

# Barriers and Catalysts in Global Transportation

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[www.millennium-ark.net/.../020825.heatwave.kayaker.jpg](http://www.millennium-ark.net/.../020825.heatwave.kayaker.jpg)

James Drogan  
Educator and Management Consultant

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# Navigation, survival, and success

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## Context

*Our understanding of the world*

*How we think about the world*

## Examples

*Best practices*

*Knowing who knows what we don't know*

## Actions

*Decision*

*Implementation*

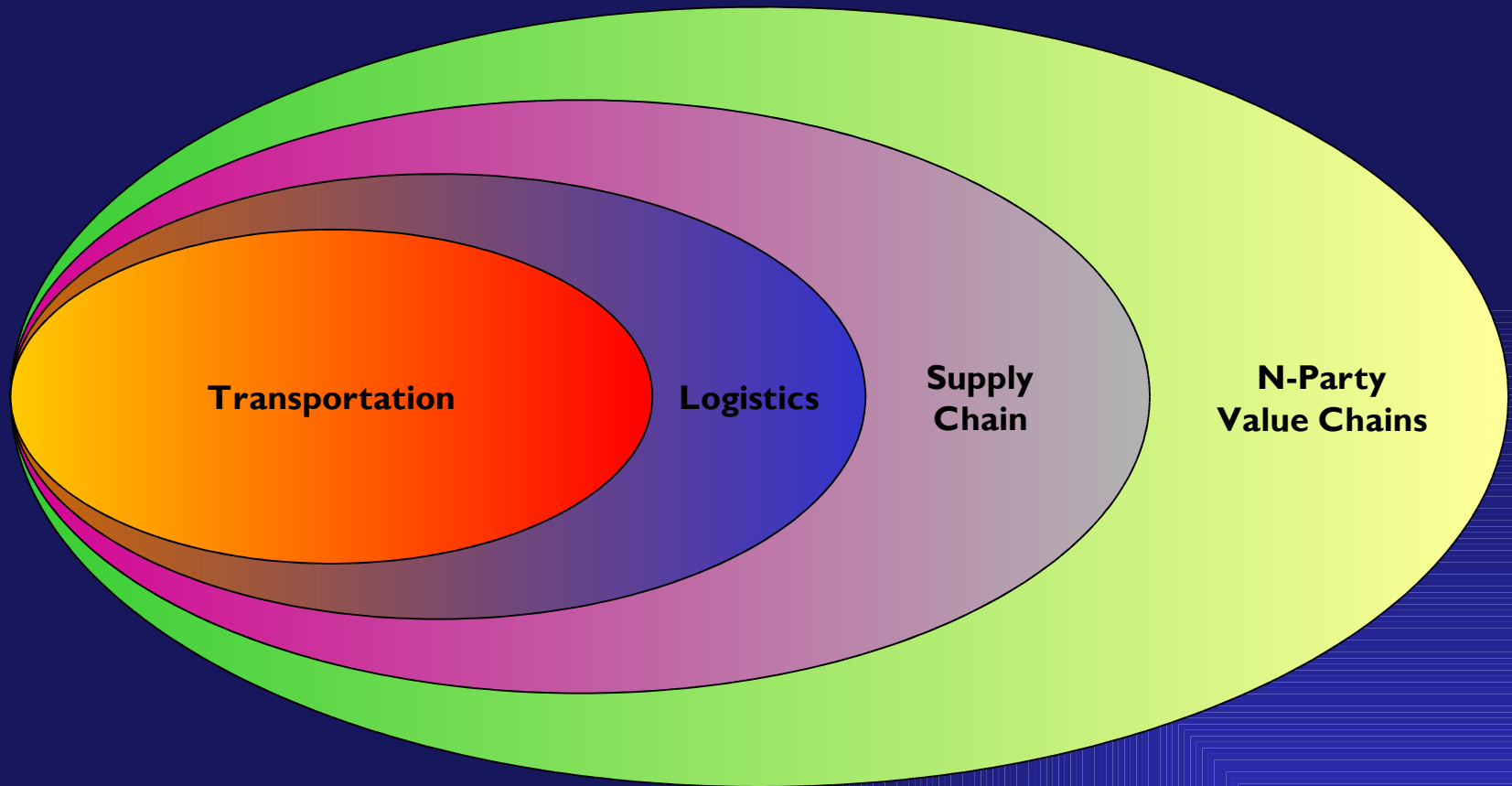
*Learning*

## Global transportation is shaped by...

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- Product
- Trade Patterns
- Information
- Money
- Roles and Responsibilities
- Time
- Culture
- Infrastructure

... and by the goals and objectives of the firm, and how close one is to the bow wave of progress





Like Gretzky, who skated to where the puck would be, we need to move to where the opportunity will be...an increasingly difficult thing to do in an increasingly turbulent world.

