# Flexport cutting workforce by about 950 employees

30% staff reduction part of corporate reset after CEO changeover

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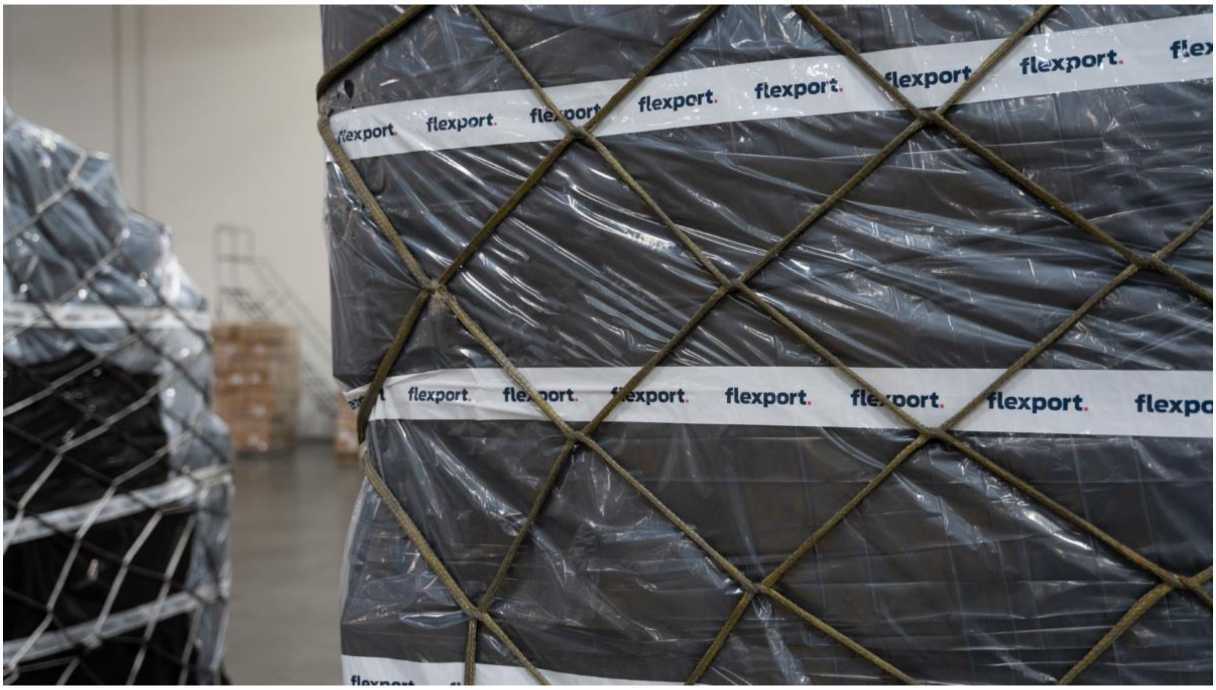


Flexport was created to manage imports and exports for businesses, but it recently went on a spending spree to provide last-mile delivery for e-commerce sellers. (Photo: Flexport)

Logistics provider Flexport plans to reduce its workforce by up to 30%, or about 950 employees, by the end of the month as founder Ryan Petersen retakes control following a leadership purge aimed at stemming losses, a source at the company said.

A spokesperson declined to provide specific details Thursday night but confirmed there would be layoffs.

“Ryan has been very transparent in the need to drive the growth and cost discipline required to return Flexport to profitability. We will do so in a way that doesn't impact customer service and our ability to help grow our customers' businesses," the spokesperson for the San Francisco-based freight forwarder said.

The Information and The Wall Street Journal were first to report on the second round of mass layoffs at Flexport this year. In January, the freight management company released more than 650 workers, about 20% of its staff at the time.

Flexport has struggled with the slowdown in global trade since last year. The company hasn't provided any financial details, but The Information reported in September that Flexport's revenues fell 70% to $700 million in the first half and that it burned through $300 million in cash. A different FreightWaves source said Flexport lost closer to $260 million. Large, established competitors such as DSV, Expeditors and Kuehne+Nagel reported first-half declines in revenue in the 40% range and similar drops in profits. Flexport says it has $1 billion in net cash.

The latest move comes a month after the Flexport board terminated CEO Dave Clark six months into his term as sole CEO and less than a year after joining the company from Amazon, where he was responsible for building the retail giant's massive logistics network. Flexport also fired many former of Clark's Amazon colleagues. Last week the company fired CFO Kenny Wagers and its human resources chief left, CNBC reported. The management overhaul continued this week with the departures of a top engineering executive and the longtime legal chief, according to The Information.

Clark was ostensibly hired for his management expertise and experience leveraging technological innovations to take Flexport into a mature growth phase after a decade in startup mode. Clark enabled Flexport to acquire the last-mile delivery business of Shopify for $2.1 billion but fell out of favor over his strategy of building up U.S. transportation and warehousing capabilities to provide factory to front door delivery rather than investing in the company's bread-and-butter international services, even though it appeared his approach had the board's blessing.

In a phone interview last month, Petersen blamed Clark for losing touch with its customers by over relying on automated systems and wasting too much money.

"Freight forwarding is a service business, it's not consumer logistics where you just deliver the package and that's it. In freight forwarding, it's really about understanding your customer, understanding their network design, understanding their problems. And if you're not listening to them as the CEO, there's no possible way you can make good decisions," Petersen said.

Company officials insist they are not retreating from the end-to-end technology vision but say investments will be spread out to better align with income and protect the bottom line. Tech spending will also focus more on tools, such as a freight forwarding app, to further simplify the international shipping process for small and large companies alike. The retrenchment won't impact areas of the company focused on the customer, such as account management, customer service and operations, officials say.

Clark and Petersen used the press to point fingers at each other for the divorce. Some accounts suggested Petersen was looking for an excuse to get back in the game, as Bob Iger did coming back to replace his handpicked successor at Disney. But according to one former employee, the negative cash flow kept increasing under Clark as he tried to build a version of Amazon's infrastructure.

Clark fired back on X, the platform previously known as Twitter, saying Flexport's spending was out of control when he got there.