

# CM

COURIER **MAGAZINE**

SEPTEMBER/OCTOBER 2010

## From Pizza Delivery to Profitable Courier

A Tucson couple's "break" from the restaurant biz turns into a full-time career when success comes by surprise

Kelly and Mark Spivak, owners, Xcel Delivery



# From Pizza Delivery to Profitable Courier

---

**A Tucson couple's "break" from the restaurant biz turns into a full-time career when success comes by surprise**

---

**T**he next time you have a pizza delivered to your house, tip the driver well. He could be on his way to creating the next big courier service in your town.

The scenario that led to Xcel Delivery's beginnings might not follow that exact storyline, but it's close. Six years ago, Mark and Kelly Spivack started their Tucson, Ariz.-based courier company after owning a pizza place. They had both worked in the restaurant business for years and expected to continue on that career path. But they decided they needed a break for at least a couple of years.

Considering their options, Mark Spivack thought about the one aspect of "that crazy business" that he really enjoyed: delivering the pies.

"Talking to people was the fun part of the job," he said.

Offering a delivery service, then, seemed like a viable option. The couple started networking with some of the people they knew from their restaurant ownership, as well as others they met. They began small, picking up dry cleaning, laundry and running errands.

Spivack says, "We got a client here, and we got a client there. And it turned into something that we really enjoy."

## **The First Big Break**

The team's first courier tasks weren't all fluffy laundry and freshly starched shirts. One of their biggest—and dirtiest—customers in the beginning was a tire company.

"It was grueling, hard work—very labor intensive," Spivack said, "especially in summertime, moving tires from one store to another." But the work was steady and the company always paid on time.

Eventually, the couple added a box truck to their "fleet": a single open-bed pickup. But the new truck's additional cargo space allowed them to expand their service. That allowed the two to begin soliciting extra work from other courier companies in Tucson, as well as in nearby Phoenix.

"We just tried to reach out, get some partnerships going," Spivack explained.

The efforts worked. One day, they got a call from the head transportation manager at Phoenix's UPS branch.

## **The Xcel Hiring Philosophy**

Xcel looks for drivers with courier experience, but that's not necessarily the most important criteria for hiring. The firm puts a high emphasis on someone who:

- Fits in.
- Has the right attitude.
- Is very friendly.
- Is professional in both appearance and attitude.

Owner Mark Spivack says he wants drivers that know how to handle themselves no matter what situation develops.

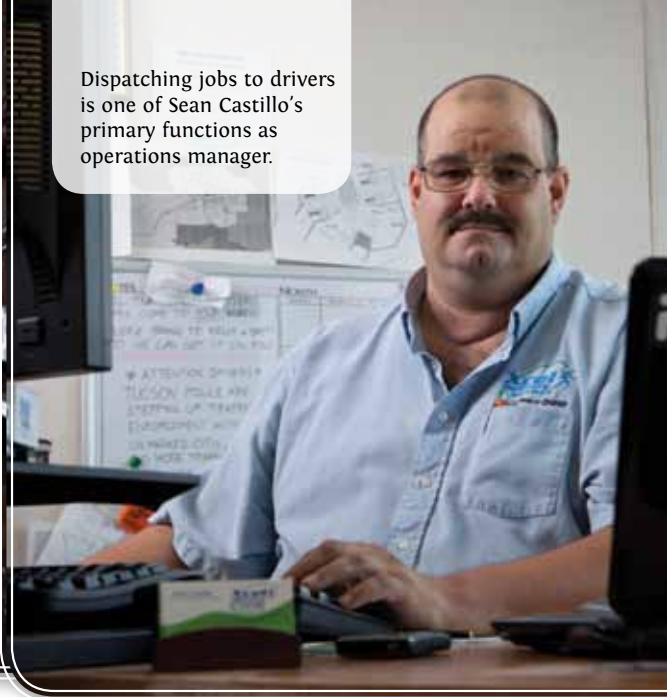
"We test them with what they would do in different scenarios and see their reactions—how they would handle it," he explained.

Should problems develop that he didn't foresee, however, he has no qualms with letting a driver go.

"If I get a complaint on a driver—if he's rude or does something inappropriate—we may give him a warning. But we'll make a judgment call. If he needs to go, then he needs to go. We have such a great staff that we are really picky on who we hire," he noted.



