

Starting a Business in the Logistics Industry

As e-commerce and a relatively low U.S. dollar fuel international trade, the logistics industry may be a good place to start a new business

By [Karen E. Klein](#)

I am interested in the logistics industry. Would you please talk about how to start up a freight forwarder company?—P.D., Los Angeles

Broadly speaking, the U.S. "logistics industry" consists of the private companies—freight forwarders, customs brokers, ocean transport, and air cargo intermediaries—that handle the details of importing and exporting goods in this country. At this time of burgeoning international trade, fueled by and by the relatively low U.S. dollar, the logistics industry looks to be a good place to start a new business.

[Importing and exporting](#) is a \$1.5 trillion annual undertaking, said Damon Schechter, author of *Delivering the Goods* (Wiley, 2002) and CEO of San Francisco-based shipping and fulfillment firm [Shipwire](#). "The logistics industry is a viable business space with a lot of money changing hands in order to facilitate economic activity," he said.

BUILT ON RELATIONSHIPS

However, the long-established industry (its industry association, the National Customs Brokers & Forwarders Association of America, was established in 1897) is built around personal relationships and trust. Entering the fray as a new face without existing customers can be a tough proposition. "This industry has been around for hundreds of years. Alexander the Great did his own version of customs clearance. It's important to work in the industry, be a cog in the wheel, and let someone mentor you in a situation where you can develop trust with customers," Schechter said.

"Find a market segment to work in: international trade shows, garments, the oil and gas industry, et cetera. It is best to look for clientele where you have a strong background, talent, or affinity. For instance, if you come from the construction industry, it might be best to look for your first clients there because at least you can better understand their needs. Or let's say your parents were immigrants from Latin America, the Far East, or the Middle East, and you are bilingual. It might be smart to focus on cargo to that region," said Gary Dale Cearley, executive director of AerOceaNetwork, a freight forwarding and international logistics network based in Bangkok.

Logistics firms typically are run by individuals who have relationships with manufacturers, transporters, storage firms, customs agents, and buyers on both sides of the border. They hire employees who do the nitty-gritty of scheduling space on air cargo or ocean containers and timing the movement of goods from factory to storage through customs checks to final customer distribution by truck or rail. If you can get a job doing that kind of ground work, it would not only give you a close-up view of what these firms do, how each differentiates itself and chooses a specialty, but it would also help introduce you to the clients who use these services.

U.S. STRONG IN LOGISTICS

"If you can build a level of credibility for yourself with clients, you can make a long-term career in this industry, particularly with the level of globalization we see today and the amount of ad hoc movement across borders," Schechter said. "One of the core competencies of Americans is logistics. China is hiring every logistics company in the U.S. to train their people to get this kind of work done."

If you can speak foreign languages or have family or business contacts in other countries, those are additional pluses that you can leverage as you consider opening your own firm. For more information, check the [Web site](#) of the NCBFFA, which says it represents nearly 800 international trade companies serving more than 250,000 importers and exporters. The organization sponsors benchmark programs for ocean forwarders and customs specialists and its Web site includes information on [how to become a customs broker](#) or an [ocean freight forwarder](#).

Cearley also suggests you look at the Web sites of the [Federal Maritime Commission](#), the [Homeland Security Dept.](#), and the [U.S. Customs Bureau](#).

[Karen E. Klein](#) is a Los Angeles-based writer who covers entrepreneurship and small-business issues.