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moves closely

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ng maintenance up-
arly \$1 billion over
, cash-strapped Mil-
schools is considering
g or selling some of

its underutilized schools.

The district is developing a 10-year facilities plan that, once completed in October, will provide an outline for how MPS will move forward with its 18.1 million square feet of real estate owned in the city of Milwaukee and will guide the district's budget planning process for next year.

While some buildings may be torn down or sold to private schools, others, like the former Jackie Robinson Middle School that is being converted to a 68-unit senior apartment facility, will be used for a differ-



Nate

ent purpose entirely. "At a minimum, we know we will not be as careless at putting good money after bad," said Michelle Nate, MPS chief operations officer. "We know this will be a long-term investment and that's the real value in a plan like this. No matter if your resources are inadequate or adequate, they are at least very well targeted."

The facilities planning process is being

closely watched by the business community, which has been critical of MPS' performance on standardized tests, graduation rates and how the district prepares students for the work force. School district officials have been clear this process is about more than physical buildings and will shape programming for years to come. The schools that are sold could also generate new commercial developments in Milwaukee neighborhoods as the economy starts to recover.

SEE FACILITIES, A45

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SEE SENATE, A46



Mark DiBlasi (right), with Peter Armbruster...

"We have an aggressive acquisition strategy. The pipeline is pretty robust."

In it for the long haul

SCOTT PAULUS

Roadrunner expanding through acquisitions

BY RICH ROVITO
rrovito@bizjournal.com

As many companies in the trucking industry continue to struggle through a sluggish economy, a slew of recent

acquisitions is driving dramatic growth at Roadrunner Transportation Systems Inc.

The Cudahy-based trucking and logistics services provider has acquired five companies over the past 12 months, including four in 2011. The recent acquisitions, along with other deals over the past few years, have greatly expanded the company's service offer-

ings and have fueled explosive growth in revenue and employment.

"We have an aggressive acquisition strategy," Roadrunner president and chief executive officer Mark DiBlasi said in an interview with The Business Journal.

Due in large part to its acquisition

SEE ROADRUNNER, A46

MILWAUKEE WI 53202-3759
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PROFILE A12
TABLE TALK A5
UP FRONT A3



The Business Journal Report with Wendy Strong
Weekdays on the FOX 6 wake-up, 6 p.m. and 9 p.m. news



ROADRUNNER: Trucking firm grows to 1,800 staff, \$900 million

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binge, Roadrunner is expected to generate revenue of \$800 million to \$900 million this year and possibly more than \$1 billion by the end of 2012, compared with \$300 million in 2005, according to DiBlasi.

The work force has grown to 1,800 employees, in addition to 2,000 drivers who work as independent contractors. The combined total is about double compared with five years ago and also includes nearly 190 employees at Roadrunner's corporate headquarters and terminal at 4900 S. Pennsylvania Ave.

Company management continues to actively identify potential acquisition targets.

"The pipeline is pretty robust," DiBlasi said. "We have confidentiality agreements in place with some companies right now and are in various stages of diligence. There are a lot of companies looking to sell."

Five years ago, coming off a merger with Dawes Transport Inc., Roadrunner provided only less-than-truckload service, in which carriers collect and consolidate freight from various shippers.

"If there were any long-term opportunities outside of that, they were turned down," said DiBlasi, a 32-year industry veteran who joined Roadrunner in January 2006.

Roadrunner now offers a variety of other services either initiated or enhanced through acquisitions, including truckload service, which involves contracting with a single customer for an entire trailer load.

The company also offers drayage service, in which goods are transported over a short distance, often as part of a larger overall move. Through its third-party logistics operations, Roadrunner provides services such as shipment planning and execution, carrier management, track and trace, freight bill audit, and pay and consolidated invoicing.

Roadrunner, which transports durable and

nondurable goods, is seeking acquisitions that will add even more new service to its portfolio or complement existing offerings, DiBlasi said.

Roadrunner targets "well-run, well-managed" companies that will have an immediate positive effect on the company's sales and earnings, DiBlasi said. Roadrunner also focuses on "non-asset" transportation businesses.

"We're not buying tractors and trailers and terminals," he said.

Roadrunner does own a few trailers for local pickup and delivery operations, but virtually no tractors.

Last month, Roadrunner announced that it had entered into an agreement to acquire Prime Logistics Corp. for about \$97.5 million.

Plainfield, Ind.-based Prime, a non-asset-based provider of logistics and freight consolidation service, had 2010 revenue of about \$67.5 million. Prime's customers predominantly consist of food producers.

Also in August, Roadrunner acquired The James Brooks Co., a Fresno, Calif., provider of intermodal transportation and services, for about \$7.5 million. The deal enhanced Roadrunner's drayage operation to key ports along the West Coast.

In May, Roadrunner spent about \$10.6 million to buy Bruenger Trucking Co., a provider of truckload services based in Wichita, Kan. Roadrunner entered into a deal in February to buy Morgan Southern Inc., a Conley, Ga.-based provider of intermodal transportation, primarily drayage service, for \$20 million.

"Shippers would rather have a few carriers to cover all their needs. That's why we've added all of those companies," DiBlasi said.

The Prime Logistics acquisition "comple-

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Mark DiBlasi
Roadrunner
Transportation
Systems Inc.

