



MICHIGAN ECONOMIC DEVELOPMENT CORPORATION

MEMORANDUM

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DATE: July 15, 2008  
TO: Michigan Economic Growth Authority  
FROM: Val Hoag, Director  
Portfolio Management & Packaging *VH*

Amy Deprez, Project Manager  
Portfolio Management & Packaging

SUBJECT: Briefing Memo – Echo Global Logistics, Inc.  
Standard Credit

COMPANY NAME:

Echo Global Logistics, Inc.  
600 West Chicago Avenue, Suite 725  
Chicago, Illinois 60610

HISTORY OF COMPANY:

Echo Global Logistics, Inc. (Echo) is a leading provider of technology enabled business process outsourcing (BPO) serving the transportation and logistics needs of its clients. The company's proprietary technology platform compiles and analyzes data from its diversified network of over 16,000 transportation providers to efficiently serve its clients' shipping needs and optimize their freight management. The technology enables them to identify excess transportation capacity and obtain preferential rates, service terms and cost savings for its clients. The company is an all mode provider, including truckload (TL), less than truck load (LTL), small parcel, inter-modal, domestic air, expedited services and international. Echo's core logistics services include pre-engagement freight analysis, rate negotiation, shipment execution and tracking, carrier management, routing compliance, freight bill audit and payment and performance management and reporting, including executive dashboard tools.

The company was formed in January 2005 and has grown significantly since that time. During 2007 they served over 4,600 clients using approximately 3,900 different carriers, and increased their enterprise clients from 12 in 2005 to 62 in 2007.

Echo has 334 employees in Illinois. The company does not currently have any employees in Michigan.

PROJECT DESCRIPTION:

Echo plans to open a new sales and customer support operation and is considering Michigan for that operation. The proposed project, if Michigan is chosen, would be located in an existing facility in Troy and would include an investment of over \$4.25 million. Additionally, the operation would allow for the creation of up to 950 jobs paying an average weekly wage of \$828. The company will also offer health care benefits and pay a portion of the benefit costs.

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**BENEFITS TO STATE:**

According to the economic analysis done by the Michigan Economic Development Corporation utilizing Regional Economic Models, Inc. software, it is estimated that this facility will create a total of 1,777 jobs in the state by the year 2018. We also estimate that the project would create total state government revenues through the year 2018, net of MEGA cost and adjusted for inflation, of \$37.2 million (2008 dollars) due to the creation of these new jobs.

**BUSINESS CASE:**

Alternatively, the company is considering two other states for this new facility, Iowa and Wisconsin. Iowa has the largest concentration of outbound professional salespeople in the county and has a strong demographic workforce that is ideal for Echo's needs. Also, it has an abundance of call centers, low cost of living and is offering attractive incentives to locate the operation there. Wisconsin is in the center of a hub of logistics professionals, offering trained professionals in the transportation and logistics industry, which would greatly reduce the costs associated with training and development of staff.

Potential economic incentives offered to the company will play a large part in the decision making process and will significantly offset some of the disadvantages associated with locating this operation in Michigan, such as lack of trained workforce, significant training expense and inability to motivate Chicago based leaders to relocate to Michigan to establish the new operations.

**STATE AND OTHER LOCAL ASSISTANCE:**

Oakland County is supportive of this project and is offering the company assistance with employee recruitment and assessment and, assuming that the company is eligible, \$50,000 in Workforce Investment Act (WIA) training funds. The company will be assigned to work with one of the Michigan Works! Service Centers on the specific recruitment and training needs.

Additionally, Michigan Economic Development Corporation is committing up to \$400,000 in Economic Development Job Training (EDJT) funds through the Direct Grant program. The funds will be available to the company to offset training costs associated with up to 200 new jobs during the first two years of operations. Failure to create the 200 jobs will trigger a reimbursement of the grant funds, as required by the legislation.

**RECOMMENDATION:**

Based on the factors described above, the Michigan Economic Development Corporation recommends a 100 percent employment tax credit for ten years, for up to 950 net new employees.