

Railroad Operational Panel

Hugh L. Randall, Moderator



Vice President and Board Member
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These men are legends in the intermodal business, caught between customer expectations and requirements and the enormous cultural transformation that had to take place inside railroads to get this new business called intermodal launched. They faced the challenges of working with the operating department to provide the reliable service to meet the customers' requirements; with the finance departments to educate them on the need for capital for new facilities and for new equipment; and with the drayage operators to figure out how to offer the customers door-to-door service, not ramp-to-ramp. And, they worked with labor to try and reach the accommodations that would enable the delivery of the service that the customers required.

PANELISTS

**Reginald B. Short, D. P. (Dave) Valentine,
Robert S. Ingram, Brooks A. Bentz**



(Left to right) Ted Prince, Bob Ingram, Brooks Bentz, Hugh Randall, Dave Valentine, Reggie Short, and Gil Carmichael.

Reginald B. Short

Retired Sales Manager/Western Region
Norfolk Southern Corporation

I got into the intermodal business as a result of my last assignment on the Pennsylvania Railroad where I was freight and accounting agent at Pittsburgh on Eleventh Street, which was then the largest less-than-truck-load (LTL) operation in the United States. We unloaded 300 cars a day and put out approximately 200 cars a day on a six-day basis. I evaluated the type of traffic that the Pennsylvania Railroad was handling in LTL, and I got a very good idea why the motor carriers were making money and the Pennsylvania Railroad was not making any money on LTL. We were handling lampshades, furniture, pottery, all of which are very labor intensive when they are moved from one boxcar to another.

Intermodal Operations at the N&W

As my enthusiasm for working in that kind of environment was coming to an end, I had the opportunity to go to the Wabash Railroad, which was wholly owned by the Pennsylvania Railroad, and get involved with its intermodal operations. After the merger with the Norfolk & Western Railway (N&W), I went to the N&W to create the intermodal department on 1 September 1967. At that time, the N&W was the world's most profitable railroad, mainly because of the amount of its domestic and international coal traffic. The N&W, throughout its limited system, was geared to handling coal traffic and handling it properly and efficiently, and it made a lot of money.

In my discussions about becoming director, I asked that I report to both the vice-president of merchandise traffic and the vice-president of operations. It took about a year and a half under that kind of an operation before the vice-president of operations threw the towel in, leaving me reporting only to the vice-president of merchandise traffic. That set the tone for my remaining years as I tried to produce a competitive product in "official territory" at the Norfolk & Western Railway.¹

I did not want to start a truck line, although I was asked if I wanted to do that. I wanted to do business with the contractor, the drayage companies that already had the contact with the customer. I had worked in Philly and then Chicago and Pittsburgh with Penn Truck. Knowing the

1. Miller, Sidney L., *Inland Transportation: Principles and Policies* (New York, NY: McGraw-Hill, 1933). Official or eastern territory was a classification for rate making that allowed railroads to lump commodities into classes using physical and demand characteristics as well as volume and geographic considerations. The territory ran above from above Norfolk, Virginia, through Lynchburg and Roanoke to Ashland, Kentucky, and then followed the Ohio and Mississippi Rivers through St. Louis, Missouri, and Chicago, Illinois.

atmosphere that we worked in with the Teamsters, I really did not want to have to dedicate the time and effort needed to deal with them. So, we did business strictly with motor carrier contractors within the terminal area and outside the terminal area. It worked fine for us, it worked fine for our customers, and it did what I thought it would do.

Intermodal business became a stepchild at the N&W after a change in presidents. It then became very, very hard to produce a product that was acceptable to our customers and that was also competitive. So, after some long, hard discussions with my people, we decided we were going to try to take step one to remain competitive and that was to beat our competitors in the terminals.

At that time, our evaluation of the eastern railroads was that they did not like containers. Containers caused them problems with the volume they had and with the terminals they had. So, the first thing we did was to hire somebody like Bob Ingram to establish a rapport with the major container lines to let them know our dedication to handling their business, particularly in the terminals. We did not consider containerization and containers and chassis to be a problem. We pledged to make the time and the effort to ensure that our terminal people recognized that containers were going to become an important part of our traffic from then on.

We tried to take other actions that would identify the N&W from an international standpoint. We appointed a person who did nothing but develop domestic loads for the container lines to get their empties back where they wanted them. We were the first railroad to do that. Then, we also put a person in our equipment control department who did the same thing. We initiated the Anchor Program, which attacked the ongoing problem of moving empty containers across the railroad. We worked with what was developed, and I have heard that it was the finest profit and loss statement of any railroad. There was tremendous discipline in it. In short, we addressed issues that impacted the bottom line. Equipment efficiency was a major opportunity.