## Examples of Barriers and Catalysts

## Network dynamics

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- Product
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“For the first time, to my knowledge, demand for containerized space in the trans-Pacific trade is not being driven by increased market demand in the United States, but rather by the repositioning of global production to China,” said Frank Cardonna, a principal at Pegasus Ltd. and a former shipping industry executive.’

Bill Mongelluzzo, *Rates Going Up*, The Journal of Commerce, April 7-13, 2003 p 13.

## Administrative complexity

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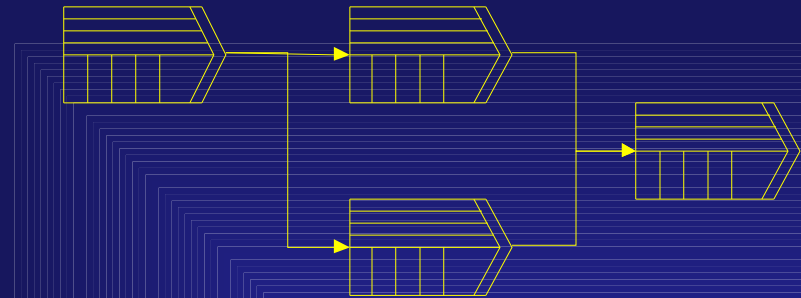
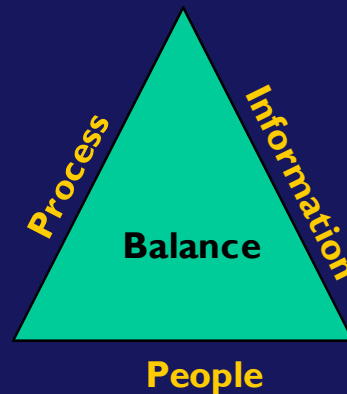
- Product
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‘Adrian Gonzalez...ARC Advisory Group, estimated that a typical cross-border shipment involves the accurate completion and filling of 35 documents, interfacing with 25 parties including customs, carriers and freight forwarders, and complying with over 600 laws and 500 trade agreements that are constantly changing.’

Ken Cottrill, *Burden of Proof*, Traffic World, March 17, 2003 p 21

## Visibility and control

- Product
  - Trade Patterns
  - Information
  - Money
  - Roles and Responsibilities
  - Time
  - Culture
  - Infrastructure
- Everything important is always visible.
  - Everything to be managed is always reachable.



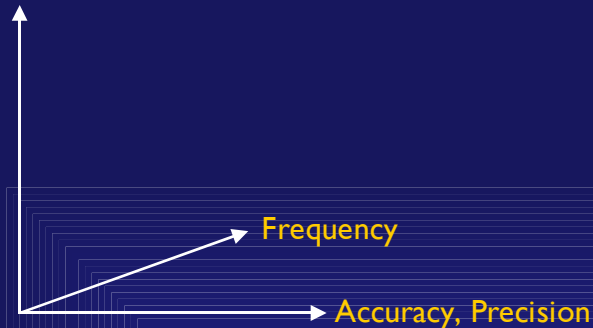
**“Success takes a balance of forces, but technology is not always necessary and is almost never sufficient.”**

Source: Michael Scott Morton, MIT, *Inventing the Organization of the 21st Century Project*, Co-Director, The MIT Report, December/January 2000, p. 5.

## The age of increasing everything

- Product
- Trade Patterns
- **Information**
- Money
- Roles and Responsibilities
- Time
- Culture
- Infrastructure

Data, Information, Knowledge



- Do these increases lead to business decisions of sufficient value?
- What sort of decision support systems are required and are they affordable?

## US Customs 24-hour advanced manifest rule

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- Product
- Trade Patterns
- Information
- Money
- Roles and Responsibilities
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- Culture
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“I think, once we get through the growing pains, the information will be higher quality information, and of greater value, to the carriers and to Customs,” Kirby added.

