



The dangers of logistics extremism

By John A. Gentle, DLP

I READ AN ARTICLE RECENTLY about a utility company demanding to execute their right to cut down everything in the easement areas under their power lines. Regardless of the height of the tree, they're saying that their scorched earth policy is their "claimed" right. Trees that during their lifetime present no chance of hindering or damaging power lines must be cut down and removed. Seemingly, mass destruction policies are alive and prospering in America.

I understand the need to manage risk, and certainly we don't want to have another blackout, but the extent to which the utility industry has reacted is bizarre. Perhaps they are being driven by the entrepreneurial spirit of do it right, do it once, do it fast, and make a profit.

While our desire and drive to meet and exceed expectations is what motivates us, we have become overly influenced by policies that might have been commendable in nature but may not have been well thought out.

The productivity tools have now become weapons. It's simply ludicrous to destroy everything regardless of the risk it may introduce—and all in the name of a mandate to ensure the reliability of supply at the lowest operating costs. Over the last five years the actions of shippers, brokers, and carriers have paralleled this concept of "extremism" to the detriment of the industry.

Everything needs to be in balance—in proportion to the outcome. What makes it worse is that logistics talent that once had an appreciation for balance has been lost through retirement, outsourcing, and staff reductions to save costs. Today, it's all about "maximizing me."

Everyone is standing their ground determined and committed to meet and exceed their own personal goals regardless of the effect on other business partners or society. We have fostered and rewarded risk takers who have a mindset that "winning big" is the only mark of a strong performer.

We have set loose a group of young talent and leaders to make their mark on the logistics and transportation field; however, many have succeeded by using "scorched earth" practices and hold firm to

the belief that "I am the customer, and it's my way of the highway."

We all have our respective challenges. Our ability, however, to create an environment in which our industry and society can advance must be based on balance. We must avoid the extremes that cause shippers and 3PLs to eliminate the carriers who can't meet all the rate and capacity requirements—or who are unwilling to accept the risks that may be associated with your business, be it safety, financial, or operational.

Over the last decade both shippers and 3PLs have engaged in the auctioning off of their businesses. There is nothing wrong with bidding. Some less prudent shippers, however, have not only blatantly ignored or rationalized away their contractual commitments, but with varying degrees of complexity and repetitive re-bidding stages over excessive time frames, they have exasperated and emotionally exhausted their carrier base.

No carrier is interested in deploying resources to bid without a reasonable chance to securing business; and the smaller the carrier the greater the likelihood that they will begin to look elsewhere for business.

Besides ill-conceived bidding, some shippers and their receivers have developed operating practices that are detrimental to the safety of the driver—requiring them to perform unsafe work during the loading or unloading process. Other shippers have continued to create excessive payment extensions and have developed practices that require additional paperwork to delay invoicing—or short paying carriers to string out the cash flow.

There is a big difference between reasonable marketplace interaction and illogical scorched-earth extremism. To achieve a reasonable approach, you must actively oversee the policies and actions that your teams have put in place. And you must keep in mind that it doesn't make sense to spray grass killer on your lawn just to prevent it from growing too fast.

Many companies call logistics the backbone of their company—a critical company resource that has been charged with securing service-based, cost-effective delivery capacity for their customers. Ensuring and developing viable industry resources for today and tomorrow are your responsibility.

If you think that you can incorporate a "scorched earth" policy just because a massive utility company can do it, then I suggest that you go out and get some grass killer instead of fertilizer this month and let me know how things work out for you. **L**

John A. Gentle is president of John A. Gentle & Associates, LLC, a logistics consulting firm specializing in contract/relationship management and regulatory compliance for shippers, carriers, brokers, and distribution centers. A recipient of several industry awards, he has more than 35 years of experience in transportation and logistics management. He can be reached at jag@RelaTranShips.com.