Intermodal Business Improvements at the N&W

Three subsequent developments caused the N&W to make a major improvement in its intermodal business. First, the development of Conrail absorbed our connections over Buffalo with the Lehigh Valley. Second, my friend Gordon Volker cancelled our rates with the Western Maryland when Conrail took over the Western Maryland, effectively taking us out of Baltimore and Philadelphia. Third, Roy Hayes with the magnitude of Conrail took me out of New York and Boston. As a result,

we had to look at something that would assure us longevity within the company as well as bottom line impact.

We had a lad who was very adept at developing computer programs and from these programs we were able to track loaded and empty containers by miles. We were able to show quickly the number of empties being moved across our railroad and the number of miles. Of course, within my profit and loss statement, I was charged for every empty mile a container moved. And the difference between an empty and a load in our profit and loss statement was very small, so it had a major impact. We analyzed the impact of reducing empty miles by 10, 15, 20, and 25 percent. I saw immediately that we had to initiate a program that restricted the empty miles to loaded miles to 25 percent. Using this program, we had information that we could share with the container lines, showing them every month the empty miles and the loaded miles. And, we had information to control the equipment, as we could identify each container line and how many empty miles each was allowed.

Enough of a hue and cry went up within the container steamship industry that it sent a three-man delegation to a meeting with my president to get me fired for initiating this program. Our president, a man of few words, listened and told them that if I could not make a profit, not only would there not be any containers handled on the Norfolk and Western, but there also would not be any intermodal on the Norfolk and Western.

One of the things that I am most proud of is that the steamship container industry finally recognized that it was ignoring the cost of equipment, allowing equipment to sit around for weeks and weeks, not to mention the cost of equipment being moved empty around the railroad. The companies got into the 21st century when they knew that if they were going to make money, they had to do a better job of handling their equipment. And they did. Then, the other railroads, beginning with the western railroads, initiated new programs that addressed the empties issue.

We also tried to do other things that would identify the N&W in this very competitive "official territory." We were the first railroad to order 45-foot trailers, not without some flak from other railroads. They were concerned about their car situation and their present rates. I felt that the 45-foot trailers were here to stay and that we had better address them. So we bought 1500 45-foot trailers and painted them black and orange for pizzazz. They worked out fine.

One of the other programs addressed the international side. We initiated a 90-day training program for a major Japanese container line, one that I thought would be dominant in the Pacific. And, it was. Every 90 days, we would accept a trainee. They were all college graduates, all very smart. For 90 days, we exposed them to intermodal, whether it was on

our railroad or on a competitor's railroad. We would expose them to the motor carriers' way of doing business, terminal operations, particular customers, and third parties. I felt that they would learn from us and that we would learn from them.

As I look back on it, the relationship between the operating and the intermodal departments came down to vindictiveness. From a productivity standpoint, it was a very sad situation because we wound up spending about 50 percent of the time defending ourselves. But, let me leave this with you: submit to pressure from peers, and you move down to their level; speak up for your own beliefs, and you invite them up to your level; if you move with the crowd, then you will get no further than the crowd; when forty million people believe in a dumb idea, it is still a dumb idea; simply swimming with the tide leaves you nowhere, so if you believe in something that is good, honest, and bright, maybe your peers will get smart and drift your way. Thank you for the opportunity.

D. P. (Dave) Valentine

Retired Vice President
RailTex

The business was not called intermodal in the early years. It was called piggyback. At Consolidated Freightways (CF) we would "pig" excess business from St. Louis to Dallas and Cincinnati. We would "pig" to St. Louis and Chicago. We would "pig" to St. Louis, as an example, where there was overflow business. Monday mornings, I would come to work and everything would break loose. Nobody could find the trailers that were "pigged." I would call the different railroads to trace these CF trailers, to see where they were and when we were going to get them. We were all under a quarterly bonus system based on on-time performance. Because the bonuses were sent home detailing the percent of our bonus enclosed due to performance, it was very important that we get these trailers unloaded and breakbulk.

It went on like this for a long time, and it never got any better. Finally, my boss decided to stop "pigging" and just wait until we got a driver and a tractor to run the loads over the road. Then, I moved to the Santa Fe Railway.

