

C.H. Robinson: Where Should Automation Stop?

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A strategy case for MBA students and working professionals

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Case status: Constructed teaching decision. It does not describe a disclosed internal CHRW decision.

A productivity mandate meets a service business

This constructed case uses C.H. Robinson's December 12, 2024 Investor Day as its information boundary and places a hypothetical cross-functional team before a question common to large service networks: how much work should software handle without an employee, and where should experienced judgment remain central? The company had described digitization, automation and continuous improvement as ways to improve productivity and scalability. Management also said it remained on track for more than 30% compound productivity growth across the two years ending December 2024. The public materials did not define that target as an AI-only outcome or disclose a workflow-level labor-savings plan.

For this case, assume a cross-functional team is asked to recommend the next phase of the Robinson Operating Model. Should CHRW automate routine quote-to-cash work aggressively and reduce labor per shipment? Should it preserve more employee capacity for pricing, capacity procurement, exceptions and relationships? Or should it combine automation with human review and expand only after service and operating measures support doing so? The team must recommend a direction and specify what evidence would change it.

This is not a choice between technology and service. A freight broker creates value by coordinating shippers that need transportation with carriers that have capacity. Routine transactions may be repeatable, but the work also involves changing prices, incomplete shipment information, carrier availability and exceptions that can affect a customer's operation. A faster workflow has value only if it helps the company match, price and serve loads profitably.

A network business in a difficult freight cycle

C.H. Robinson reported two principal segments: North American Surface Transportation (NAST) and Global Forwarding. NAST includes truckload and less-than-truckload (LTL) services. Global Forwarding arranges international air and ocean freight. The business also includes managed services, Robinson Fresh and corporate activity. Company revenue includes purchased transportation, so revenue growth alone can overstate changes in the economic value retained by the broker. The company reports adjusted gross profit as a key measure, but it is a company-defined, non-GAAP measure and does not isolate the contribution of any workflow or technology.

In its October 30 third-quarter release, management described a prolonged soft North American surface market with excess carrier capacity. For truckload, CHRW reported adjusted gross profit of \$260.0 million, up 16.6% year over year, even as truckload volume declined 3.5%. Customer linehaul rate per mile rose 2.5%, while carrier linehaul cost per mile fell 0.5%, excluding fuel. Those figures are consistent with disciplined pricing and procurement in the period, but they do not reveal how much improvement came from automation, employee productivity, customer or lane mix, or market conditions.

Global Forwarding showed a different pattern. Third-quarter revenue was \$1.141 billion, up 58.7%, and adjusted gross profit rose 38.1%. CHRW attributed much of the change to a rebound in air and ocean volumes from a weak prior-year comparison and elevated ocean pricing associated with global disruptions. Higher ocean rates also contributed to working-capital needs: the company reported operating cash flow of \$108.1 million, down \$97.2 million from a year earlier, citing higher net operating working capital related to those rates. Growth, margin and cash therefore told different stories across segments.

Average headcount was lower year over year in both NAST and Global Forwarding in the third quarter. NAST averaged 5,595 employees, down 10.9%; Global Forwarding averaged 4,552, down 10.4%. The filing also described higher variable compensation expense and cost optimization, including lower headcount. These disclosures show that the operating model was changing, but do not identify which positions or tasks were affected, how much work was automated, or whether service quality changed as a result.

Exhibit 1. Selected third-quarter evidence

USD unless noted. Figures are company-reported; comparisons are year over year.

Measure	Q3 2024	Change / comparison	What it establishes-and does not
Total gross profit	\$723.8m	+15.5%	Company-level gross profit increased; it does not attribute the change to a specific initiative.
Operating income	\$180.1m	+58.7%	Reported operating income improved against the prior year; one quarter is not a durable run rate.
Adjusted operating margin	24.5%	+660 bps	Non-GAAP adjusted measure; not an automation return.
Operating cash flow	\$108.1m	Down \$97.2m	Management cited working capital associated with elevated ocean rates.
NAST truckload adjusted gross profit	\$260.0m	+16.6%	Increased while truckload volume fell 3.5%; rates, costs and mix also matter.
Global Forwarding adjusted gross profit	-	+38.1%	Management cited volume recovery and elevated ocean pricing; unlike NAST dynamics.

Source: CHRW Q3 2024 earnings release and Form 10-Q; locators are listed under Sources. The percentages for linehaul price and carrier cost in the preceding text are averages excluding fuel. Their 3.0 percentage-point difference is not a per-load margin or productivity measure.

