

everything it has done from 1980 on. It is clear to me that the U.S. government does not recognize the need for a strong U.S. merchant marine and I bemoan that fact.

I reviewed my notes to see how well we addressed strategic planning in the maritime industry using Terry Lathrop's format but somewhat adjusted to meet the strategic market planning format that I prefer. I am using the transportation industry as my unit of analysis rather than any one specific carrier. Terry started out with an examination of mission. We never addressed our mission for the transportation industry. From a U.S. perspective, our mission could be: to provide cheap and efficient common and contract carriage of freight domestically and internationally, to facilitate U.S. domestic and international trade, to earn a profit for shareholders and risk takers, to provide employment, etc. But I don't know how you see the mission of the transportation industry and if we have the time I would love to have that addressed by someone. What is the mission?

An examination of the current market situation obviously requires in-depth environmental scanning. Externally, legal, political, regulatory, economic, technological, I thought that Hugh Randall, Steve McGowan, and Ralph Kreuger presented us with good information on the external environment in terms of the internal environment—technology of individual companies, suppliers, customers, economics of scale, market forecasts, etc. Paul Richardson, Gene Pentimonti, Ralph Kreuger, and Craig Philip addressed that. Sid Robinson did a great job presenting that for Ports and Jim Lamb and Steve Lucas spoke about customer needs that had to be addressed in the examination of the internal environment. John Saylor gave an interesting example of how a third-party intermediary really meets the needs of shippers. After an examination of the environment, the next step is an analysis of issues that have been presented in the environmental scanning, including strengths and weaknesses. Strengths of the U.S. maritime industry technology and U.S. know-how are number one. But that is all I got. In terms of weaknesses, the transfer of information, the paucity of publicly funded R&D, little or no market research, funds drying up, industry squabbles, and a total production orientation up until this point are problem areas. It is finally recognized that shippers really do call the shots.

Opportunities and challenges (which is a nicer word than threats). What is facing the industry? In terms of opportunities, cooperation among partners, more linkages, more strategic alliances, and an examination of the external environment indicate that there are growing trade opportunities, and the forecast looks good. In

terms of challenges (or threats) certainly the fact that the Administration does not support the industry and that funds are drying up. I know you can add to that.

In an analysis of issues one should come up with a series of objectives. Again the one that was mentioned constantly was a seamless intermodal system. But this is a production-oriented objective. No one really said to increase customer satisfaction in terms of their shipping needs. During the roundtable workshop, Dave Messer said improve the efficiency of the transportation system. That is a good objective. Certainly customer needs were very succinctly stated by Jim Lamb and Steve Lucas, and that should provide direction for objectives.

On the basis of objectives, that leads into strategies. The only strategy that I heard mentioned was the need to improve software, with the end result a paperless movement, and strategic alliances. From strategies, we get to tactics and programs of action, and I didn't hear any. The important focus should be on market research. If we are in the business of satisfying consumer needs, we must do market research. Steve is the first industry person that has mentioned the company doing market research. For some reason, market research seems to have been regarded in the industry as a bad investment. Carriers decide what they want to do and shippers better accept it and like it. This is not the way other industries operate.

Besides increased market research and R&D, there are only so many controllable variables that we can address. All else in the short term is not controllable. The four Ps. We can control the product that we offer and the price and the promotion (that has not been a word mentioned in this workshop). Distribution certainly has been emphasized, the need for a global network, a global scope, and global alliances. One would follow that with a business analysis, cost-benefits, and certainly we should examine the cost to industry and the profits to industry. What I keep hearing is that most of the industry is losing money, so there is something wrong with the programs of action. Finally, the cost and benefits to the nation. In the last 15 years or so, there have been many seminars on the costs and the benefits, but nobody out there is listening, which amazes me.

#### **SOME OF THE CRITICAL FACTORS FOR THE FUTURE**

Steve Nieman  
Consultant

One traditional strategic planning item we haven't covered is some kind of industry structural analysis

including a competitive assessment. This has to be done as part of strategic planning. Maybe in the private sector it is considered too proprietary. The more compelling point is the diversity of opinions, views, and interests that are represented here. This is a tremendously diverse group. There is a huge geometric expansion of the people involved. Then, in addition, although the marine industry is quite an established industry, the intermodal aspect is brand new—in its infancy—and a lot of players feel they have a piece of it. An industry structure analysis in a developing industry is particularly critical and also difficult.

We did not go through an elementary analysis of where the money is in this business. I know shippers think they pay 100% of the freight cost in this industry. There is a public policy view that says the public is subsidizing some costs, so maybe the shippers are only paying 99%. I think a funds flow statement of where the cash goes would be very revealing. I come from a history in the trucking industry and I feel free to say this. In the intermodal business or in a door-to-door transaction from Bombay to Boston, the local truckers don't have much clout. The ports don't either. The clout is with the deep sea carrier. In the domestic moves totally within a country, in a double-stack system, or in a coordinated transportation interchange system, the railroad has the clout. A good analysis of strengths, weaknesses, opportunities, and threats would be beneficial. We would find from a crass, commercial standpoint that the roles of the various parties are not equal.

It might be beneficial to have the chief strategy officer or the general manager of a number of companies give us a bit more insight on how their strategic planning occurs and what steps they use. Both the strategies that they use and the steps that got them there might short cut what needs to be done here.

Marine transportation should not be considered separately but as part of an integrated transport move.

Intermodal is a new phenomena and some of us who view ourselves as true intermodalists try to get rid of a mode-specific label.

One of the problems of single-mode thinking is the resultant modal bias, and transportation planning that is not sufficiently integrated.