ROADRUNNER TRANSPORTATION SYSTEMS INC.

HEADQUARTERS: 4900 S. Pennsylvania Ave., Cudahy

CHIEF EXECUTIVE OFFICER: Mark DiBlasi

EMPLOYEES: 1,800, in addition to 2,000 drivers who work as independent contractors. Nearly 190 people are employed at the Cudahy headquarters and terminal.

PROJECTED 2011 REVENUE: Between \$800 million and \$900 million

BUSINESS: Provider of less-than-truckload, truckload and logistics services

ments and diversifies" Roadrunner's existing service offerings and represents continued capital deployment by the company in 2011. Jon Langenfeld, an analyst at Robert W. Baird & Co. Inc., Milwaukee, stated in a recent research note.

Langenfeld said he expects Roadrunner to shift its near-term focus toward paying down debt and operational execution. Acquisition activity is likely to slow as Roadrunner "digests" the \$135 million it has spent this year for its four deals, Langenfeld wrote.

However, Roadrunner has the capacity for future acquisitions with \$90 million remaining in its newly expanded \$240 million credit facility, he noted.

GOING PUBLIC

Taking the company public in May 2010 allowed Roadrunner to aggressively pursue acquisitions, DiBlasi said.

"We were leveraged too much to do any more acquisitions," DiBlasi said.

The downside to going public is increased scrutiny and stringent U.S. Securities and Exchange Commission financial filing requirements

SENATE: Fundraising for Kohl's Senate seat expected to

CONTINUED FROM A1

supporting him."

Thompson's prominence and long-standing ties with the state's business community make him the early front-runner in fundraising from businesses in southeast Wisconsin, experts said.

Thompson had not officially announced his candidacy as of Business Journal deadline, but he is widely expected to run. A Thompson spokesman did not return a call seeking comment.

Former congressman Mark Neumann, who lost to Scott Walker in the Re-

'This FALL
WILL BE A BIG
fundraising
period.'

public Democratic Senate primary in August 2012 and the final in November 2012 will need to raise at least \$10 million, experts said. U.S. Rep. Tammy Baldwin (D-Wisconsin) of Madison is the leading Democratic candidate.

Once candidates announce their campaigns have begun in earnest, they can begin fundraising. So far, fundraising has entered only the preliminary stage but it will heat up soon, said Jeff Mayers, president of WisPolitics.com, an online political news service.

"This fall will be a big fundraising period," Mayers said. "They (candidates) want to enter the election year with a big cash figure to report."

Many business owners and executives covet the possibility of electing a second Republican to represent Wisconsin in the U.S. Senate and

candidacy as he is assembling a high-profile campaign team and professional fundraisers.

"At the end of the day it would be very surprising if Tommy didn't raise money in the business community," said Dan Eastman, a former Thompson administration official and an associate business professor at Wisconsin Lutheran College. "He's going to attract money — he just is."

On the other hand, Thompson, 69, will need to convince donors and voters that he is not yesterday's news and he is conservative enough.

• **Mark Neumann**

At this point Neumann is probably better known for his unsuccessful runs for govern-



Neumann

1,800 staff, \$900 million in revenue

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ments, said Peter Armbruster, Roadrunner's chief financial officer and a 21-year veteran of the company.

Roadrunner spends "several million dollars" per year to comply with federal regulations, Armbruster said.

The company had been owned by Thayer/Hidden Creek Industries. The Washington, D.C., private equity firm now operates as HCI Equity Partners and maintains a major ownership stake in the company.

Quality management teams also are essential to Roadrunner when identifying companies for possible acquisition.

"We've walked away from several opportunities when it got to the point where the management team didn't mesh with our team," DiBlasi said.

The desire is to keep existing management teams in place, he said.

"Our goal isn't to go in and just cut and slash personnel and take their business," he said. "Our goal is to add value to their business and provide a better service to the shippers that we serve."

In June, Roadrunner revamped its own management structure with the promotion of two executives. Scott Dobak now serves as president of the company's less-than-truckload business, while Brian Van Helden oversees the truckload segment. The move became necessary because DiBlasi has had to spend more time dealing with investors and financial analysts.

Although Roadrunner has been traveling on a path of growth in recent years, there have been some bumps along the way.

Revenue took a hit in 2009 as a result of the recession before rebounding, especially in the less-than-truckload segment, in 2010, DiBlasi said. The economic downturn forced the company to make layoffs. The business remained profitable throughout the recession, he said.

"Not too many other carriers were," DiBlasi said.

te seat expected to heat up soon

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• Mark Neumann

At this point Neumann is probably better known for his unsuccessful runs for governor

• Jeff Fitzgerald

Fitzgerald was in the news earlier this year for his role supporting Walker's political agenda, but is not well-known outside his Dodge County district. Some observers view him as a fast-rising young star of the party.

Fitzgerald campaign spokesman John Jagler said the assemblyman is not concerned about his ability to raise funds.

• Ted Kanavas

Kanavas chose not to run for re-election to the state Senate in 2010 and has been busy working in the computer business and taking special assignments from Walker.

Kanavas, like Fitzgerald, would be a new face on the state political scene running against old hands Thompson and Neumann. Also like Fitzgerald, Kanavas lacks statewide name rec-



Neumann