Intermodal Business at the Santa Fe Railway

The Santa Fe Railway had just put on what they called the "Super C," an 80 mile-an-hour train from Chicago to Los Angeles that was supposed to be the answer to everything. But, it was too expensive. We would have 15 cars in the train, sometimes 25 cars, and three big SD-45

locomotives. We did not get the business we wanted and so we finally made a contract with the US Post Office. As a result, most of the freight on the "Super C" was mail.

When I got to the Santa Fe, I realized that we were not like the Southern Pacific (SP) with a lot of chemicals or the Union Pacific (UP), which had a lot of lumber and grain. We were a railroad with a lot of grain seasonally and a lot of merchandise. Chicago to California, Chicago to Texas, this was our mainstay and this is where we made money. The problem was that the business kept declining, and we had to find a solution to keep that business on the railroad and off the highway. The answer was piggyback. If you did not make "Super C" with your trailers, then you went on a merchandise train. We would "double" or break the merchandise train from the boxcar yard over to the piggyback yard and make up the train for Los Angeles and San Francisco. That took time, probably two days longer than it should have for a piggyback train.

Then along came Bob Maisch and Guy Shively from United Parcel Service (UPS). They wanted to move freight or packages by rail from Chicago to Los Angeles. They wanted performance and offered volume. That was the start of running a train strictly for intermodal, and it was trailers really. We put on a train that left Chicago about nine or ten o'clock at night, it arrived at Los Angeles at midnight the second night, and we gave third morning delivery. UPS gave us business and a lot of other people gave us business. That was the first train we had that was strictly trailers and containers.

All these merchandise trains were seven-days-a-week trains. When we first put on this piggyback train, we wanted to run it three-days-a-week so we would arrive Wednesday night for Thursday delivery, Thursday night for Friday delivery, and we would arrive Sunday night for Monday deliveries. So we had a three-day operation and it worked out well.

Intermodal Improvements at the Santa Fe Railway

Later on, we were running the train six-or-seven-days-a-week. Sometimes, at the end of the week, we would run two sections. Concurrently, our management saw that we could make some money on this and we could get business back off of the highway. So John Reed, Larry Cena, and others agreed that we should start improving our facilities. Instead of having circus-style ramps, we converted many of the ramps to overhead cranes. That was the first Los Angeles train.

We wanted to run a Chicago-San Francisco train, exclusively piggyback. Our route was longer, mileage-wise, from Chicago to San Francisco than UP, so we did not know whether or not it was going to work. We decided to do it, however, and put the train on two-days-a-week, offering

fourth morning delivery. I think we beat the UP. However, we had only 12 or 15 cars. I asked for more business for San Francisco and the Bay Area. After two weeks, the trains started having 30 to 35 cars, and we went from two-days-a-week to four-or-five-days-a-week, and it just kept snowballing. This started in about 1973 or 1974. Later on, we had exclusive trains to Houston, Dallas, Phoenix, San Diego, Los Angeles, San Francisco, and Kansas City.

That was the way the Santa Fe Railway started out with serious piggyback trains, and then we got into containers. We also kept improving the terminals until every terminal had overhead cranes. We made a couple of mistakes. One of them was Denver. We probably should not have competed with anybody in Denver. The other one was the Toledo, Peoria & Western, which was not as successful as the others were.

Joe Nash kept working and building it up until everybody got into containers. One thing I have noticed, lately, is that everybody should be concerned about attracting shorter haul intermodal traffic to the rails. I think RoadRailer might be the answer. RoadRailer terminals are cheap. If RoadRailer is not the answer, then somebody should invent a way to attract highway trailers and containers to the rails without having all the iron and steel and wheels and all that you need to haul containers piggyback on conventional railcars.

Robert S. Ingram

Consultant

Retired Vice President of Transportation

C.H. Robinson Company

Intermodal really is a contact sport. To illustrate this, I will go back to 1974 and talk about some of the arm-to-arm combat that took place to make intermodal happen. It was not pretty; it was like making sausage.

I will start with the SL7 class of ships at SeaLand. They were big, modern vessels, extremely fast, state-of-the-art. SeaLand had eight of them. When I left the Norfolk and Western Railway (N&W) in 1974 and went to SeaLand, I was told not to worry about the mini-bridge business concept because the SL7s would be going tri-continent. This meant going from Asia to the West Coast to the East Coast to Europe and back. No mini-bridge. So, I did not worry about it very much and instead I concentrated on some domestic New York, Baltimore to Chicago operations for SeaLand.

