

Growing the Good: The Hub Group Kicks Into High Gear to Keep the Economy Moving

DAVE CASPER: Welcome to growing the good. I'm Dave Casper, head of BMO's North American commercial banking business. We're working with our customers to help them through this incredibly volatile time. They're stepping up in so many ways, helping to keep commerce moving, and keep people safe. I have the pleasure of speaking with a number of CEOs running businesses in a variety of industries, hearing their personal stories about the challenges they're facing, and some of the very innovative ways they've adapted in these uncertain times. Joining me today is Dave Yeager, the CEO of the hub group, one of the largest transportation management companies in all of North America. So thanks again, Dave for joining would be good probably just to give the audience hear a little bit about how group and your business and the services you provide.

DAVE YEAGER: Sure, hub group is a \$4 billion transportation logistics company, that was actually founded by my mother and father in 1971 in a one room office over a flower shop in Hinsdale. Today, our largest segment is that of intermodal transportation, and that represents about 60% of our revenue. Other service lines would include dedicated trucking, transportation management, which is essentially bringing technology to clients so that they can better manage their supply chains, a truck brokerage business, as well as warehousing.

DAVE CASPER: You've got an awful lot of employees, and some of them are on the road, I'd love to hear how you're keeping people safe and informed while they're out on the road. And also love to hear anything that you've done from a process standpoint to make sure that they stay safe.

DAVE YEAGER: Sure. So when this pandemic began to impact the country, we immediately instituted our business continuity plan. And one key aspect of our plan is the ability of our teams to work remotely. And so we immediately provided our workforce with all the necessary equipment, technology and network access so that they go to work remotely, for as long as required. Now, as you would indicated also though, we do have a lot of drivers, we've got about 4500 drivers scattered over 100 sites, and they truly are on the front line driving every day during this pandemic. Fortunately, our ELD, which is electronic logging device, technology allows us to communicate with the drivers, as well as allowing us to track the number of hours that they've been driving.

DAVE CASPER: That's very helpful. I wanted to also beyond just running your business with many of people working remotely; I'd love to hear a little bit more on how a subgroup has really stepped up during this pandemic.

DAVE YEAGER: We are an essential business and really our primary roles and supporting our customers as they struggle to get essential goods to the market. So many of our customers, they actually continue to be in certain situations, such as for toilet paper, and we've mobilized the capacity to continue to meet their needs. We basically are trying to do what it takes to support our customers. And their customers, who of course, are the ultimate consumers. Also, in this situation, we were able to donate 200 refrigerated trailers that we had, that had some commercial life left to them. But we felt as though donating them to a variety of hospitals, as well as food banks, including Feeding America, which is the nation's largest network of food banks would make a lot of sense.

DAVE CASPER: Now that's a fantastic gift. And so they may have been beyond part of the useful life for what you need. They clearly are helping hospitals and other organizations that need that extra support. So that's that's really very, very positive. Is there anything about this crisis that maybe you feel like you've seen before, and that helped you kind of be ready this time around?

DAVE YEAGER: I've felt as though I've seen an awful lot in 45 years, and this is something I'd never experienced before. I do think that it pointed out a lot of lessons. And maybe first and foremost is the contingency planning is really essential for business continuity. It's something that you when you're going about it as you know, it's kind of Oh gee, well, this will never happen well, if we hadn't planned for it. And if we hadn't invested in the technology to allow our people to work from home, we really would have let down our clients and the ultimate consumer if we couldn't deliver those essential goods.

DAVE CASPER: So true. I know we have always watched have and gotten your insights because you have been a bit of a leading indicator. What do you see in the economy? What are your takeaways? What are your customers saying and I won't hold you to your prediction, but you have key insights that would be very interesting for our listeners,

DAVE YEAGER: Hub group is just as a transportation logistics provider, we are generally a leading indicator, generally what occurs in the transportation business shows up in the market six months later, as if you look at the public data, and of course, I can't talk specifics about hub right now. But if you look at the public release data, such as car loading, so with railroads, they basically crashed in April, and then begin to rise in May. And if you look at the car loading numbers, they're improving virtually every day. And so I think is more and more clients open up, quote, unquote, non essentials, and I don't know how you categorize anything is not essential. But you're going to see, I think, a lot of demand, we're going to continue to see maybe not a V, but let's draw a modified V I'm hopeful of. And so we're starting to see them pick up and gain momentum. And I'm very hopeful that this economy will get fully on track again, and not recover to maybe where it was at the prior to the pandemic, but a close proximity.

DAVE CASPER: Well, that's pretty encouraging. I'm curious, have you seen that in any particular geographic area, David? Or is it basically across the US and Canada?

DAVE YEAGER: You know, interestingly enough, and part of it is because the imports basically were dried up, because you're seeing a lot of surge right now out of Southern California, which, of course, has the largest ports in the country, with the port of LA and the Port of Long Beach. So you are seeing surge needs out of there. Currently, there is certain points within the southeast as well that we're seeing that type of surge occur. So there is pockets, it's not nationwide, but certainly truck capacity is tightening, car loads are increasing. So all very positive signs for the economy.

DAVE CASPER: Okay. I'm feeling better already. Well, we'll see if those predictions come true. And I'm hopeful that they do.

DAVE YEAGER: Well, we've survived a lot, but I'll tell you what, and then I've seen it at the hub. I've seen it in their own bank. It's just people do step up, and they surprise you in a positive way. I agree.

DAVE CASPER: All right. Well, I hope we see each other in person soon, but I really, really appreciate you doing this.

DAVE YEAGER: Dave, always a pleasure. Have a good day.

DAVE CASPER: Okay, thanks. You do the same. Thanks. Thanks for listening to Growing the Good. I hope you'll join me again for another conversation. Until then, stay safe.