GOING POSTAL

THE INTERMODAL INDUSTRY gathers next week in Atlanta for the Intermodal Expo, hosted by the Intermodal Association of North America. The event is a testament to the intermodal industry’s success. It marks IANA’s 20th anniversary, and the event returns to the city that hosted the annual “clambake” during the industry’s dramatic growth of the 1980s and 1990s.

Today, intermodal has become mainstream. Shippers embrace it. Truckers provide it. Private equity seeks it. Earlier this year, FedEx announced its national less-than-truckload division would routinely utilize rail intermodal for the first time in its 40-year history.

Intermodal growth over the last 30 years can be linked to two transformative developments. APL led the international deluge with its linertrain in 1980, and double-stack in 1983 brought domestic containerization into the mainstream. J.B. Hunt Transport Services demonstrated that a trucking company could transition to an intermodal company; it handled 1 million loads last year.

Both were game-changers. However, intermodal’s success since 1980 was made possible by the fact it had survived a generation of industry turmoil that positioned it for subsequent success. Many point to the conversion to truck in a “service — no matter the cost” mentality. Although it’s impossible to project the exact impact, the savings likely amount to tens of millions of dollars a year. Such diversions won’t close the deficit alone, but it’s a step in the right direction.

A basic familiarity with intermodal might help determine the USPS’s future. The USPS is an asset-based network operating business, a face many of the recently suggested remedies seem to overlook. In a network, less is often more. Over the past 30 years, the number of intermodal terminals has decreased by 80 percent. This often happened over the anguished cries of local politicians. The results speak for themselves. We must ask ourselves whether this is any different from closing superfluous post offices.

The USPS, like intermodal, includes a complicated web of stakeholders who are often both customers and suppliers — and sometimes competitors. The maturing intermodal marketplace reached equilibrium and achieved higher performance levels when service was measured end-to-end. The cooperation of service providers ensured the quality of the product and resulted in seamless service.

But with today’s USPS, magazines frequently arrive weeks late and are often batched with catalogues — despite a defined product and service distinction. This is probably indicative of a commercial strategy that isn’t integrated into an operating model. (Why are they trucking this material when it isn’t delivered for days — or even weeks?)

Intermodal provides historical lessons about overcoming this problem. It also serves as an example of how to fulfill local requirements, while drawing upon global best practices. The intermodal industry learned that cutting costs wasn’t always the cure for solving revenue loss — and that “outsiders” were often able to offer new insights that industry “lifers” might have missed.

Postal systems have been based on intermodal solutions for thousands of years. Although the technology has changed, the challenges have not. It’s unfortunate if our government understands neither intermodal nor postal operations. Both are key supports of our economy, and the loss of either would have far-reaching impact.

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