working there.

Estes Express seeing growth amid pandemic

Richmond-based freight firm surmounted a rocky 2020, plans hiring boost

BY JOHN REID BLACKWELL
Richmond Times-Dispatch

When the pandemic hit Virginia last spring, forcing businesses around the state to shut down, employees at Richmond-based trucking company Estes Express Lines had some worries about what would happen with the economy and its business.

"There were some gut punches" last spring, said Webb Estes, a vice president at Estes Express who is a great-grandson of the founder and one of about 10 members of the Estes family who work for the 90-year-old company.

"Obviously, last year was a year no one could have prepared for fully," Estes said, adding that shipments dropped off about 20% during the first month after the pandemic hit.

Founded in 1931 by W.W. Estes as a small trucking company with just one Chevrolet truck, Estes Express is now one of the nation's largest freight transportation providers, generating more than \$3.5 billion in revenue last year. It is run by the third and fourth generations of Estes family.

The company, which experienced a big growth spurt with the deregulation of the trucking industry in the early 1980s, has grown to employ about 19,500 people across the country, including about 1,200 in the Richmond region and about 8,500 truck drivers nationwide.

The company handles more than 50,000 shipments a day from its more than 260 trucking terminals in the U.S. and Canada, including eight in Virginia.

During the pandemic, the company doubled down on its role as part of an essential industry shipping goods to Americans, Estes said.

"We made it our focus from the get-go to take care of our custom-



Dock worker Eddie Edwards uses a forklift to load a trailer at the Estes trucking terminal. The company employs strict pandemic practices; even the forklifts are sanitized every few hours.

ers and take care of our employees," Estes said. "We decided we were going to hang onto our people and do everything to not let people go."

That included putting about \$2 million into buying personal protective gear for employees, as well as cleaning supplies at its trucking terminals to prevent the spread of COVID-19. Even the forklifts at its trucking bays get sanitized every few hours.

The privately held company, which executives say is debt-free, also was

able to give out more than \$7 million in interest-free loans to employees who were facing family financial difficulties as a result of the pandemic.

By mid-May, the business was seeing a rebound in shipping volumes, propelled partly by people ordering products online, along with health-care-related shipments such as personal protective equipment, and shipments to big-box retailers, especially home improvement stores.

"The last four to six months [in late 2020 and January 2021] we have been

up 15% year-over-year," Estes said. That's well ahead of the company's targeted annual growth rate of 5% to 10%.

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Entering 2021. Estes Express, which has its headquarters on West Broad Street a couple of blocks east of Malvern Avenue, is now in an expansion mode, with plans to hire more drivers and other employees this year while also adding trucking hubs around the country.

"We're looking to hire about 2,500 employees across the country," Estes said of its hiring plans for 2021. "That is more than 10% of the current staffing."

Last spring, "we doubled down and bought more trucks and trailers," he said. "When no one else was buying, we felt like it was good time to get some good deals."

The company plans this year to add 725 trucks and 4,100 trailers, which amounts to about a 15% growth in its truck and trailer fleet.

Estes Express also has opened new trucking terminals in the last several months in Hagerstown, Md., and Topeka, Kan. Early in 2020, the company opened three terminals in Montana, and it is building new terminals in Georgia, Tennessee and California.

The company's trucking hub on Commerce Road in South Richmond recently was buzzing with activity, as forklifts loaded products onto Estes Express trucks delivering goods destined for stores or customers around Virginia.



JOE MAHONEY/TIMES-DISPATCH

Webb Estes talks with driver Greg Oliver. Estes said his company has confronted a shortage of drivers as the pandemic has hurt driving schools.

Estes Express operates a "hub and spoke" trucking distribution system that functions in some ways like airlines do with flights between numerous "spoke" destinations that connect at an airline's hub airport. The Richmond site, which employs more than 160 people, is a midsize hub with 70 loading doors. Bryan Burmaster, who manages the Richmond terminal, said shipping activity picked up strongly in the second half of 2020.

"We're hoping 2021 will be better," he said. "We hope with the vaccines coming out, people will go back to normal living."

Asked why he has stayed with the company for more than 30 years, Burmaster pointed to the Estes family. "They take care of you, and they invest in the company," he said.

