

Keynote Address

Donald J. Schneider, *Schneider National, Inc.*

As president of a large national trucking operation, Donald Schneider was well positioned to address the issues presented by this forum. His firm is an asset-based logistics company running extensively between and within Canada, the United States, and Mexico. His is an intermodal operation whose business is to “move customers’ freight in compliance with their product supply chain,” qualities descriptive of several themes and operating motifs discussed at this symposium. A summary of his discussion follows.

Over the past 10 years, business has driven inventory out in order to get an adequate return on investment. As inventories fall, a higher level of service is demanded from carriers, who are positioned to respond to these new demands only because of their own improved efficiencies. Logistics costs have decreased while vehicle size has increased, both factors contributing to the overall increased productivity of motor carriers.

Several points flow from the economic realities of companies’ lowering their inventories and demanding higher performance from carriers. These points help form the argument that efficiency and safety are not mutually exclusive but natural allies. Because marketplace forces demand better performance by carriers, carriers in turn are investing in larger vehicles, better drivers, more maintenance, and technologies that will make them more efficient. These investments elicit better management from carriers and result in higher productivity as well as increased safety.

The following points elaborate on this thesis:

- Safety and efficiency are not in conflict. A well-managed, productive operation, which is being demanded by the marketplace today, will be a safer operation.
- Technology has improved both efficiency and safety. Many trucks are outfitted with computers that give the driver “safety macros,” such as average speed for a set period. Furthermore, technological improvements have enabled companies to schedule deliveries and drivers more efficiently to give drivers the time off that they need.
- Regulation can be detrimental to safe operations. When regulations are design-driven, they stifle creative innovation that comes from the marketplace—particularly because a given regulation can never address all the unique factors governing different situations. They tend to become outdated quickly and can actually increase hazards.
- Truck and rail technologies are unique. The marketplace will demand the appropriate mode for the appropriate load. Each mode will ultimately allow each technology to reach its

full potential for the benefit of this country, of customers, and of the motor carrier industry, which will be able to take advantage of new opportunities.

- Longer combination vehicles are safe and efficient technologies when managed properly. They are a complement to, not a competitor with, motor carrier and rail industries.

- Truck weight increased by more axles improves safety and efficiency.

- Harmonization of size and weight in North America improves efficiency and safety. The difference in standards is having a negative impact on safety and efficiency. The more confusion that surrounds safety rules, the harder it is for drivers to comply with them.

- The marketplace is the best source for direction on safety and efficiency. Too much rigidity frustrates creativity and impedes the provision of service to customers in the most efficient—and therefore safe—manner.

In conclusion, the improved efficiency of vehicles, productivity, and logistics ultimately leads to increased safety factors, and these events are marketplace-driven. Schneider fielded questions from the audience after his talk. One point he made is that the United States and Canada will both benefit from the North American Free Trade Agreement because it promotes business.