Developing the Mini-bridge Business at SeaLand

One day I was called in and told that we were going into the mini-bridge business. The interesting part about this was that we had one extra SL7. We only needed seven to run the service, but we had eight. Nevertheless, we took deployment of three SL7s in the Atlantic, running a route from the East Coast to Northern Europe then to Algeciras, Spain, and back to the US. We deployed five in the Pacific. What was intriguing was our port rotation on the West Coast: Seattle first, then Los Angeles, Oakland, and then out. We elected to drop all of the mini-bridge traffic at Oakland. This was strictly a case of balancing all the containers and matching the inbound mini-bridge traffic with outbound military cargo at Oakland.

We set up a pretty extensive operation at Oakland, where we began operating two and sometimes three trains per week, eastbound and westbound, on the Western Pacific Railroad (WP). During this time, our route from Oakland to the East Coast was as follows: Western Pacific—Salt Lake City; Union Pacific—Kansas City; N&W—Buffalo, Lehigh Valley, Newark. This was the routing that I created until a fateful day in San Francisco. I was probably 29 years old; the future of SeaLand was riding on the success of this mini-bridge business; and I was asked to explain the business to the National Rail Intermodal Association, a rail intermodal group that is now a part of the Intermodal Association of North America (IANA). The person ahead of me from the Union Pacific operating department was to give a report on western operations. I thought this was wonderful until he said what a disaster this mini-bridge business was from an operating standpoint. He called it the worst thing that had ever happened to the Union Pacific operating group.

I left the room and called two people whom I knew and had worked with: Reggie Short at the N&W, who called Charley Groton at the Missouri Pacific (MP) to put something together; and John Gray at the Western Pacific (WP) to ask how to get between the Missouri Pacific and the Western Pacific. John told me he worked very closely with Don Orris at the Denver & Rio Grande Western Railroad. Between Reggie, John, Don, and Charley, I had a route for my traffic. I walked back into the room to give my report and addressed my first comments to the UP person, saying that the UP concern about the mini-bridge had been solved. The next train that week was routed adverse to the Union Pacific. It surely caught attention. Reggie believes people make things happen and this is true. This route stood up for years, and it was very successful. The route handled SeaLand trains, eastbound and westbound, every week, going over Tennessee Pass in Colorado, which is now out of commission.

Developing the Doublestack

Dave DeBoer said Don Orris and I were very eager users of doublestack equipment. I want to go back further and explain my side of this story. SeaLand operated about two or three trains a week, east-bound. When you run a liner service, you cannot exactly predict that every ship will have 120 containers come off at Oakland to go to New York or to Boston or any combination. We always had this problem of having either too few or too many and never exactly the right number of containers.

SeaLand wound up exceeding some of the train length restrictions on the WP. The WP route was through the Feather River Canyon, which had very sharp curves. All of the sudden, we had a couple of trains upside down in the Feather River Canyon. There is nothing like that to make your creative juices flow. The WP also put a 50-car restriction on eastbound intermodal trains for SeaLand. We had a disaster on our hands, as the mini-bridge business grew, because we simply could not handle the freight that was coming from Oakland and heading east. Out of desperation, I started playing around with the concept for a doublestack car in 1975. I had an asymmetrical car design, which had two containers high on one end and one container at the other end. I was working with the America Car & Foundry (ACF) to develop this concept, when Tom Fante, who headed Southern Pacific's (SP) intermodal group, invited me to meet his engineers, who also had an idea for an intermodal doublestack car. It was a stand-alone car, two containers high. I liked it and suggested we move forward.

Three years passed. I went to Europe and to South America. When I came back nothing had happened except that the SP had built the first car, the original car, and then a three-unit car. Norm Kirsch from SP and I created a commercial agreement to run 43 doublestack cars, which SeaLand would buy, between Oakland and Los Angeles and then Houston and New Orleans. There was one final caveat; I wanted my own terminal. The SP vice president of traffic told me I could not have it. It was out of the question until an operating vice president at the SP named Rob Krebs intervened, offering me an agreement for the terminal. Rob Krebs, Norm Kirsch, and Tom Fante were the men who made it happen.

By 1988, Don Orris, who was with American President Lines (APL), had overtaken SeaLand from an intermodal perspective. My mandate was to get ahead of APL. Unfortunately, in the East, Conrail was the sole operating entity and it was not really cooperative in terms of revenue and terminal requirements. Gordon Fuller had an idea. Walter Rich and Mac Sanders at CSX and we at SeaLand put together, literally, a plan to build an intermodal terminal at Little Ferry, New Jersey, and to rebuild

the Susquehanna Railway (New York, Susquehanna & Western Railroad), opening a line that had been shut down for 25 years. We created an intermodal service from Little Ferry via the Susquehanna and its trackage rights, over Conrail to Binghamton, and eventually to Buffalo to connect with CSX. We literally ran around Conrail and avoided the commercial constraints that we faced in dealing with Conrail at the time. The second train through derailed, but we cleaned that up. This intermodal service put SeaLand back into the business.