Competition and the work customers value

Digital platforms were already presenting alternatives to traditional brokerage workflows. Uber described Uber Freight as a technology-enabled logistics network and digital marketplace, with automated transactions, real-time pricing, carrier booking and shipment tracking. That is Uber's own description of its offer, not evidence of comparative price, service, market share or profitability. It nevertheless makes the strategic question concrete: when routine matching and transaction steps become easier to digitize, what distinctive service should a scaled broker provide?

CHRW's advantages may include relationships and operating capabilities across customers, carriers, modes and geographies. Those capabilities could make employees valuable precisely where transactions are unusual or information is incomplete. Conversely, a large network may contain enough repeated work to benefit from common processes and automation. Public company reports do not reveal how many tasks fall in either category or the profitability of each.

Research from other settings offers mechanisms, not a CHRW forecast. A working paper abstract on an AI assistant in customer support reports productivity gains concentrated among newer or lower-skilled agents and minimal gains among experienced agents; its pre-cutoff full text could not be accessed for this case's research. Freight-platform studies examine matching and pricing in other markets. None estimates CHRW's savings, customer response or service effects. The team therefore needs to treat any local productivity effect as an open question to test, not an input that can be imported from another industry.

Choices for the next phase

Students should compare three constructed implementation approaches. They are analytical alternatives, not options reported as considered by CHRW executives.

1. **Automate routine work at scale.** Standardize repeatable steps such as quote preparation, shipment entry, status updates and routine customer or carrier communications. Shift employee capacity toward growth and exception coverage while setting a clear expectation that labor per shipment will fall. The upside is lower cost-to-serve and capacity to handle more transactions. The risk is that edge cases, quote quality, employee knowledge or relationship continuity deteriorate before the savings are proven.
2. **Automate selectively and protect experienced capacity.** Prioritize workflow steps with stable data and low exception rates. Keep employees actively involved in pricing, carrier selection, unusual shipments and customer escalations. The upside is stronger control over service and judgment-sensitive work. The risk is that costly manual handoffs persist, productivity improves slowly and CHRW falls behind digitally enabled competitors on routine transactions.
3. **Stage a hybrid operating model.** Automate a limited set of high-volume workflows, define employee ownership of exceptions, and expand by task and employee cohort only after service, quality and economics meet agreed gates. This creates an opportunity to learn while limiting operational exposure. It also requires parallel processes, disciplined measurement and patience; if the gates are vague, a pilot can become permanent complexity without clear value.

Whichever option the team selects, it must decide what employees retain authority to do, how exceptions return to a person, and who is accountable when a recommendation or automated action is wrong. It must also distinguish work shifted to software from work actually removed, and labor capacity freed from cash expense avoided. There is no public task-level baseline in the materials available at the cutoff.

The assignment

Prepare a recommendation to CHRW's executive team on the next phase of automation. Select an approach or explain a carefully defined combination. Identify which workflows should be automated first, where employee judgment remains essential, and which customer or shipment situations should be excluded or escalated. Propose a scorecard with clear denominators and decision gates. State the assumptions that matter most and identify what evidence would cause you to accelerate, pause or redesign the program.

Do not infer that Q3 performance proves automation worked, or that lower headcount proves service was unaffected. Do not use a published AI productivity percentage as a CHRW target. Students should make a decision with the incomplete evidence, not fill the gaps with invented company data.

Discussion questions

1. Which parts of the brokerage workflow are likely to be repeatable, and which depend on judgment or relationship capital? What evidence would distinguish them at CHRW?
2. What does the Q3 evidence say about operating performance? What other explanations could account for the changes in profit, rates, volume, headcount and cash flow?
3. Compare the three approaches. What does each optimize, and what is its most consequential failure mode?
4. Design a pilot scorecard. Define the unit of work, comparison group, time horizon and minimum service guardrails. How would you test effects across employees with different experience levels?
5. Recommend a path and specify the results that would change your decision.

Sources and information boundary

The information cutoff is December 12, 2024. Primary sources are CHRW's October 30, 2024 Q3 earnings release and November 1, 2024 Form 10-Q; its December 12 Investor Day presentation (slide 66 only for the stated strategic priorities); and Uber Technologies' FY2023 Form 10-K for Uber Freight's self-description. Exact URLs, reading depth and locators are in the source register. Academic evidence and access limits are in the literature review, and extracted figures and caveats are in evidence extraction.

The executive decision and alternatives are constructed for teaching. No information published after the cutoff is included.