

DMTB Grows in Sluggish Economy, Pays Carriers in 24 Hours

At a glance

Des Moines Truck Brokers, Inc.

Norwalk, IA
www.dmtb.com



James R. (Jimmy) DeMatteis, CEO

Goal:

Accelerate growth and maintain competitive edge, without adding back-office staff. Continue to pay carriers within 24 hours of invoice.

Scope:

DMTB handles about 150 loads per week, primarily refrigerated. Most loads originate in and/or return to Iowa.

Solution:

Migrated from Keypoint to TransCore's Logistics Suite in December 2007. Added Imaging Suite document imaging. Also use 3sixty™ Freight Match and CarrierWatch®.

Results:

Grew revenues from \$7 million to \$10.5 million since 1997 with 8 employees. Load volume and revenues increased in 2008, despite market downturn. Two-person accounting team processes up to 70 invoices per day, maintaining DMTB's better-than-perfect credit score and less than 7 days to pay.

A commitment to 1-day turnaround on customer invoices and carrier payments makes Des Moines Truck Brokers (DMTB) a coveted partner for shippers and carriers alike. "We pride ourselves on being one of the fastest-paying companies in our industry," said James R. (Jimmy) DeMatteis, DMTB's CEO and son of company founder James A. (Jim) DeMatteis.

"We don't get calls from carriers wanting to know where their check is, because the day we get their paperwork, we bill it," Jimmy DeMatteis explained. "Our philosophy is always to do the invoicing first. The next day, we pay the carrier. Within 24 hours, their check is out the door," he concluded.

That's how DMTB maintains its better-than-perfect credit score of 103. "Our base credit score is 99 out of 100," DeMatteis admitted. The four additional points result from DMTB's participation in a credit guarantee program sponsored by Transportation Intermediaries Association (TIA), he explained. Participating brokers voluntarily post

a \$100,000 bond with TIA, as a payment guarantee. DMTB averages 7 days to pay, making the company a special favorite among Iowa-based carriers.

"Most of our carriers have been with us for 15-20 years," DeMatteis explained. "There are 12 or 15 carriers in Iowa who use us as a dedicated dispatch service," he said.

Although DeMatteis is modest about his company's achievements, he admits that customers appreciate DMTB's service ethic. "Probably 80% of our customers have been with us for 5 years," he said.

DMTB was founded before de-regulation, as an exempt commodity broker, specializing in produce, turkeys and other perishable goods. "My dad was originally a trucker, so I grew up around the business," DeMatteis explained. "In 1969, when he started the brokerage, there may have been 50 freight brokers in the U.S.," he continued. Jimmy DeMatteis joined the company in 1984 as the second employee, and DMTB became a licensed property broker in 1985.

At about the same time, DMTB moved its offices to Norwalk, IA, 5 miles from the Des Moines airport.

By 1997, the company had grown to 8 employees, with revenue at about \$7 million. The company surpassed the \$10 million milestone for the first time in fiscal 2007, just as DMTB migrated from Keypoint to TransCore's Logistics Suite.

The timing may not be a coincidence. Logistics Suite contributed to DMTB's growth by enabling the company's two accounting staffers to process freight bills faster. The new software makes all load information accessible for processing payables and receivables, without additional data entry. That extra capacity in accounting, in turn, gave DeMatteis the opportunity to add agents. And DMTB was able to accommodate the new, agent-generated business without compromising the company's remarkable one-day turnaround on invoices.

The additional capacity also enabled DeMatteis to pursue a more sales-oriented approach. He delegated his own operational responsibilities and began to focus his efforts on management and coaching. He encouraged employees to specialize, and re-organized his operations staff into two teams: sales and carrier relations. Carrier coordinators improved their efficiency with tools such as TransCore's CarrierWatch® for qualification and Imaging Suite for document handling, while DeMatteis re-focused the sales team on business development and account management.

"We started calling on our best customers, talking about what we can do, what Logistics Suite helps us to do, and how we can help them," DeMatteis said. He classified the effort as "wildly successful," and emphasized that "90% of the customers we visited have given us more freight."

"We used to have more of an order-taker culture. We would wait for the phone to ring," DeMatteis said. "Now we are building more of a sales culture. It has helped us to grow," he continued. "We've always had a good reputation, but now we're trying to do a better job of selling ourselves."

DMTB broke through the \$10 million revenue barrier and continued to grow at a rate of 5% per year, without adding back office staff. In fact, the accounting team began a compressed, 4-day work week during the summer of 2008. DeMatteis credits Logistics Suite for enabling him to offer his employees a more flexible schedule. "They used to work 5 days and take turns working half days on Saturday, just to process all the invoices," DeMatteis said. "With Logistics Suite, they are able to handle the same volume in 4 days, and they love it," he said. "I don't think they'd ever want to go back to the old schedule."

"We couldn't do what we're doing without Logistics Suite," he concluded.