She believes that ocean carriers will be able to make good use of the more specific information provided by shippers on the contents of containers, for vessel stowage planning, for example.’

Philip Damas and Chris Gillis, *Carriers: No document, no load*, American Shipper, January 2003 pp 22-26.

## Organizations

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- Product
- Trade Patterns
- Information
- Money
- Roles and Responsibilities
- Time
- Culture
- Infrastructure
- World Trade Organization
- World Customs Organization
- Multiple Standards Organizations
- Suppliers
- Governments
- Academia

## Increasingly smaller decision windows

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- Product
- Trade Patterns
- Information
- Money
- Roles and Responsibilities
- **Time**
- Culture
- Infrastructure

‘Our mission is to use our knowledge of supply chain management and information technology to help companies achieve their business goals. In these past few months, we find that the definitions of short, medium and long term now mean something completely different:

Short term used to mean within the next six months. It now means "next Monday."

Medium term used to mean six months to a year. It now means "after next Monday."

Long term used to mean two to five years out. It now means "over the next six months."

Establish/Herbert W. Davis Company

**“I believe that we’re about to witness what may turn out to be the last competitive frontier business will see. It’s going to be a war over the one priceless resource. Time. And when it comes, trust may turn out to be the best investment anyone’s made.”**

Source: Jim Kelly, CEO of UPS, Remarks to the Commonwealth Club of San Francisco & Oakland Chamber of Commerce, February 23, 2000.

## How things really get done

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- Product
- Trade Patterns
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“In order to implement the model, many firms may need not only to adjust their systems but also their culture – for multiparty logistics across cultures, this issue is even more complicated given language and communication barriers. In many countries, purchasing and logistics are fields that are not recognized – untrained personnel may staff the purchasing function. As such, an internal revolution will need to take place within the organization to facilitate the exchange of information required.”

*emphasis added*

Baruch International Logistics Student 2003

## How things really get done

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“There is nothing more difficult to take in hand, more perilous to conduct, or more uncertain in its success, than to take the lead in the introduction of a new order of things. Because the innovator has for enemies all those who have done well under the old conditions, and lukewarm defenders in those who may do well under the new.”

Machiavelli, *The Prince*, 1513

## Choke points

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- Product
- Trade Patterns
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‘...Panama Canal. The canal's strategic position astride the main ocean trade routes has gained in importance as trade has increased...

...

Addition of a third set of locks...a \$5 billion, eight-year expansion plan is set to start in 2004 or 2005.

...

Such an expansion would increase transits by almost 25 percent and allow almost half of new container vessels to use the canal.’