Did we fulfill our goals? What were the goals of this session? MARAD was the sponsor. How well prepared are we in the sense of knowing what strategies exist or are in place? We have not answered that question very well. We touched on it. We got started on it. Sea-Land and some other companies are far more mature and far more advanced than other parties, especially on the intermodal aspects, partly because the Sea-Land Chairman is an ex-strategic planner for his corporation.

They are implementing many of the strategies he helped devise. But it is not nearly that mature in some other entities that are important. In particular, at the railroads, if strategic planning is a mature activity, it is not mature in the intermodal context.

Did we have the right participants? When we have chief strategy officers and general managers responsible for the profitability of their units from private industry, we have the right people and there are a number of those around the table. When we have spokesmen for the industry and people who are influential in the strategic thinking in their companies, agencies, and units, we also have the right people. You don't have to have the title to have the clout. It is unfortunate that we didn't have more rail and truck participation or more from the marketing intermediaries who may be the one segment that has their act together.

The fact that we had as much port attendance and inland waterway attendance and as much attendance from academia and from the TRB committee members is fine, but it kind of carried the day and was not as balanced as it might have been.

We might have profited by having a few more spokesmen for foreign interests.

Intermodal aspects of marine transportation or intermodal aspects of rail transportation or intermodal aspects of truck transportation are developing rapidly. It wasn't stated but it is clear to everybody that it wouldn't have been nearly as fast developing if it hadn't been for the regulatory changes in 1980 and 1984. Door-to-door intermodal transportation is really only 1 to 10 years old. This industry has come a long way in 10 years. I think the intermodal aspects of this industry are doing just fine getting through the swamp and avoiding the alligators. I worry that we will put too many alligators in the way. My suggestion is to let private industry continue to do its thing with support from necessary infrastructure people like the Corps. We might get there. Let's not get it too structured.

Responding to Leslie's challenge calling for programs for action: where do we go from here?

Over time, there has been a great deal of discussion about different opportunities in terms of proposed research and studies. We have also discussed briefly the 1989 and 1990 DOT hearings. At those hearings conducted throughout the country, people in our own locales presented their viewpoint. All that information couldn't be put into the summary documents. I think there is a close correlation between the interest and concerns of those people in the hinterlands and those same research and study proposals that had been presented over the past several years—an idea that may have some relevance to this meeting. TRB has a number

of committee chairmen that are related to the maritime and intermodal industry, directly or indirectly. I would like for them to take a look at these listings of studies and research proposals over the last several years and the documentation that came about through those DOT hearings across the country. I'd like to see an assessment, a ranking, of some of those recommendations in light of some of the discussions we have had here. Then, I'd suggest TRB and MARAD look at the findings, and from them come away with a consensus of whether or not we need to push for a national policy for maritime/intermodal interests, either short-term or long-term? This is my sense of where these discussions are leading and where we need to take it.

#### **COMMENTS FROM RADM. CARL J. SEIBERLICH, USN (RET.)**

In discussing strategic planning and maritime policy earlier, the Merchant Marine Act of 1936 and the National Security Sealift Policy were reviewed. The third document of interest is the Transportation Policy published by the Secretary of Transportation in *Moving America*. The printed words of these three documents do not guide execution of transportation or maritime policy for the United States.

A role for the Transportation Research Board (TRB) which would be useful in considering the intermodal, national competitiveness issue and the supporting role of the federal government would be to develop an informed, broad based view of the issues and available options. The various segments of the maritime industry have their views; various special interest groups theirs; and there certainly appears to be a fragmented view within the government. What is truly needed is a really objective national review of the issues, what should be done in the public interest and what public investment in the industry is prudent to make. Such an overview could lead to enhancing our national competitiveness. It seems to me that this would be an important project for the TRB.

Again, I would like to emphasize that if the foreign flag option is adopted for our merchant marine, programs to assist the companies in making the transition from the American flag, and in retraining displaced American seamen, must be established as well as a doable timetable.

#### **SUMMARY COMMENTS FROM KATHLEEN STEIN-HUDSON**

In response to the overall question of where are we in strategic planning in the marine and intermodal sector, we agreed that we have made terrific strides in strategic thinking. Some organizations are more mature and further ahead in implementing strategic planning; but most organizations are effectively honing in on critical strategic issues.

Some of these issues are ones we can do nothing about. Others we can do little about, but we need to understand them, since they shape the environment and our future operating mileau. Some important issues were only briefly touched on in our discussions, such as: what is the future of U.S.-flag carriers? How are we going to deal with military strategic requirements? How are labor issues to be addressed?

Environmental issues were touched on briefly, and we noted that they are growing issues on the landside. We also briefly discussed the role of government, with many participants requesting either endorsement or revision of existing policies. The place of government in a mediator-facilitator role was suggested, but we had different, sometimes conflicting, viewpoints on how this would translate in practice.

We see a big agenda for the future. Information requirements are very important. We also see the need for a new definition of competitiveness, and we noted that the choices are not simply to say either let the free market reign or have the marine and intermodal sector regulated by government. We are in the process of redefining competitiveness as we continue to explore and implement strategic alliances. We also see a large pending research agenda, particularly on implementation-oriented research that will be helpful to respond to issues like the ones we raised in this conference.

#### **CONCLUDING REMARKS — PAUL MENTZ, U.S. MARITIME ADMINISTRATION**

We've begun to see what the 21st century might be for our community. The many speakers have brought about a perspective on change that is very stimulating and challenging. The industries that we represent are going through dramatic change more than evolution. The marine, intermodal, and water transportation industries