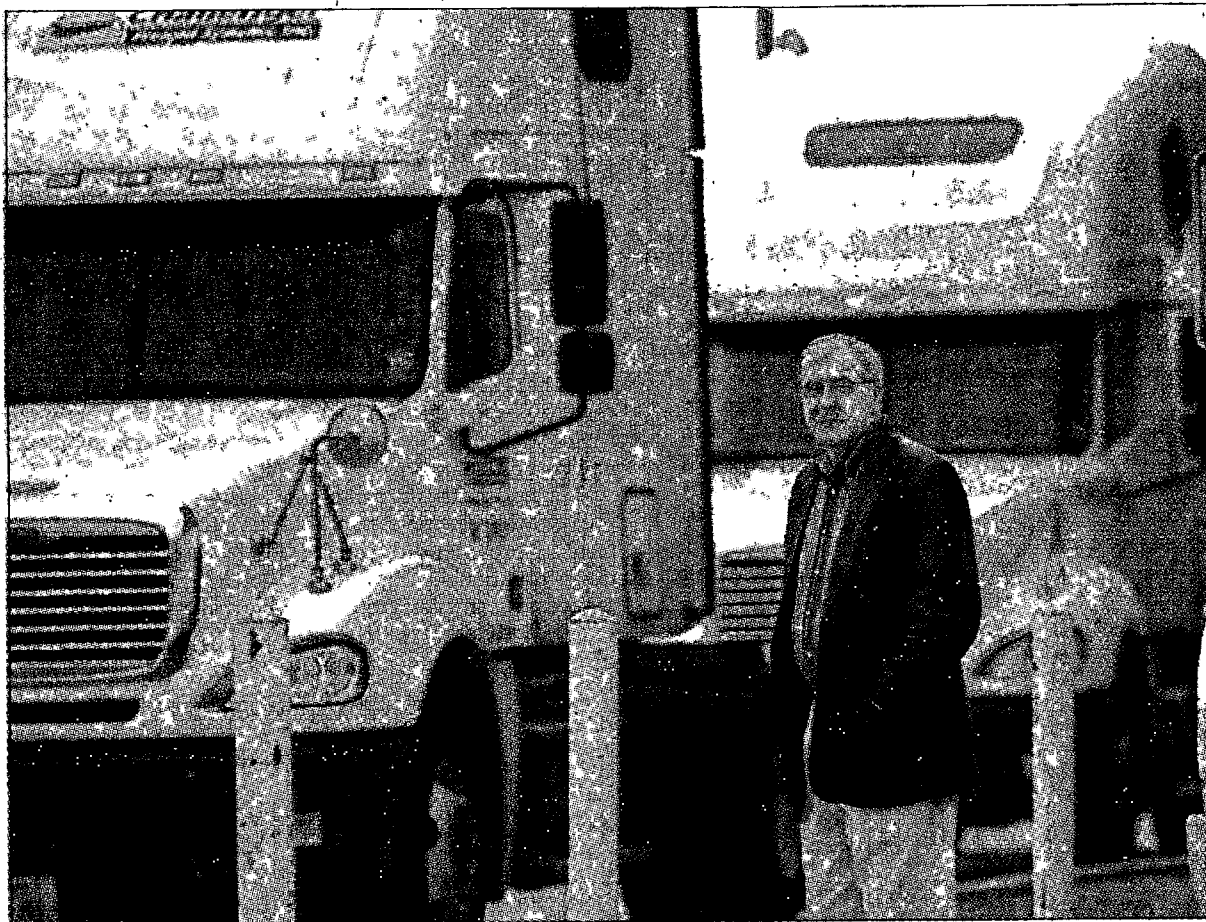


# Company's niche: air-to-ground

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Ed Lauderdale is president of Challenger Freight Systems, which deals in small but expensive shipments such as printed matter, annual reports, and aircraft and auto parts. The company is increasingly using trucks.