*Maxed out, JoC Week, Monday, January 13, 2003, By: ROBIN EMMOTT*

## Capacity matches

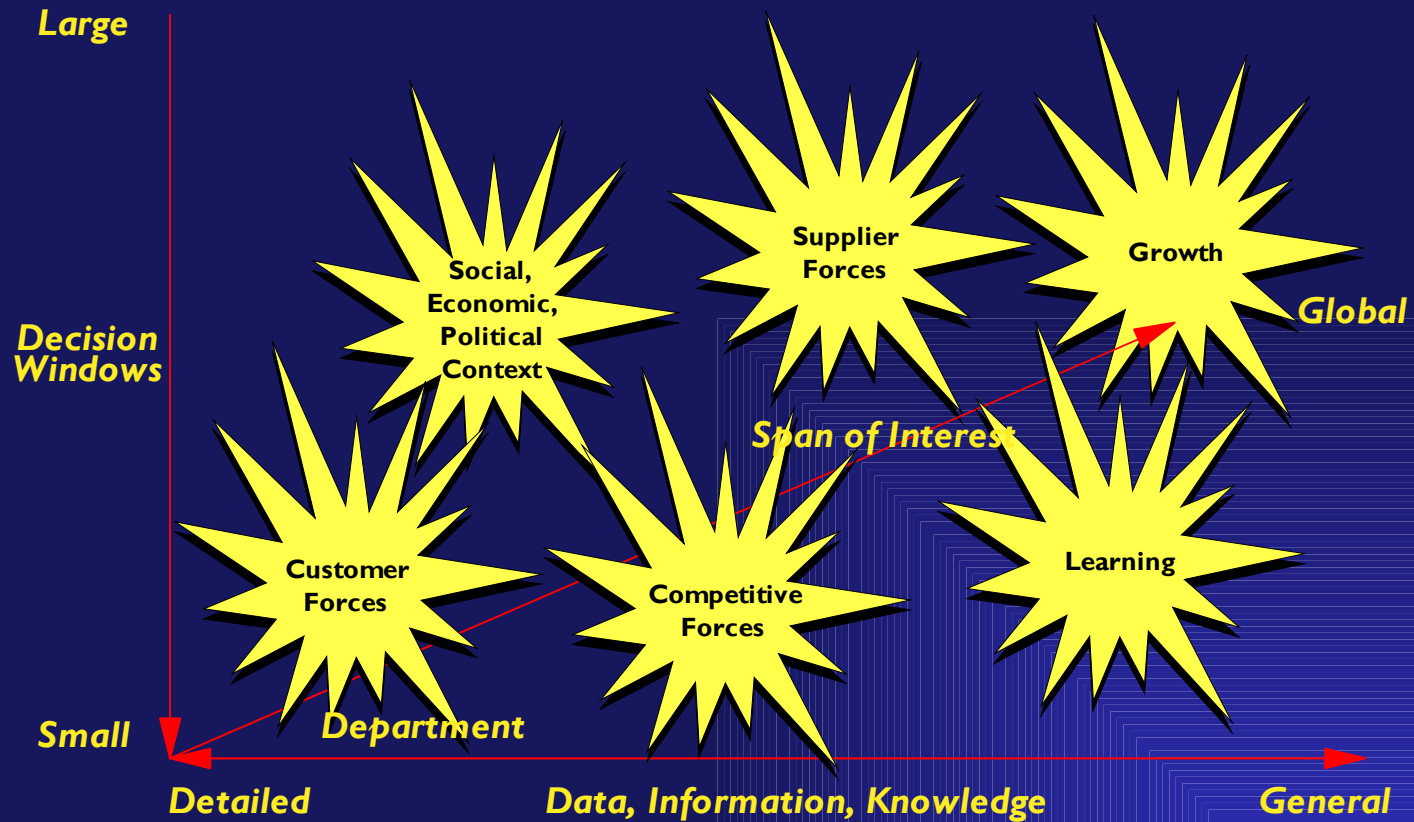
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- Product
  - Trade Patterns
  - Information
  - Money
  - Roles and Responsibilities
  - Time
  - Culture
  - Infrastructure
- **Ship and Port**
    - PA NY/NJ forecasting 4.2 % growth pa over 30 years
    - 1999 14.7 %; 2000 7.8 %, 2001 8.7 %, 2002 13 %
    - \$2B in terminal upgrades/channel deepening
  - **Port and Inland Transportation and Facilities**
    - Trucks handle 84 % of container movements at PA NY/NJ
    - Train and barge initiatives

Peter M. Tirschwell, *Playing Catch-Up*, The Journal of Commerce, April 7-13, 2003 p 34

# So what?

The future will be marked by increasing speed, complexity, and uncertainty along three dimensions





[www.millennium-ark.net/.../020825.heatwave.kayaker.jpg](http://www.millennium-ark.net/.../020825.heatwave.kayaker.jpg)

"Speech is conveniently located midway between thought and action, where it often substitutes for both."

