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President and CEO Brian Oken and Chairman Randy Clifford - partners for the long haul

The Long Haul

The Clifford family turned to an experienced executive to run the 130-year-old Long Beach transportation company that's been in family hands since the 1950s

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After 15 years at the helm of the family business, Randy Clifford had some tough choices to make.

Ventura Transfer Co., founded in the 1860s, had been in the Clifford family's hands since 1957, and Randy led a second generation of family members running the Long Beach-based firm, which specializes in transporting and distributing bulk materials.

By 2002, the industry had changed so much that Randy, 48, and brothers Galen, 57, Steve, 47, and Greg, 45 knew they were overmatched. Deregulation had changed the industry entirely; on top of that, the economy was bad, fuel costs were rising and there was a flood of new anti-terrorism regulations to contend with. With large competitors like Quality Carriers and A&R, smaller firms like

PROFILE

Ventura Transfer Company

Year Founded: 1860s

Core Business: Handling and distribution of bulk materials

Revenues in 2002: \$15 million

Revenues in 2003: \$16 million (projected)

Employees in 2002: 80

Employees in 2003: 80

Profile: Ventura Transfer Co.

Goal: Increasing market share

Driving Force: To build upon its 130-year-plus legacy of customer service and innovation with even higher standards of service and new approaches.

Ventura Transfer had to find new ways to compete.

"What worked 20 years ago doesn't work now," Clifford said. "We had a limit to what we could do as a business unless we got lucky."

The Clifford family turned to Brian Oken the former president of Holga Inc, a subsidiary of HON INDUSTRIES, to step in as chief executive. "I was impressed by his problem-solving skills," said Clifford, who met Oken at a peer-mentoring group for senior executives. Ventura Transfer put Oken through several rounds of interviews with family members before offering him the job.

One factor that led him to accept was the challenge of turning around the company. Another: He liked the family's mentality.

“The values I have personally are very much in line with the family’s,” Oken said. “While I’m not part of the family, we see eye-to-eye on a lot of things.”

Horse-drawn crude

Ventura Transfer was founded as a freight and passenger transportation company, and began hauling crude oil – by horse – out of the Newhall area by the 1880s. Through the 1960s, Ventura Transfer continued to focus on hauling bulk petroleum products along California’s coast and in Arizona and Nevada. In 1963, the Cliffords added plastic pellets and powders to the mix.

That same year, the company opened its first rail transloading facility for bulk commodities, a segment that now makes up 50 percent of the business. A move to Long Beach in 1971 strengthened its ability to coordinate a range of range of rail, water, air and surface transfer services.

The company has a history of innovation, especially when it comes to containers used to transport bulk materials.

Ventura Transfer was the first trucking company to permanently mount tanks on motor vehicles. Other innovations include tilt tractors for unloading dry bulk products from sea containers, and a 45-ton container-lifting unit.

Clifford remembers his father designing one piece of loading equipment, the self-contained and self-loading vacuum pneumatic hopper trailer, which is used to move dry goods from rail cars and silos.

“He worked closely with J&L Tank manufacturing company, who built the basic trailer. My

father and his crew did the finish work, final assembly and testing,” he said.

Continuing that kind of innovation is crucial to Ventura Transfer’s future, Oken said.

Under Oken, Ventura Transfer is undergoing a review of systems and services to find ways to lower cost structures and be more strategic.

One move has been to create a partnership with software developer FreightDATA to create a computer system that coordinates vehicle dispatch, tracking, imaging, maintenance and driver management, billing and collections.

The company owns two container depots in California, nine railcar transfer terminals in California and Arizona that deliver bulk commodities throughout the U.S., and two warehouse-distribution facilities in Los Angeles County.

In addition to transloading, another five percent of the company’s business is warehousing and packaging. “We do very little pure freight transportation anymore,” Oken said.

For the Clifford family, turning the keys over to an outsider was a big decision.

“There was nothing our parents wanted more than for us to be in the business,” Randy Clifford said. His father Jack retired in 1987; Phyllis still comes in to sign checks.

Nevertheless, bringing in Oken may be the key to the firm’s long-term survival. Only one of three family businesses survives into the second generation, according to David Russell, director of the Family Business Center at California State University at

Northridge. “Most family businesses want to keep it in the family, but they realize there’s more value to outside experience,” Russell said. “Family members can be better stewards of the business if they’ve done something else in the same industry or another family-owned business.”

That’s why the Clifford brothers have agreed that none of their 14 children (aged 6 through 22) – the third generation – is guaranteed a top job at the company.

“If any of them truly wants to be in management, they will have to complete college and three years of outside experience before being considered,” Randy Clifford said.