## Challenger Freight Systems delivers with expanded trucking service in a response to changing times

By **DANIEL C. BARTEL**  
SPECIAL TO THE STAR-TELEGRAM

GRAPEVINE — Ten years ago, most of Ed Lauderdale's business, Challenger Freight Systems in Grapevine, was up in the air.

But as times changed, he found that greater use of trucking allowed him to put more of his company's shipping and delivery services on firmer ground.

Challenger, operating with 59 workers in a 2,400-square-foot warehouse near the north end of the Dallas/Fort Worth Airport, increased the size of its trucking fleet by eight to 22 trucks in January as a response to changes in the airline industry.

Those changes come amid a loss of "lift" available from the airlines, which over time have reduced their

use of wide-bodied jets for domestic flights, he said. Wide-bodied jets are the largest commercial aircraft — 747s, DC-10s, L-1011s — roomier in their baggage compartment where heavy freight pallets can be stowed.

Challenger makes use of the slimmer-bodied aircraft but can't move as much freight per flight.

"We've noticed it happening gradually in the last five years," said Lauderdale, Challenger's president.

The company deals in the specialized area of air freight forwarding, the middleman between those who want things delivered and those who can deliver it. These middlemen typically don't own or operate airline, trucking or railroad services, but they contract

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## Freight: Grapevine company now transporting more goods on trucks

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with those who do.

Challenger mainly delivers printed matter, annual reports, and aircraft and auto parts. It ships to nearly every state in the continental United States.

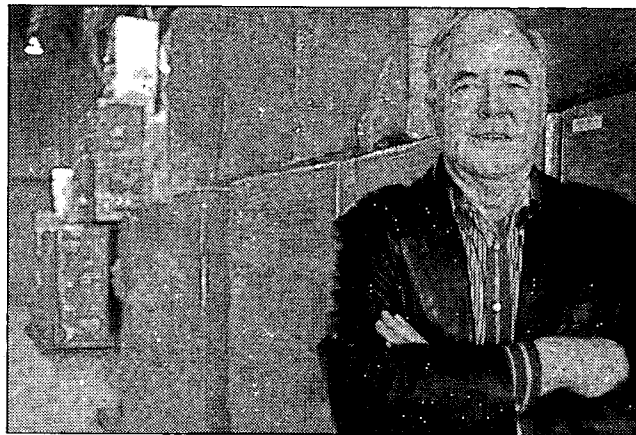
In 2004, the company covered about 1.3 million miles in deliveries, about 50 percent of which were made by truck, Lauderdale said.

Few wide-bodied jets are used for domestic flights anymore. The airlines have gradually moved them to coastal gateways for use on international flights.

This is partly because of pressure from low-cost carriers such as Southwest Airlines, said Robert Dahl, project director for Air Cargo Management Group, an aviation consulting firm based in Seattle. Shipping by truck is also cheaper, about 25 percent less than shipping by air, he said.

Challenger's eight new trucks, leased from Ryder, add to its existing fleet of eight tractors, 16 company trailers and six 26-foot bobtail trucks for short distance or cross-town delivery. The new "condo" Freightliner cabs are equipped with sleeping quarters in the back, with enough room for two drivers.

From a maintenance standpoint, it makes more sense to lease the tractors rather than



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Above, Challenger Freight Systems President Ed Lauderdale is shown with some of the freight-forwarding company's cargo. At right, outbound operations agent Brian Ewing works on shipments. The Grapevine-based company used to move most of its shipments by air, but now it is moving more loads on trucks in response to airlines' reduced use of wide-bodied jets for domestic flights.

own, Lauderdale said. A nationwide company, Ryder provides maintenance and repair as part of its contract with lessors.