John Andrew Holmes

# Actions

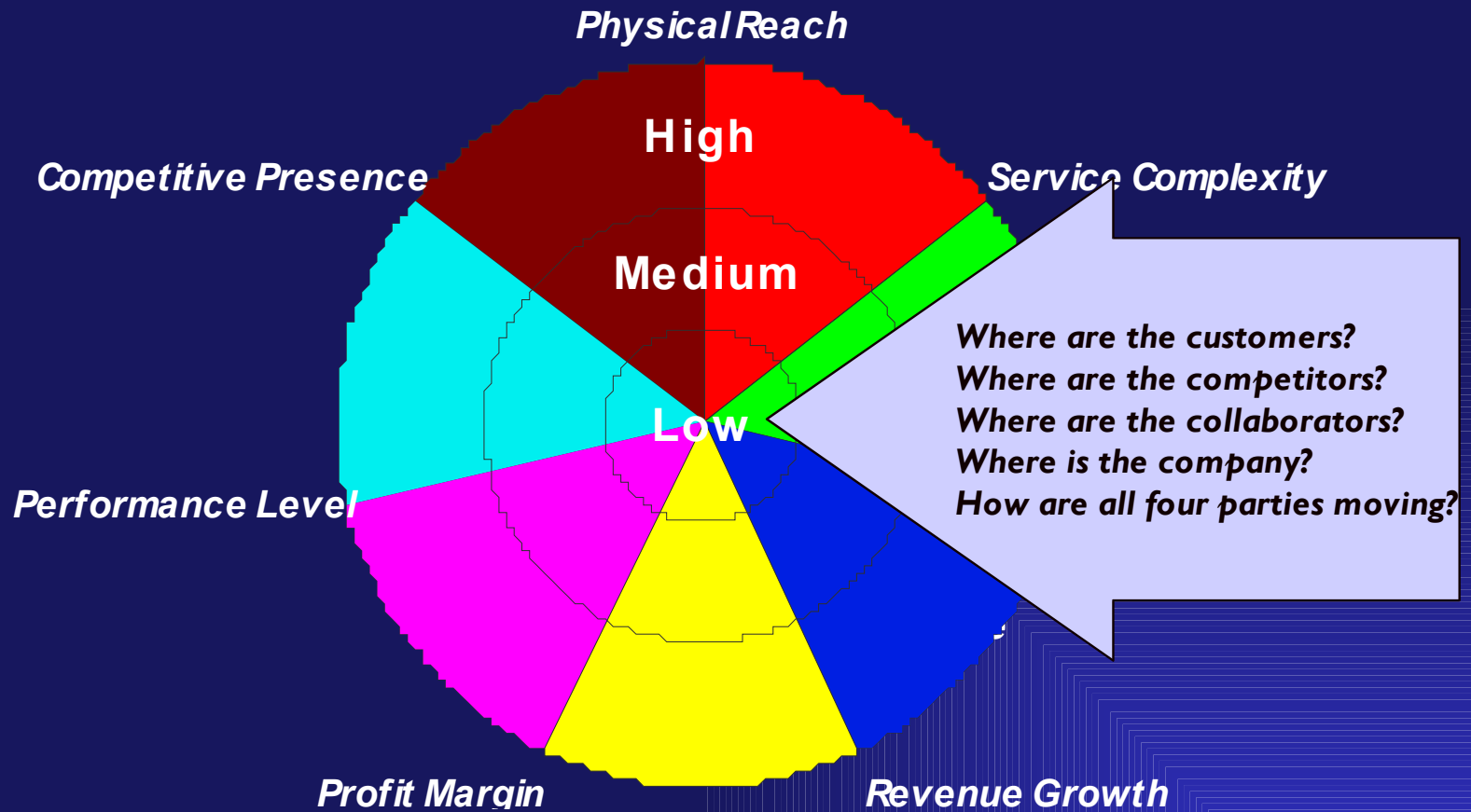
## Know and invest in the customer

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“The primary difference between world class organizations and those viewed as average is that world class firms allocate scarce resources to those things considered most important by their customers rather than dissipating resources on those things viewed by customers to be relatively unimportant.”

Douglas M. Lambert, W. Christine Lewis, James R. Stock, *How Shippers Select and Evaluate General Commodities LTL Motor Carriers* (1991)

Understand marketplace positioning in order to achieve an ability to move at will in the marketplace



