Leadership and change

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For the first time since 1928, the presidential election lacks an incumbent president and vice president from either political party. Several candidates are wrapping themselves tightly in the mantle of leadership and change.

The call for change prompts us to consider how leadership and change have impacted outcomes in transportation and logistics. It seems one could classify the results with “three Rs”: reinvention, revisionism and review.

Reinvention refers to a process where something is remade or redone. In the political world, we might consider President George W. Bush’s plan to remake the Middle East by invading Iraq. Our industry is replete with individuals who follow their instincts to reinvent the industry. Early modal developers reinvented transportation as they either invented or developed new transportation methods.

Recent examples of individuals who reinvented transportation might include Malcom McLean and Fred Smith, who reinvented ocean shipping and parcel delivery. Both recognized that the status quo could be changed radically. More important than the technological changes were the modifications to the business model. Both men recognized the need for vertical integration to control the various components of providing service.

Successful individuals and companies need continually to reinvent themselves. J.B. Hunt recognized a way to reinvent the way rice hulls were used, and he started his trucking business as a way to distribute the product. When motor carrier deregulation occurred in 1980, he recognized the opportunity to reinvent the trucking company as a national behemoth. Since then, the company has reinvented itself again as an intermodal and logistics company.

In our industry, we too often see reinvention resemble “reinvention of the wheel.” Many of these attempts are either “me-too” efforts, initiated to protect business, or desperate attempts to convince Wall Street that a company is on top of its game.

In the late 1980s, a frequently cited goal for these companies was total quality management. While many companies initiated TQM programs, few actually embraced it into their culture. Some companies went so far as to create a bureaucracy to demonstrate their quality commitment. Ironically, this proved useful when the next fad, re-engineering, came about. All the quality programs were eliminated. Meanwhile, transportation customer satisfaction has generally decreased.

Historical revisionism incorporates the belief that history, as it has been traditionally told, may not be entirely accurate. By re-examining historical facts and looking to newly discovered information — or reinterpreting information — it is possible to “rewrite history.” As the subprime mortgage industry threatens the world economy, former Federal Reserve Chairman Alan Greenspan has been actively engaged in historical revisionism. In his book, “The Age of Turbulence: Adventures in a New World,” Greenspan blames the current financial problems on President Bush and congressional Republicans who abandoned fiscal discipline.

Sometimes, revisionist history can recognize an underappreciated vision. Today, railroads are viewed as growth industries with a bright future; yet less than a decade ago, the financial community roundly criticized Rob Krebs, chief executive of BNSF Railway, for investing in capacity, rather than returning the money to shareholders.

The third “R” is review — and oversight. Former Treasury Secretary Paul O’Neill was astounded that major policy initiatives under President Bush were never discussed in detail. Meetings were literally scripted to endorse already-decided-upon actions. The transportation industry also often suffers because of its command-and-control organization, as well its culture, which may not always reward critical thinking.

The likelihood of catastrophic error is much greater in this “Emperor’s New Clothes” environment. In the last two decades, many companies used selective data to embark on flawed strategies. Some survived (i.e., CSX and UP expanding beyond railroads), and others did not (i.e., United States Lines, Fritz Cos. and Consolidated Freightways).

As transportation seeks to deal with its current range of challenges, the industry will need to chart a clear course. Will more-of-the same leadership suffice? Can our industry manage change not thrust on it from the outside? It may be too soon to tell; however, many of the transportation industry “voters” seem to want change.

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