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Estes Express competes mainly in the more than \$40 billion-a-year market segment of trucking known as less-than-truckload shipping.

The company mostly handles shipments that are bigger than the small parcels delivered by UPS or FedEx but not large enough to take up an entire 18-wheeler truckload.

Usually, those are shipments of products that weigh around 150 pounds at the low end and up to 10,000 or 12,000 pounds at the high end. Estes Express has handled shipping on some of the COVID-19 vaccines.

Another company operating in the

Estes Express Lines

Founded: in 1931 by W.W. Estes, who bought a used Chevrolet truck to haul livestock to market for his neighbors

Corporate offices: 3901 W. Broad St. in Richmond

Top executive: Robey W. "Rob" Estes Jr., president and chief executive and the third generation of his family to run the company. He began his career there in 1975, became company president in 1990 and CEO in 2001.

Revenue: more than \$3.5 billion in 2020

Number of employees: 19,500, which includes about 1,200 in the Richmond region and about 8,500 truck drivers nationwide.

Terminal facilities: 260 plus locations in the U.S. and Canada, including eight in Virginia

Fleet information: 7,400-plus tractors and 30,400-plus trailers

Subsidiaries: Estes Forwarding Worldwide LLC, which specializes in logistics and warehousing; Estes Leasing LLC, which provides alternatives to equipment financing and maintenance; Big E Transportation, which providing nationwide logistics and dedicated fleet services for retail replenishment, home delivery and final mile; and EFV Warehousing LLC, a full-service warehousing network with locations in six states

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Estes

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same less-than-truckload segment is Richmond-based UPS Freight, which was created in 2005 when Atlanta-based United Parcel Service Inc. purchased the former Overnite Transportation.

UPS Freight, which generated an estimated \$3.14 billion in revenue last year, announced on Jan. 25 that it is being sold to a Canadian trucking giant for \$800 million.

During the pandemic, Estes Express and other trucking companies have faced a situation where some customers' business dropped to almost nothing, while some customers saw business soar, said David Ross, a managing director at the financial services firm Stifel who follows the transportation and logistics industries.

"They have had to manage through that," Ross said of Estes Express. "The impressive thing that Estes has done — and a lot of less-than-truckload carriers have done — is they have found a way to keep goods moving."

Ross said Estes Express is investing for the long term.

"For the short term, they are trying to make sure they have enough people to move the freight they can move," he said. "Longer term, they need to have the infrastructure to move more freight."

One of the niche markets that Estes Express competes in that has seen growth recently is in final-mile deliveries of goods directly to consumers.

"If you order something like a treadmill, or lawn furniture or lawn mowers or weight-lifting equipment — those types of products — more and more custom-

ers have not wanted to go to a retail location to get those because of COVID," Estes said.

Final-mile shipments were about 10% of the company's deliveries prior to the pandemic. "We have grown over 50% in that final-mile space in this past year," Estes said. "There is definitely a pivot within our business where we have smaller shipments headed to the final-mile consumer than in the past. Our network was the right fit for a lot of companies."

"One of the big focuses [in 2020 and 2021] is how we can move forward at a much faster clip with technology in the final-mile business," said Estes, who oversees process improvement and technology in his vice president role. "We have rolled out text message updates for customers where they can get updates on shipments. We are now doing [customer] surveys after deliveries."

The company has benefited from an increase in package shipments and has been able to compete based on reputation and service, said George Hoffer, a transportation economist and professor emeritus at Virginia Commonwealth University.

"The carriers compete with each other on speed and convenience of ser-



JOE MAHONEY/TIMES-DISPATCH

The Estes Express Lines hub in South Richmond buzzes with activity as forklifts load products onto trucks.

vice, and that is how you protect yourself from the upstarts undercutting you in terms of price," Hoffer said.

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Robey W. "Rob" Estes Jr., the company's chief executive officer and grandson of the founder, who started working for the company in 1975, said the demand for freight movement has "changed a lot" during his career.

Most shipments are still full truckloads rather than less-than-truckload, but "with changes in just-in-time inventories, there has been a significant switch away from full truckload and a significant amount of business in the less-than-truckload shipments that we play in," said Rob Estes,

who became president in 1990 and took over as CEO from his father, Robey Estes Sr., in 2001.