## Develop a global network of expertise

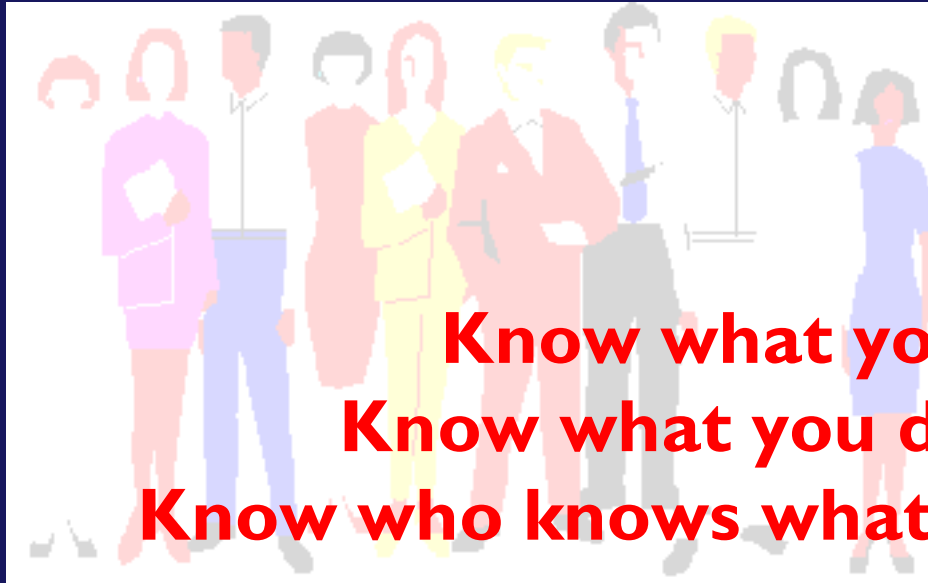


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[www.lapublichealth.org/acd/images/globe.gif](http://www.lapublichealth.org/acd/images/globe.gif)

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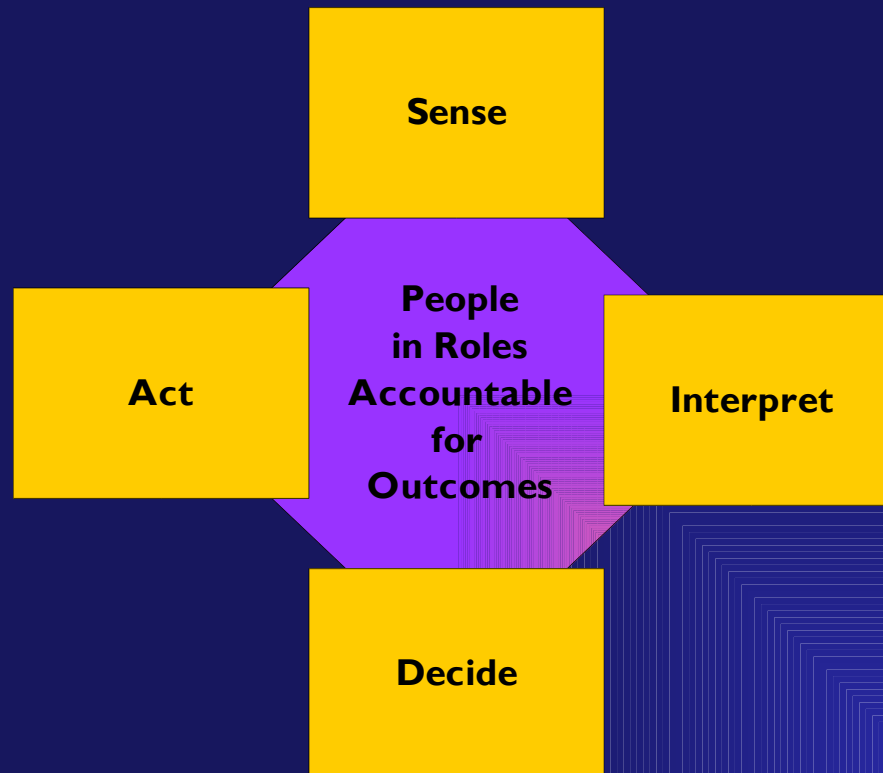
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## Develop a global network of expertise



