On or in?

I recall a time early in my career when the sales forces of ocean carriers pursued a strategy that seemed to scream, "If we’re going broke, then let’s go broke with full ships." The prevailing sentiment among steamship agencies was that money was to be made ON shipping – not IN shipping. Perhaps the pieces of this philosophy can be found in the demise of the Georgia Freight Bureau (GFB), which for 17 years produced the International Intermodal Expo.

The Expo was created in the early 1980s. This was the "golden age," when intermodal transportation grew as a result of the market freedoms granted to railroads by deregulation in 1980, and increased global trade and containerization. Product innovation (e.g., doublestack transportation) drove further intermodal growth. Combined with regional boosterism in a fast growing part of the nation, the Atlanta Expo was born. GFB had been a railroad rate bureau, which found itself without a core business after rail deregulation. Within several years, however, the Expo became the predominant industry event — and enjoyed astounding growth. Such success was not limited to intermodal. Other trade shows serving new and innovative industries enjoyed spectacular growth (i.e., COMDEX, which served the electronics industry, grew to more than 200,000 attendees).

By the early 1990s, the GFB had a problem — the Expo had become its primary focus. GFB was making its money on intermodal — not in it. When three smaller groups merged to form the Intermodal Association of North America, GFB’s hegemony was challenged. Early attempts to resolve industry trade show leadership were fruitless, and IANA ran a competing show in 1996. Although the two organizations subsequently reached an agreement to jointly market the Expo, GFB never accepted IANA as an equal partner.

Changing economics also worked against GFB. The intermodal industry realized that an every-other-year plan would produce a stronger show. It appears that GFB could not survive without an annual Expo. IANA now has sole responsibility for the Expo and will host it this November — in Anaheim — along with its annual meeting held with the National Industrial Transportation League. As the industry’s trade association, IANA must make money in intermodal.
The GFB’s Expo problems are a warning for industry trade shows run by for-profit organizations. Shows that are not affiliated with a trade association (or already established as blockbusters in their own right) will most likely fail. Some will be dot-com casualties. Two years ago there were hundreds of transportation dot-coms willing to pay a fortune for the publicity they would receive by speaking at these shows. Although there weren’t many attendees (almost all the speakers were dot-com promoters) the shows were still profitable for the organizers.

Conference success is never guaranteed. When the Economist purchased the Journal of Commerce, part of the business plan was expanding industry conferences. Despite combining two well-known titles, profitable meetings (and other synergies) failed to materialize. The JOC has been sold — again — to a rollup of transportation periodicals. The JOC’s problems serve as a further study for those trying to make money on transportation. The cash cow (ship cards) was rendered obsolete by the Internet. Their industry data source (PIERS) faces a similar, cloudy future, as many users recognize that incomplete data is of marginal value.

Our industry is challenged on all sides by decreasing margins and fewer participants. We are all embarked on a search for value. Industry organizations have had to take a long hard look at what they do best — and how they can add value for their members in a changing world. Some organizations have realized that significant change was necessary. Several years ago, the NIT League and IANA recognized changing industry demographics and economics and decided to run their annual meetings simultaneously. The Transportation Intermediaries Association (TIA) also joined.

Changes go beyond meetings. After almost a century, the NIT League has decided to admit carriers as full members. The American Trucking Associations has decided to focus on government advocacy and reduce other member services. IANA has decided to address common industry operational problems impeding intermodal progress.

Meanwhile, the Council for Logistics Management (CLM) and Transportation Research Board (TRB) are two organizations still practicing business-as-usual. While both groups attract respectable industry speakers to their events, these individuals commonly appear just before their talk and leave right after. This seems to be an acknowledgment that the events have become simply publicity opportunities — not a forum for deliberation.

CLM’s path seems eerily similar to that of the Expo. Initially, their annual meeting experienced rapid growth. But as the industry matured, they failed to recognize warning signs. Last year’s attendance was down significantly. Outside factors did affect this meeting — Kansas City was a bad location and Sept. 11 caused travel cancellations — but the program was still not of the usual high quality.

CLM appears to have developed a rather predictable formula. If 4,000 attendees are expected, then 20 subject tracks are planned — even if the topics are weak and repeated. Fancy banquets and headline entertainment are offered to offset poor program quality — and add unnecessary cost to the registration fee. (To its credit, the Expo learned that quality beat quantity — and a massive entertainment budget was unnecessary.) CLM suffers today from a lack of real industry participation — as opposed to consultants. Many believe that CLM is now profiting on logistics.
With an excellent pedigree and Congressional funding, TRB cannot be accused of making its money on transportation. TRB serves a wide variety of constituencies, with government and academia being the largest. An example of TRB’s effectiveness is the wide range of engineering research applicable to highway design and maintenance.

During the 1980s and early 1990s, TRB was at the core of many freight industry discussions. Although the executive committee has become more inclusive of freight, freight industry participation seems concentrated in consultants doing business with the government. The TRB committee structure has become bloated, and their periodic reports cover very little new subject material because the review process seems to drive deviation to the mean. Institutional inertia prevents necessary organizational change.

Transportation carriers have learned that they must constantly readjust to customer requirements if they are to make money in their business. Longstanding affiliations and personal relationships may be the tiebreaker in retaining business, but they are no longer a guarantee to retaining them with a blank check. It seems only logical that vendors must play by the same rules. Those trying to make money on transportation are now learning that.

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