Brooks A. Bentz

Senior Manager
Andersen Consulting*

It is 1999 and intermodal is a major force in the rail industry, and when I got into the business in the late 1960s and early 1970s, it was looked on, at best, as a fad, and at worst, as a perversion of the sacred carload business. I will examine what made a difference in the evolution of the intermodal business.

My first experience was on the second shift at Cedar Hill Yard in New Haven, Connecticut, as a rookie brakeman. We were setting up the ramp for the pig train. The New Haven, at that time, was being merged reluctantly into the Penn Central. Piggyback, as it was called, certainly was not new then and was scarcely prominent when the Pennsylvania Railroad (PRR) introduced TruckTrain. Some say it was new when the Long Island Railroad moved farmers' wagons on flatcars in the late 1800s. What I think really counts is not newness, but what works well.

Improving with Technology

Intermodal in the 1950s and 1960s, and even into the early 1970s, really did not work well. There were a lot of wagons on flatcars and doublestack. There were some major improvements that helped, such as the collapsible hitch, which reduced the use of chains and binders, and the longer flatcar, which accommodated more than one trailer. But the really big leap, the one that had the greatest impact, was the birth of the mechanized loader, whether you call it a packer or a crane.

The Boston & Maine Railroad (B&M) had the first overhead crane in about 1960. We had our first side loader, a PC-70 or P-70 about 1970, and that is really what helped make intermodal work well. It made mass production economically feasible for the first time and it provided the ability to absorb the coming growth in volume.

* Accenture since January 2001.

The next big leap was the doublestack technology that we know of today. The doublestack gave us a big productivity boost. Even more importantly, the doublestack allowed us to handle the technology changes in trailer equipment, which always seemed to happen more quickly than car technology, without having to re-equip the entire fleet. I also think that RoadRailer is going to be looked upon as a breakthrough technology. These, generally speaking, are some of the technological changes that moved the intermodal industry forward.

Increasing the Commercial Appeal

I want to describe some of the operating efforts made at B&M, at AmeriTrans, and then later at the Burlington Northern Railroad (BN) in an effort to increase the commercial appeal of intermodal. When I took over the operating responsibility for intermodal at B&M in 1978, we were almost out of business. And I do not mean just intermodal. The railroad had been in bankruptcy since 1970, and the once successful Apollo dedicated train service between New England and Chicago was a memory. When I took over, we were offering seventh morning service and we were not doing it consistently, and this was at a time when Conrail had second morning service. It is not surprising that our volume was dreadful.

We did three things that got us back into the game. First, we made a deal with Conrail, called "Cooperative Competition," to try and revive this dedicated train service. We suggested to Conrail that three terminals were at least one too many for the Boston area. We felt Conrail should get rid of one of its terminals and we would handle the overflow business. Conrail had Beacon Park and Readville, and we had East Cambridge. The suggestion turned out to be something Conrail thought was appealing. In return, we got dedicated train service. We ran our own to the interchange point and Conrail took it from there. This got us back into the service game.

The second thing we did was to start our own truck line, the Boston Maine Express (BMX). We got the support of our CEO and then we had to go to our trustees because we were in bankruptcy. The trustees basically authorized us to start a motor carrier subsidiary, provided we did not spend any money or hire any people. My secretary dispatched trucks, and with the brother-in-law of our ramp contractor, who had a single-axle tractor, we ran the cross-town drayage to Castle Island for SeaLand. We were in business.

And the last thing we did was to implement a network of short-haul, reduced-crew, dedicated trains. Essentially we ran two sets: a train that went from Boston to Montreal to St. Albans, Vermont, and back, and a train that went from Bangor to New Haven and back. The trains had

single locomotives, typically, and two-man crews that met in the middle of our railroad and swapped around so we could serve all points with all trains. It was an interesting exercise that worked reasonably well. As a result, our truck line was able to expand the markets so that we went from being a Maine, New Hampshire, Vermont, and Massachusetts railroad (even though we were a class one railroad at that time) to serving 16 states. We ran as far down as the connections at Alexandria, Virginia, and Pot Yard and up to the Canadian border.