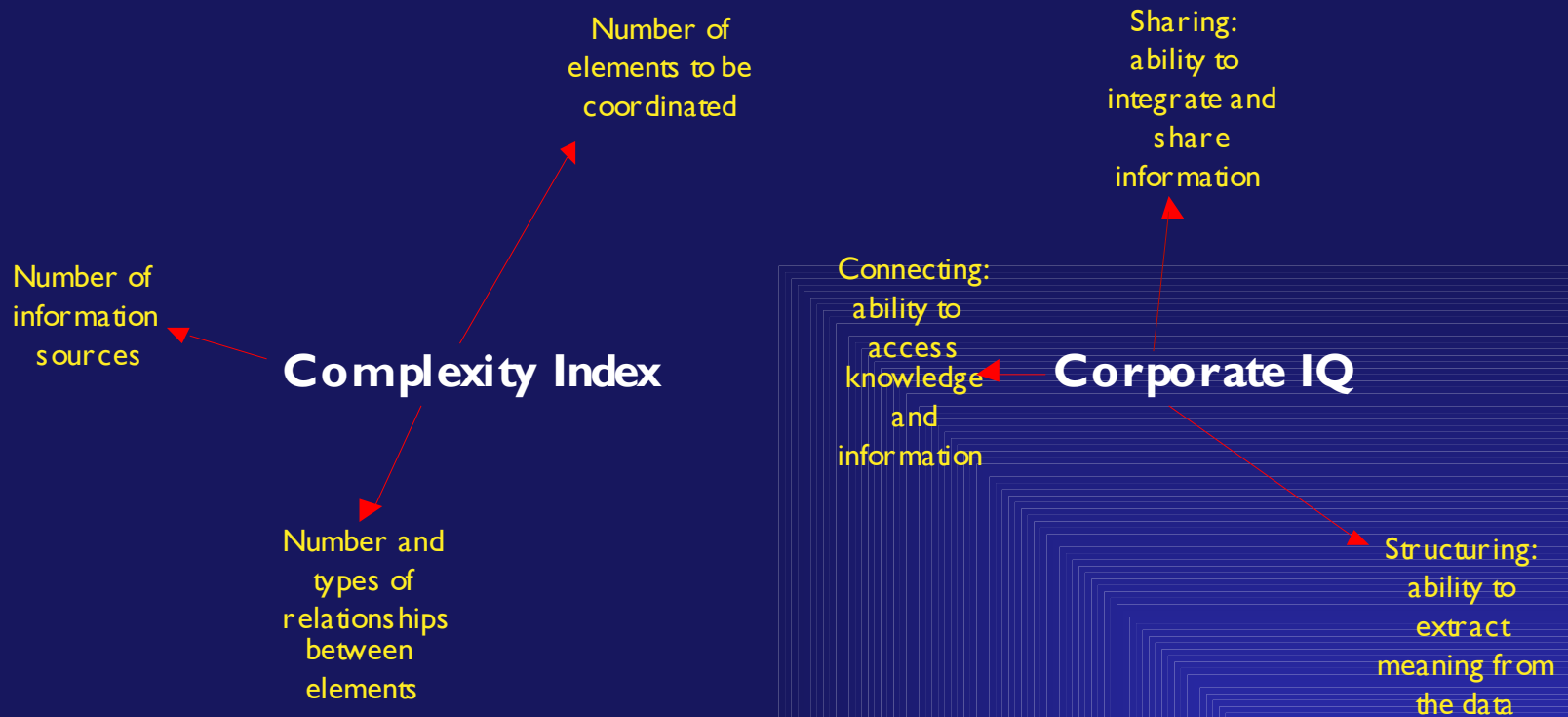
## Develop an adaptive strategy and enterprise

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Haeckel, S. H. and Slywotzky, A. J. (1999) *Adaptive Enterprise: Creating and Leading Sense-And-Respond Organizations*, Harvard Business School Press.

# Become increasingly smart in an increasingly complex world



Source: Haeckel and Nolan, *Managing by Wire*, Harvard Business Review (September-October 1993)



“We’ve been in business since 1907, for 92-93 years, so we’ve really had to reinvent this company five or six times, from a delivery business to a consolidator for retail stores, to the common carrier business, to creating an airline and delivering the next day, and to going international. This becomes an extension of that, and **what we try to do is listen to where our customers are going. And we have three or four things in place and we do that with a great sense of urgency. And if we understand where their businesses are going, it gives us the opportunity to put in place the things that are necessary to serve them, whether it’s package delivery or whether it’s moving goods, information and funds.** That’s what we try to do. UPS is not one person’s vision or it’s not one person’s implementing a new, or getting a way of changing, a paradigm. It’s really a group thing and a teamwork thing. We all work hard here and what we get accomplished, we get accomplished as a team.”

**emphasis added**

Source: CEO of UPS Discusses UPS's Transformation into an e-Business Powerhouse, Business Wire, February 24, 2000

## Coda

- The fundamentals of transportation – equipment, operations, supporting infrastructure – are not an issue. The ability to rapidly reconfigure these fundamentals to respond to the market is an issue.

