The fad pendulum swings back to personnel

The business best seller has become an established fixture of the American literary scene. Generally such a book is the result of a marriage between an innovator and a marketing campaign.

The innovator — often a management consultant or an academic (or both) — develops the concept from fieldwork. Articles from this work follow a certain publication progression.

Initial writing appears in internal publications distributed by the consulting company. They are then submitted to select prestigious, refereed business publications. Finally, if the idea is a real blockbuster, a book deal may result. Some books have attracted as much publicity as any mainstream best seller.

The transportation industry is especially vulnerable to management fads promoted in these books. Discussion of these management techniques frequently leads to explanations of common industry movements, such as quality and re-engineering.

In the early 1990s, much talk of our industry centered around quality issues. At that time, the concept of total quality management (TQM) was widely embraced by transportation companies. Still, results were often less than encouraging.

Generally, two problems were to blame. The first was that the quality process was often driven by external forces. Many chemical companies insisted on carrier quality programs as part of environmental safety requirements.

The second problem was cultural. Many companies could not accept the need to truly empower employees. Cultural problems abounded. Companies had unrealistic expectations, lacked management commitment, or just relied too heavily on outside consultants.

Moreover, the results from companies that actually realized improvements were not always pretty. Failures abounded. One company believed its quality program would solve all its known problems, even though it lacked the resources and requisite management to effect the necessary modification.

Another company, known for its oppressive culture, became so enamored with its own publicity that it thought it was a realistic candidate for the Baldrige award. It wasn’t.

Corporations ultimately lost their commitment to these programs. Many companies eliminated the quality departments they had so proudly established.

In many cases, quality jobs became the “special projects” departments of previous years — a means to accumulate people slated to be the casualties of the next round of layoffs.

The quality legacy today is ISO 9000 certification. Like its predecessor, this requirement is driven by the marketplace. Ironically, many of the auditors for this certification are the very same employees who were downsized from more to documentation rather than actual execution, so there is not always a correlation between certification and results.

Recent studies do indicate that quality may lead to improved profitability. A few successful manufacturing companies launched “six-sigma” programs to all but eliminate quality defects from their production systems.

Unfortunately, most transportation companies lack the ability to measure defect rates, so a defect elimination program is unthinkable. One warmly embraced management fad was re-engineering. The idea, however, was hijacked and attached to that of downsizing. And the results were often disastrous.

Michael Hammer, a primary re-engineering architect, has recently re-emerged into public view to defend his legacy, and has even described downsizing as “extraordinarily stupid.”

The concept was simple. To improve financial results, companies fired numerous employees. In the end, they got rid of workers, not the work.

The result was the same as that of an overweight person who goes on a binge diet but fails to change his eating habits. The lost weight is eventually regained — and then some.

At this point, even though employees may be rehired, the damage is already done.

Ironically, the fad pendulum has reversed, and consultants have now identified personnel as a competitive asset. Recent studies have identified people as the most important corporate asset.

The experts maintain that companies will be seeking smart, sophisticated business people who are technologically literate, globally astute and operationally agile. But the demand will be greater than the supply. Competition for these employees will be intense and global. And there will be no room for second-rate talent.

How will transportation companies appeal to the cynical nature of many managers, who may have felt the need to just pretend and not really do anything.

Downsizing was the basis upon which senior managers were promoted. Whoever cut the most won. There was no career advancement for growth.

The costs of losing — and replacing — talent are often minimized. In a service industry, people are often the key assets.

Transportation companies today lie in one of two camps. Some try to attract the best; others are content with mediocrity. Which strategy most effectively advances our industry into the new century?

The comparison of results should make for compelling reading.

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