

SESSION V ROUND TABLE SUMMARY

MARINE STRATEGIC PLANNING—PERSPECTIVES ON THE INDUSTRY

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How well are we doing in strategic planning in the marine and intermodal sector and what are the key issues that require further attention?

This type of dialogue with this caliber of people making the contributions they have is extremely valuable. The bad news is that how somebody will capture this in a succinct fashion to pass it along to people who should read it is quite a challenge.

How effectively are the marine and intermodal sectors doing in strategic planning? We talked a lot about the dynamic economics that are driving the intermodal or multimodal systems in the United States. The bulk shippers highlight the fact that cost is king and service follows, in contrast to operators who have introduced technological advancement in ships, handling systems, and types of cargo. A strong point was made that improvements in the software are needed to allow those who have invested to receive a decent return on their investment. As far as strategic planning goes, obviously there is a lot that takes place. It is impressive to see what Sea-Land is doing in spreading the risk. When you consider that Sea-Land has the lowest slot cost existing in the North Atlantic trade, they have taken tremendous steps to mitigate their risk, yet they are at best breaking even on the North Atlantic. This tells you some of the risks that carriers have taken in this particular trade. It is worth repeating.

We heard a lot about partnerships. Forming a strategic partnership is delicate—how do competitors learn to be allies? This is a great question. Companies are learning. We heard several good examples with trucks, rail, barges, etc.

Strategic alliances and partnerships—a sobering example where a strategic alliance hasn't worked—are the efforts on the part of United Shipowners Association to resolve their differences on the subsidy issue. How can government facilitate some of this strategic planning? What should the government's role be? I think there shouldn't be too much government. I do think the government has some role if only as a mediator or facilitator.

As for the problems that exist in the regulatory arena, we wouldn't have such a hard time coming up with a maritime policy if the government would answer the basic question, "Do we need an American flag steamship line?" "Do we need American-flag shipping lines for economic interest?" I know what I think the answer should be and I won't get into it but I do think that we have the Shipping Act, Section 101A, which outlines a policy. If government people are asked do they really believe that Section 101A applies, I would like to hear what the answer is.

PERSPECTIVE ON CURRENT AND FUTURE INDUSTRY PRACTICES

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As strategic planning has become a buzz word, every marketing, planning, or marketing book that comes across my desk now says STRATEGIC. This word is supposed to indicate that this book is current and vital. There is nothing magical about the term "strategic." The notion as a process forces us to take a systematic approach, to go through a series of steps, the chief one being environmental scanning, looking at the current market situation both externally and internally. Certainly this was done. Paul Mentz tells us that Secretary Skinner wants a strategic planning perspective integrated into the industry. The Secretary wants clear goals and guidelines. Better short-term decisions for long-term benefits.

Whose decisions is the Secretary concerned with, his own regarding the industry or industry's decisions? Ralph Kreuger hinted that Lykes Lines is about to make a decision shortly and I wonder whether that is the same as a short-term decision concerning subsidy in the hopes of achieving long-term benefits for Lykes. If so, would that really be a long-term benefit for the nation? Along with Paul Richardson, I am concerned that the nation does not recognize—the Administration does not recognize—the need for a strong U.S. merchant marine. Paul Richardson and Carl Seiberlich yesterday both asked for a government statement on policy. I believe the government has made that statement implicitly, from