The motor carrier subsidiary was also a major vehicle in getting us into the more entrepreneurial side of the business. The whole philosophy was to take the high-cost labor, which we had with the railroad clerks and teamsters, and shift over to the lower-cost, non-union people. Our terminal operations did contract carriage for the railroad and some administrative functions like billing.

Then we branched into new businesses, a less-than-truckload (LTL) consolidation for Clipper in East Cambridge and a container freight station in our East Cambridge freight house to strip and stuff SeaLand boxes, taking the business away from the local International Longshoremen's Association (ILA).

The next thing was moving into transcontinental service. John Gray in California and I set up a transcontinental service using WPX and WP to pick up loads and B&M and BMX to deliver loads, and we were able to offer this on a single bill. We did this partly because we felt we needed to get closer to our customers and partly because we were offering a third morning service to Chicago, a day slower than Conrail's second morning, and we needed some way to go after the business that we could not get from our third party folks. We did both successfully.

In addition, just as I was leaving B&M in 1984, we established a terminal and local trucking in Chicago, to do the same thing that we were doing in New England. We later did the same thing when I went to AmeriTrans. We started our own local trucking operations to haul not only our own freight but also the freight for other third parties.

At B&M I worked for two really good leaders, Alan Dustin and Mike Smith. I was 27 years old and they basically handed me the keys to the department with their best wishes to have a good time. I think that really helped us bring the intermodal business at B&M back from the brink, but it was not an easy task. The railroad had basically broken down. In fact, the nickname for B&M was "Broken and Mangled."

Integrating Customer Service

The other problem that B&M had was a very conventional organization for selling. We had a pricing department and we had a field sales

organization. When Mike became vice president of marketing in 1977, he set up a marketing and sales group and I was tasked with setting up the intermodal business unit. The carload types felt we were going to divert traffic from boxcars to this low margin trailer business. My view, at the time, was that if I could get customers out of boxcars with my service and my trailers, then anybody could, so why not try to keep it in the family. This was not an easy sell. We set out to demonstrate to our customers that we could provide a truck-like service and, therefore, be truly competitive.

This was really the genesis of the business model that was used at Burlington Northern (BN) when Bob Ingram and Bill Greenwood asked me to start a doublestack business, which I later called *BN AMERICA* and which was supposed to look like a motor carrier operation. The basic idea was that we could provide a service that did not look like railroad service but, instead, looked like motor carrier service. We wanted to have the best equipment and, what I called, integrated customer service, which meant you called one place and got all of the information you needed to make intelligent decisions. We could couple that with stack-train economics to provide unbeatable pricing. The economics always drive the equation.

We also wanted to build a commercial capability that encompassed not only the intermodal marketing companies (IMCs) but also direct sales. What puzzles me most about railroading in the 1990s is that the railroads seem to be largely content being train runners and not creators of transportation service, providing value to the customer. They seem to be content to hand that role over to the IMCs and the steamship lines and the truckers. I have always seen this as a flawed strategy for several reasons: first, customer equity equals market power; second, the margins in a thin margin business get even thinner the more you cut the pie; and third, the vast majority of the invested capital in the business is railroad capital.

I do not think that third parties have to go away. I think that their role will continue to evolve and change as carriers consolidate, and as large shippers look for better deals by going directly to the carriers. I think that if the railroads are ever successful at seamless transportation or integrated service management, or whatever else they decide to call it, then this will move the business along a little bit further. I do not think third parties are necessarily going to go away, but I think that their role is going to change.

One of the companies that figured out how to do all this was American President Lines (APL). APL actually became the first transcontinental railroad. Don Orris built it a few years ago with a national network of stacktrains. J.B. Hunt and Donald Schneider followed suit. They provided door-to-door service to the customer and they used rail, typically

stacktrain, for the line haul. And, the railroads continue to get castigated for poor earnings performance, for not making their cost of capital, for not being close to their customers, and for providing a second tier service.

Standardizing and Simplifying

One thing that we should talk about in our business is standardization and simplification. Too many customers view our business as simply too arcane, too complex, and too difficult. The railroads really need to take charge of their business more than they have. They need to make it user friendly and service desirable. Railroads need to stop being interested in big volume and big trains. When you hear people talk about intermodal growth, they do not talk about profit and they do not talk about revenue. What they talk about is handling x hundred thousand more loads this year than last year.

My advice is to concentrate on being creative and delivering value. Will things change? Yes, they always do. Things just do not always change to suit your business or to your advantage, unless you find the right path and do your utmost to ensure that things go your way.