Brett Rioux, general manager, oversees warehouse operations.



Dispatching jobs to drivers is one of Sean Castillo's primary functions as operations manager.

"We just were in the right time at the right place," Spivack said, explaining how the manager was looking to replace the local courier he'd been using due to inferior service. "That opened the door for us. And it made us really think: This is going to be big. This is gonna be something we can make a living at—not just temporary work after all."

The relationship with UPS turned out to be more fortuitous than the couple would ever have hoped. As they continued to work with the "brown" manager, they made a point of letting him know that they were interested in taking over the logistic firm's local warehousing business.

"We started to plant the seed that, hey, if that warehousing contract ever comes up, we want to bid on it," Spivack said. It took two years, but when the original warehouse owner ended the agreement, UPS worked out a new deal with Xcel.

The couple knew the event marked a turning point in the long-term success of their business.

"Once you get a warehouse contract, nobody wants to move their parts," Spivack stated. "So it's almost like a lifelong relationship, as long as you maintain that service."

The couple decided to capitalize on the opportunity. They scrambled to find a space that could handle more than the UPS storage needs. They were determined to expand their warehousing space to new clients, too. It was a big change for the young business. In only three years, the company had expanded exponentially.

"We went from a 400-square-foot office that had two desks and a little sorting table with a coffee pot on it to a 10,000-square-foot warehouse pretty quickly," Spivack said.

### Expanding Markets

Expanding into warehousing services wasn't the only new foray for the company and its growing staff. Spivack was constantly networking with other courier companies in the area and state. He formed alliances with both large and small couriers, including powerhouses like AirNet Systems Inc. (Columbus, Ohio) and DHL (Plantation, Fla.).

"Once we started doing specific work, such as at the airport—doing TSA (Transportation Security Administration) work—you become known for doing that work," Spivack noted. "So we

## Taking Advantage of Technology

When the Spivacks were first starting their company, they weren't familiar with many of the software programs available to help them track their jobs. Though they only had a few drivers, billing was a nightmare.

"It took us hours and hours and days and days to do billing," he explained. Every task was handled on paper, and trying to decipher a driver's scribbles complicated matters even more.

Plus, he knew his team was missing critical charges for items such as weight or making deliveries outside their regular area. The couple contacted a local software company to create a proprietary program to handle their business.

"They introduced us to a lot of technology we didn't know was available," Spivack said.

As their trust in the software grew, they adopted other programs, such one for tracking drivers on their routes. Today, all drivers have

GPS either in their vehicles or on their phones. Two-way radios maintain constant communication between the couriers and the office.

"There's never any second-guessing," Spivack said. "We know exactly where they are, what they have."

And while Spivack and his wife believe great communication is critical with their customers, they say it's even more important with their drivers.

"We need to make sure they are going to do what they're going to do," Mark Spivack added.

The couple relies heavily on the software program's ability to track data and compile reports.

"I don't think a lot of owners use their software as they should," he explained. "But running reports is essential to running a profitable business. It's a tool we constantly use."



Fleet and Route Manager Wally Bermudez loads a truck before the driver heads out.

became known as the trusted company in Tucson to do this high-priority stuff—just by word of mouth. Our reputation really helped us grow.”

The new, high-profile, high-security clients required specialized training for the Xcel staff, which today includes six full-time employees and 25 drivers, all independent contractors. Spivack and wife Kelly make training a priority to maintain customer trust and satisfaction.

“We do a lot of hands-on training when drivers first start,” he explained. “And before we give them any type of critical work, their on-time performance has to be almost 100 percent.”

To complicate their workload, Spivack says his staff is screened regularly by TSA, the federal agency in charge of protecting the nation’s transportation systems.

“TSA is in our face a lot,” Spivack said, quickly adding that he believes that’s a good thing. “We make sure our staff—our employees and our ICs—are well-versed in everything they need to do with their work out at the airport.”

Spivack admits the pressure and extra precautions make the job a bit nerve-wracking at times. Nevertheless, he doesn’t shy away from the responsibility. He emphasizes the importance of the precautions, the required government tests and the background checks to his staff. He knows each aspect is part of maintaining security and safety for both his staff and the community. Similarly, he educates his staff on HIPPA (Health Insurance Portability and Accountability Act) and OSHA (Occupational Safety and Health Administration) regulations when it comes to handling medical deliveries.