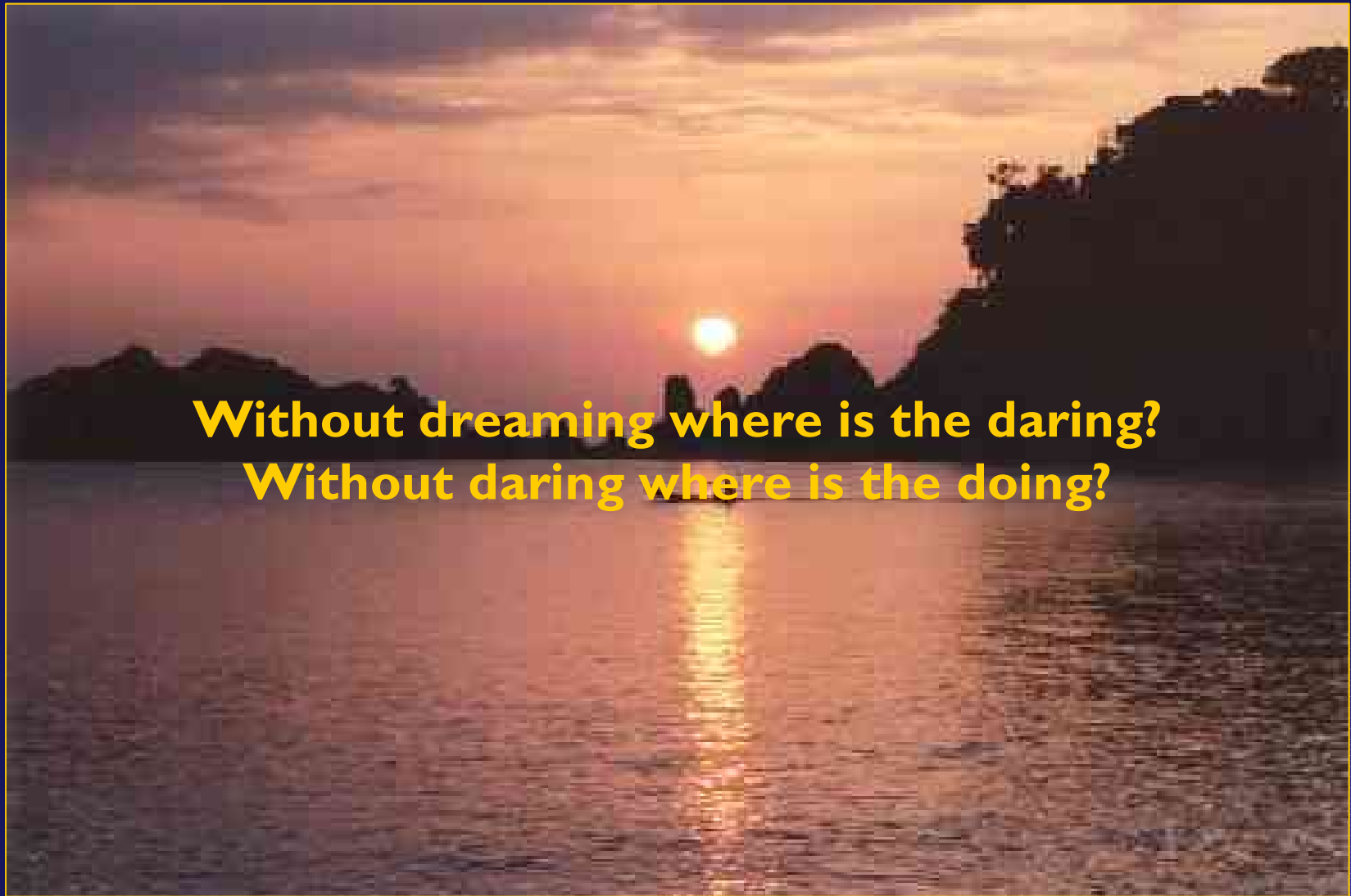
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- Security will first divide, then unite.
- Competitive advantage comes from implementing management initiatives faster than the competition.
- Be fast first; be fast and big second (maybe).
- **Culture is the most significant barrier or catalyst to success.**



**Without dreaming where is the daring?  
Without daring where is the doing?**

[seal-asia.com/contest/wheeler/kayaker-wheeler.jpg](http://seal-asia.com/contest/wheeler/kayaker-wheeler.jpg)

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