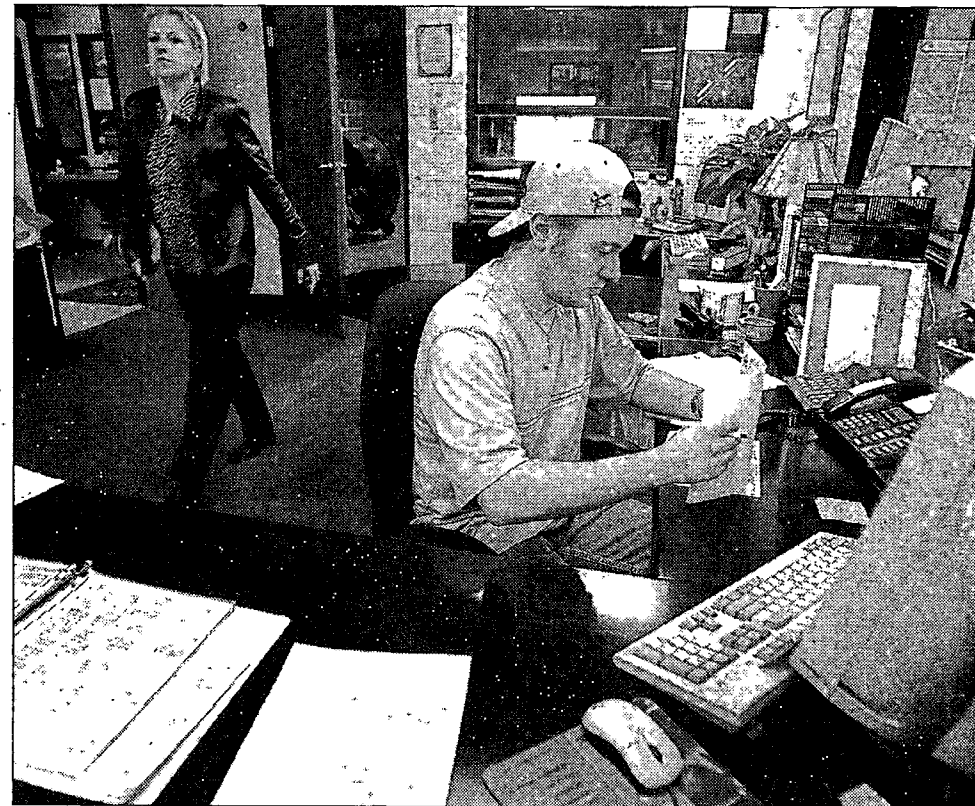
Challenger peaked with \$14 million in sales in 2001 but has slipped to about \$11 million. Through trucking, profits are expected to increase, said Chris Hazel, Challenger's vice president of marketing and development.

"Trucking helped us through the lean times," Hazel said, referring to 2002. "We still have a lot to learn."

Among other freight for-

warders, Challenger is a small player. The company prefers to keep a low profile, devoting attention to its tightknit base of domestic customers. Within the U.S. market, freight forwarders have carved out about 25 percent of the shipping market, whereas giants such as UPS and DHL control about 75 percent, Dahl said.

Freight forwarding maintains a larger presence internationally, he said. Companies such as Pilot Air Freight in Dallas have grown each year through addition of new overseas accounts, said Susan



Pickett, a spokeswoman for Pilot Air. In 2004, the company's international segment increased by nearly half.

Smaller independents are intensely competitive among themselves, largely by undercutting prices.

Pilot Air, based in Lima, Pa., is a \$290 million company that specializes in heavy freight and enlists a fleet of truck services.

Hazel said Challenger is interested in jumping to the international front but prefers to hold off for a few more years.

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With the addition of the new trucks, Challenger will concentrate on adding domestic accounts.

Lauderdale founded Challenger with his wife, Rochelle,

in 1986 after having worked for 20 years as a district manager, first for Airborne Express and then with Profits By Air Freight System. A fan of the space shuttle program, Lauderdale was hesitant to stick with the name "Challenger" in the aftermath of a space shuttle explosion, fearing it would serve as a bad omen. Friends encouraged him to use the name in memoriam, he said. "They told us we'd be crazy not to," he said.

Daniel C. Bartel is a Grapevine-based writer.