

A moving story

by [Jason M. Breslow](#)

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John R. Westerberg does not mince words when discussing his industry. "It's not a down economy," according to the chief executive officer of the Elk Grove Village-based moving and storage provider Nelson Westerberg Inc. "It's a flat out recession in our business."

He does not dwell, though. Despite the tough economic times, long-term strategies already in place at Nelson Westerberg are helping the family-owned business move forward as best it can.

In 2007 -- thanks in part to a fresh look at how trucks are packed as well as booming growth from overseas contracts -- the company booked \$88.9 million in consolidated revenue, 13.2 percent more than the year before. Nelson Westerberg's 250 employees helped manage more than 13,000 domestic and international moves last year, making it one of the nation's largest corporate relocation providers. The company is also one of the most productive agents in the network of Atlas Van Lines Inc.

Nelson Westerberg is expanding, too. In February it acquired Lido Van and Storage Co. Inc., a moving and storage company in California, to go along with its other bases in Georgia, Illinois, New Jersey and Texas.

And as Westerberg likes to remind, the business remains debt-free.

Among the company's clients is Donna Klaubo, a human resources administrator at Chicago-based Amsted Industries Inc. For the last three-and-a-half years Klaubo has helped coordinate relocations of Amsted employees with Nelson Westerberg. In all that time, said Klaubo, she cannot recall any problems.

"They're a good outfit, very professional," Klaubo attested. She said Nelson Westerberg always communicates well and avoids crises by anticipating potential problems.

The support of customers such as Klaubo notwithstanding, Nelson Westerberg and the \$17 billion moving and storage industry as a whole face significant challenges.

The downturn in the housing market has made the industry "very tough right now," according to John Bisney, spokesman for Alexandria, Va.-based American Moving and Storage Association. In 2007, he noted, moving shipments were down 8.6 percent.

Westerberg can attest to that. Earnings and revenue in the first quarter were down from last year, he said, and the second quarter most likely will be down as well. But, he insisted, "We're not going to lose money."

The biggest challenge comes in coping with the rapidly increasing cost of diesel, which Nelson Westerberg uses to fuel its fleet of more than 400 tractors, trailers and trucks. As of April 21, the average national cost of diesel was \$4.14 a gallon, a 45 percent increase over the year before, according to the U.S. Department of Energy.

Rising fuel prices have caused customers to face a fuel surcharge of 14 percent, as of April 15, and led to a domino effect in the price of other capital resources. The price of packing materials, for instance, has gone up by more than 20 percent in the last year, Westerberg said.

Still, Westerberg sees opportunity in the market.

“I think there will be companies that will run into financial difficulty and may become available for acquisition,” he said. Other large companies will have financial troubles, he added, “and in disappointing their customers that will open up an opportunity for us to step in and help those customers find a better program.”

Westerberg is also encouraged by the potential to improve the company’s foothold in the military sector, not to mention its ever-growing efforts overseas. Globalization means more U.S. companies are moving employees to other nations, so over the last four years Nelson Westerberg’s business abroad “has just exploded,” according to Edward J. Pionke, the company’s president and chief operating officer. Growth “has probably been almost 12 percent a year for each of those years,” he said. “It’s worked out quite handsomely for us.”

Drivers are also better utilizing trucks by loading more onto them. As Pionke explained, the company’s 53-foot vans can hold 28,000 pounds. Until recently, though, trucks were being sent out with only 15,000 or so pounds worth of capacity. Now, the company has increased its “load factor” to around 22,000 pounds.

“It has helped us become a much better more efficiently run company,” Pionke said.

It also helps Nelson Westerberg build on more than a century worth of tradition.

The company was established in 1904, more out of necessity than anything else, by Westerberg’s grandfather, Oscar, with friend Fred Nelson. Neither man, both immigrants from Sweden, could find a job in their new city. Rather than starve, they started a business delivering coal in the winter and ice in the summer.

Almost immediately the two partners made a name for themselves because they understood that their clients had simple desires: to stay cool in the heat and warm in the cold.

In a way, the story of Nelson Westerberg is one of history repeating itself. Just as the company was established out of necessity, its trademark moving technique -- called “single-source responsibility” -- was pioneered by the company “more out of self-defense than anything else,” according to Westerberg.

In the 1960s, he explained, the industry was dominated by businesses with a piecemeal approach to moving: A team of movers would pack a family or business on one side of a move, and a separate team would conduct the unloading on the other side.

“If a move fell apart for any particular reason they always had somebody they could point the finger at and try to escape responsibility and liability for the actual problem that occurred,” Westerberg said.

With single-source responsibility Nelson Westerberg put one team in charge of packing, hauling and unloading. The approach, now an industry standard for domestic moves, was designed as “a way to differentiate ourselves,” Westerberg explained. He said it works because it ensures accountability.

In another sense, what allowed Oscar Westerberg and Fred Nelson to become successful -- an understanding of their clients’ most basic expectations -- is what has helped the company to rank consistently among the region’s top 300 privately-held companies by revenue. But whereas the company was focused in the early 20th century on helping customers meet their temperature needs, it now concentrates on what Westerberg described as clients’ current wants: ethical behavior, fairness, honesty and a sense of obligation.

“If you really hone in on that, you’re going to have a good image in the industry and amongst your customers,” said Westerberg.

He put an especially strong emphasis on obligation: “If we owe somebody money, we pay them. If they owe us money, we expect them to pay us back. That’s the way it’s played in middle America small business.”



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Edward J. Pionke, president and chief operating officer of Nelson Westerberg Inc., at the company's headquarters.

Company at a glance

Company: Nelson Westerberg Inc.

Industry: Moving and storage

Location: Elk Grove Village

Chief executive officer: John R. Westerberg

Consolidated revenue for 2007: \$88.9 million

Employees: 250

Web site: www.nelsonwesterberg.com/