Intermodal’s greatest generation

In 1984, "NBC Nightly News" anchor Tom Brokaw went to France to make a documentary marking the 40th anniversary of D-day. Fifteen years later, Brokaw compiled his interviews and letters into “The Greatest Generation,” a bestseller that captured the unique spirit and qualities of “regular” people transformed by extraordinary circumstances.

In December, I attended the funeral of J.B. Hunt. The collection of transportation industry leaders at the event reminded me that we too have our own “greatest generation.”

Hunt was the son of sharecroppers. He grew up during the Depression, dropping out of school after seventh grade to work in his uncle’s sawmill. Although his formal education stopped there, Hunt could have developed his own MBA curriculum using his innate business sense.

Investment guru Peter Lynch made his career by promoting the philosophy “invest in what you know,” and Hunt was proof the strategy worked. His success started when, as a regional truck driver, he noticed rice farmers burning the hulls from their harvested crop. In 1961, he engineered a method of using rice hulls for poultry litter and started J.B. Hunt Co. Within five years, the it was the world’s largest poultry litter producer.

In the 1960s and 1970s, vertical integration offered companies the opportunity to control several steps in production and distribution of their products. In 1969, Hunt’s company purchased a small trucking operation consisting of five tractors and seven trailers, creating J.B. Hunt Transport Services Inc.

By the 1980s, transportation deregulation enabled companies to transform themselves. In 1983, Hunt sold his rice hull operation to focus exclusively on trucking. At the time, J.B. Hunt Transport was the 80th largest trucking carrier in the U.S. Creating a new mode — the advanced truckload carrier, or ATLC — the company went public in 1983, and by 1987 it was the largest U.S. publicly traded trucking company.

The ATLC concept was ideally suited to the emerging logistics market, which, over time, evolved into supply-chain management. (It was about this time that another Arkansas company, Wal-M art, was rapidly changing its sourcing patterns.)

Today, whenever I read of trading partners bemoaning Wal-M art’s treatment of them, I recall Hunt’s advice about dealing with his behemoth neighbor: “You don’t want to be their first choice — because you can’t make any money. You want to be No. 5 or 6 — that way by the time they call they have beads of sweat all over their faces because they’re afraid that their load might not move. Only then can you make a living.”

I first met Mr. Hunt in the early 1990s when he was looking to understand how his company could participate in the growing globalization of commerce. He seemed intuitively to recognize the economics of transloading 40-foot marine containers into domestic containers (preferably his) in Los Angeles. Unfortunately, such an arrangement was obviated by the trans-Pacific conference pricing then in effect. He was aghast that an ocean carrier cartel would prevent trans- portation innovation — and that customers would allow it. Ten years later, transloading has become the widespread practice that Hunt envisioned.

In addition to helping create the ATLC, Hunt forged the legendary Quantum intermodal agreement with Mike Avery — then president of the Santa Fe Railway. This was truly a handshake agreement — as much between two individuals as it was two companies. It was 12 months — and many millions of dollars later — that a formal contract was signed. Hunt’s belief that “a handshake was always better than a contract” is hard to imagine in today’s harsh business environment.

The agreement was also noteworthy because Hunt was able to overcome his past — and public — criticism of rail intermodal and realize its potential benefits. He was focused on his company’s success — not maintaining a public pose, or being perceived as having made a mistake.

Hunt was never afraid to try new methods, and although not all of his ideas led to huge successes, his enthusiasm for the next deal never waned. He had a bias toward action, once telling me, “Ted, let’s do something. Even if it’s wrong, we can always fix it later.” It is this spirit that built our industry. As the generational transition continues, we have a responsibility to maintain the enthusiasm for innovation and growth that J.B. Hunt and his colleagues used so effectively throughout their careers.

Theodore Prince is vice president, intermodal and international, at Kansas City Southern Railway. He can be contacted at (816) 983-2112, or at theodore.prince@kcsr.com.