Estes Express has an advantage by being privately owned, he said.

"As a private company, we can focus on the long term, where public companies are really judged by Wall Street and their investors quarter by quarter," he said. "A lot of times, short-term decisions are made to show results that may not be the best for the long-term."

During the COVID-19 pandemic, Estes Express also has jumped into the market for delivering personal protective equipment such as masks, mainly for health care providers.

As of mid-January, the company had delivered more than 190 million pieces of PPE.

"That is part of being essential," Webb Estes said.

The family business is growing in other ways.

In September, the company's Estes Forwarding Worldwide subsidiary, which specializes in logistics and warehousing, announced it had acquired Lewis Logistics, a warehousing, distribution and logistics provider based in North Carolina.

The acquisition led to the establishment of EFW

Warehousing LLC, a full-service warehousing network with locations in six states.

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Even with its growth plans, though, a big issue Estes Express faces is a shortage of truck drivers.

"There has been a continuing shortage of drivers, more and more each year, and that was exacerbated in 2020 because a lot of driving schools had to shut down or were limited because of COVID, so there are not as many drivers coming into the industry," Webb Estes said.

Estes Express normally trains about 250 drivers in-house each year, but in 2020 it was only able to train about 100 "just because of COVID limitations and challenges," Webb Estes said.

Rob Estes said he sees the COVID-19 crisis pushing technological change in the trucking industry at a faster rate.

"With technology improvements, we know where our drivers are and customers can know where they are," he said. "The technology is changing what we do and changing customers' expectations. The number of goods we deliver to customers' homes is up."

"Even though I mention technology, and the change in our business mix, it is still a people business," Rob Estes said. "Our more than 19,000 people get it done every day. Certainly, police and firefighters and first responders are on the front lines every day, but our people also are on the front lines every day."

"With what we have done in 90 years, I would say in the last 10 months I have been the most proud of our team," Rob Estes said.

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KINLOCH



This stunning, brick Transitional is in MINT CONDITION and sits on one of the most beautiful and private lots in this desirable community with walking trails, golf, and a 70-acre lake! The dramatic foyer is complemented by gracious formal rooms accented by gorgeous architectural details including crown moldings, bay window, tray ceiling, and majestic columns. The two-story Great Room with handsome hardwood flooring and fireplace overlooks the lovely raised patio which is perfect for entertaining! The gourmet kitchen boasts granite counter tops, a walk-in pantry, separate breakfast area, bar seating, and opens into a light-filled sun room with tray ceiling, tile floor, and French doors. Wait until you see the FIRST FLOOR OWNER'S SUITE with bay window, ceiling fan, television, two large walk-in closets, and a bathroom that will knock your socks off! The second level features a wonderful office, and three well-proportioned bedrooms, one of which has an en suite bathroom. Amenities include a first-floor laundry room, oversized two-car garage, security & irrigation systems, central vacuum, two televisions, gas fireplace, and so much more! Best of all, the HOA takes care of the yard and exterior maintenance! \$775,000.

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MARKET INSIGHT

KEY RATES

	Rate	1 day ago	1 wk ago
Prime Lending	3.25	3.25	3.25
Discount Rate	0.75	0.75	0.75
Fed Funds	0.00-0.250.00-0.250.00-0.25		

TREASURIES

	Rate	1 day ago	1 wk ago
1 Month T-bill	0.07	0.05	0.07
3 Month T-bill	0.06	0.08	0.09
6 Month T-bill	0.07	0.08	0.09
2 Year T-note	0.11	0.12	0.13
10 Year T-note	1.07	1.03	1.09
30 Year T-bond	1.86	1.82	1.87

CONSUMER RATES

	Rate	1 mo ago	6 mos ago
Virginia averages			
\$10,000-min money market account	0.10	0.12	0.18
6-month CD	0.19	0.24	0.34
2-year CD	0.38	0.41	0.51
60-mo. new car loan	3.72	3.72	3.72
\$30K home equity			

Mortgages

	Rate	1 mo ago	6 mos ago
30-year fixed	2.87	2.81	3.08
15-year fixed	2.37	2.33	2.70
1-year ARM	2.75	2.78	3.03

Source: Bankrate.com