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Eye on the Entrepreneur - Finding a way to work it out so everyone smiles

By NEIL R.G. YOUNG
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In 1942, Abe Polakoff arrived in Baltimore. Trained as a lawyer, Abe had struggled with the grief he felt when his father died suddenly.

Somehow, the joy had gone out of practicing law, and Abe came to Baltimore from Brooklyn to start over working in the transportation department at Calvert Distilling in southwest Baltimore. The complicated set of government regulations, tariffs and rules involved in transporting freight over even short distances fascinated Abe.

He studied it and became an expert. He realized that if large companies had to set up entire departments to figure out how to ship their product, then smaller companies must really struggle.

Four years after moving to Baltimore, he decided to go out on his own to help the "little guy," naming his new company Transportation Bureau of Baltimore Inc., setting up shop in a small office on Calvert Street in Baltimore as an ICC Practitioner to help small companies navigate the incredible maze of bureaucracy that was the Interstate Commerce Commission.



Soon, he was working with a large number of businesses in Baltimore, auditing carrier invoices, filing claims for lost freight and doing what was needed to help smaller businesses get their product to the consumer while adhering to the regulations.

In 1950, Abe's son, Jay, started helping his dad out in the office. He found the work fascinating and went on to get a Bachelor of Science in transportation before going to work for his father full time.

Father and son worked hard, and the practice flourished. But in the early '60s, Abe's health began to decline. He knew he had to do something to prepare Jay for the future.

"I want to tell you something," he said to Jay one morning, "you're pretty good with technical stuff, but you don't know how to run a business. So, as of today, you're running the business."

Jay took over operations. Abe stayed in the background, giving advice, but as he grew steadily weaker, Jay found himself more and more on his own. He will never forget one of their last conversations.

"Jay," Abe said to his son, "you know what happened to me when my father died. I couldn't carry on. Don't let this happen to you. This business can grow. If you can't do it for yourself or your family, do it for me."

That's exactly what Jay did. He realized that small businesses needed more than a consultant; they needed an outsourced transportation department that could fill their needs. Jay hired a team of the best rate men, men who understood the complexities of the business.

The tipping point came in 1980 when the transportation industry was partially deregulated and he obtained a property broker license and chose to emphasize LTL (less than truckload) transactions. It was one thing to send a full truckload, but very difficult to send small deliveries, and Jay saw this as a definite niche for his company.

During the 1980s, Jay reconfigured the business to take advantage of changing conditions.

He saw that technology would be a huge boon to small companies and he intended to get in on the ground floor. When personal computers first came on the market, he bought one for his son Sam who, along with his brother Phil, had come to work with their father as the business continued to grow.

"I'll never forget that first PC," says Sam. "It had a floppy disk and a 10-megabyte hard drive. I stayed up all night trying to figure out how it worked."

From that point on, Jay made sure that as PC technology improved, his company stayed on top of the developments. They hired a small programming firm to develop computer applications for their outsourced transportation department service. Soon they were turning out hundreds of bills per minute. The current system is now handled totally in-house by the company's staff of software engineers.

Jay had always enjoyed fencing with the bureaucrats, but in '90s the industry was deregulated and as things moved toward the Internet he realized it was time for him to pass on the baton.

One day he told his sons, "I own a business where the future involves something I don't enjoy."

"Dad came to us," says Sam. "I guess he'd always thought he'd work until he died, but now he told my brother and me, 'I'd like you guys to own the company.' That was a relief. We didn't know if we wanted to be 60 years old and still be working for someone else."

Jay hired an investment-banking firm to develop a plan to allow Sam and Phil to buy him out. However, the firm was unable to structure anything that was satisfactory to both sides. At that point, Sam and Phil asked if they could find a company with which they could all work. They turned to Eric Nass at Executive Sounding Board.

"Our mandate was clear - figure out how to get it done without materially altering the business deal," Nass explains. "Fortunately, we were able to craft a creative financing structure that met the objectives of both parties ... a classic win-win."

"I call Eric 'Dr. Frankenstein' because he brought the deal back from the dead," says Sam, laughing.

Sam and Phil put together a new company, TBB Global Logistics Inc., which bought out their father's company.

Jay is happy with the results. "It was their turn," he says.

As president, Sam handles the day-to-day operations of the company while brother, Phil, managing partner, is in charge of sales.

"Our strategy is to develop capacity through technology," explains Sam. "This includes having our own IT department who can get things from thought to desktop in 30 days."

The business plan includes major investments in technology, acquisition of other companies in the same line of business that aren't competitors, and marketing through an agency system of independent producers.

Today, TBB Global Logistics with its 150-plus employees, assists small and mid-sized businesses with shipping and receiving, to or from anywhere in the world. Providing the full services of a traffic department, it negotiates rates, audits bills, files claims and data, and reports back to the customers.

Neil R.G. Young, CLU, ChFC, is president of [Young & Co.](#), a financial planning firm in Lutherville. If you have any comments or questions, you can call him at 410-494-7766.