“We work to make sure our drivers know everything that must take place when they’re picking up a specimen—how to handle it, how not to handle it; if there’s a spill, who to call,” Spivack said. “We take great pride in handling specimens. Often, there’s only one chance to do it right.”

Spivack feels fortunate that his company has been able to excel in the medical industry. He understands the trust his clients put in him with their medical deliveries. He knows his reputation precedes him so he works hard to maintain it. But he knows that positive status isn’t enough to gain new medical clients.

“It’s a tough nut to crack,” he explained. “Like with warehousing, when a company has a good courier company doing their medical work, they’re scared to change.” Plus, many of his competitors for the jobs focus strictly on medical deliveries. For Xcel, medical is only part of the mix, and Spivack prefers the diversity of jobs his company handles.

### **Toughing It Out With the Competition**

Xcel counts four primary competitors in the Tucson market, and Spivack and his wife enjoy the rivalry.

“Competition is good,” Spivack said. “I love competition. It makes you an honest person.”

However, the Phoenix market—about 118 miles northwest of Tucson—is a different story. With a variety of couriers occupying the Valley of the Sun, low-ball pricing is rampant. Despite the pressure to compete at that level, Spivack refuses to budge.

“Our philosophy from day one is to refuse a job based on price. And the Phoenix market is saturated with companies that will do work for cheap,” he said. “So it’s been a tough battle to get really strong routes to Phoenix and back.”

“We’re finding lots of companies that are just going with the lowest price, regardless of the service or how they perform,” Spivack stated. “People tell us straight up, ‘We’re only going with lowest rate, and that’s it.’ So it’s hard to sell your technology and your drivers when they flat out say, ‘We don’t care; we just want the lowest price.’ We’re finding a lot of that.”

Despite such obstacles, Spivack believes top-notch customer service will eventually narrow the playing field. He encourages his drivers to be proactive, rather than reactive, when it comes

Gary Syers, IC driver, often handles airport deliveries for Xcel.



companies, the Spivacks consider themselves fortunate. For the most part, their business has been unaffected.

Mark Spivack says, “I’ve talked to a lot of people in this business—I went to the last MCAA conference—and lots of people are down in the dumps, barely making it. But we’ve been really lucky to get a lot of work.”

The couple’s frugal management of their finances may have helped, along with the

extra business. In fact, not only has the couple managed to make it through the economic downturn unscathed, they’ve actually managed to build a fund that is allowing them to expand.

“We’ve always had a dream of opening our own warehouse space,” Spivack recalled. After some “scrimping and saving,” that dream is now coming true. The company recently began construction on a warehouse that it will own, building it from the ground up.

“We’re on cloud nine,” Spivack said. “We’ll have 50,000 square feet and very tall ceilings, so we can expand up rather than out. We’ll have loading docks—everything built to our specs, to our needs.”

The new facility will house a much larger TSA-secure warehouse and provide the ability to perform more freight work. Construction is slated for completion next March.

“We definitely plan on approaching companies that need distribution or warehousing on a larger scale—or just places that need cross-docking,” Spivack said. Having the expanded loading docks and extra space, Kelly added, will allow for these new offerings and make everything run more efficiently.

Imagining the new space, Spivack can hardly contain his enthusiasm. “A new office. A clean facility. Our managers all grouped into one big office—everyone in their own office ...

“It’s gonna be a well-oiled machine.”

**About the Author**

Gina Kellogg is the consulting editor of *Courier Magazine*. Contact her at [gina@robstan.com](mailto:gina@robstan.com). **CM**



John Reckers, warehouse manager, uses multiple computers to oversee inventory control.

to customer service. For example, Spivack emphasizes the importance of on-time deliveries to every driver. But if a situation occurs that causes a driver to get behind schedule, that driver knows to call the client ahead of time to inform him or her that he is going to be five minutes late.

“We try to look ahead at what *could* happen and not what *is* happening,” Spivack explained.

Apparently, that technique is working. The company receives repeated compliments on its customer service.

Kelly says, “It’s what has allowed us to keep a lot of our customers for the long term. A lot of them have been with us from day one.”

**A Growing Future**

While the economy has negatively affected many courier