A volcanic cloud descends on Europe, disrupting flight plans. A tsunami in Thailand ripples across the Pacific and affects port activity in California. Forest fires in Los Angeles close highways for days. Threats of a terrorist attack in Brussels halt all transportation. A “computer glitch” shuts down United Airlines system-wide for several hours on the same day that the NYSE shuts down.

These are typical scenarios for today’s logistics & transportation executives whose jobs have become as much about dealing with a crisis and understanding technology than simply about loading boxes on trucks, trains, ships, and airplanes. It has always been about moving product from point A to point B. But in today’s market of international trade and the emergence of sophisticated technology, the job of senior-level executives has become extremely complex, requiring skills that 20, 10, or even 5 years ago could not have been anticipated or even imagined.

As the methods and strategies behind logistics and transportation will change, so will the criteria for C-level executives. And, it is happening at a dizzying pace.
Today, logistics executives must deal with new challenges requiring minute-by-minute tracking in all parts of the world, developing cost efficiencies while guaranteeing timely delivery, and anticipating problems and having back-up plans. Add today’s heightened security concerns and there is perhaps no other industry that illustrates the axiom – “time is money” while managing what are, at times, razor-thin margins.

Every product in our homes and offices got to your shelves as a result of efficient, safe, and rapid transport – some times in the same city while in other times from across the globe.

With the continuing increase of international trade, the faces of these executives have changed from a guy in a warehouse to someone in the board room with an understanding of robotics, inventory management, software/hardware, international customs, currency exchanges, border treaties, and security, to name a few.

The major logistics companies such as FedEx, DHL, and UPS, have helped bring the industry to higher standards. These executives must also be visionaries simply because this industry is changing rapidly and it’s clear that the transportation & logistics sector of today will be viewed as a dinosaur within a few short years.

Let’s first look at the local levels. For example, a local beer distributor is dealing with new systems that impact profits on many levels. These companies now have sophisticated warehouses featuring robotics, labeling machines, and high speed conveyor belts. Each morning, drivers are given computer-generated routes that get products to stores efficiently and save gas and wear and tear on the vehicles. These routes are updated regularly, re-routing trucks in the event of accidents or road construction.

On this relatively small level, the executive must be well-versed in management skills and must fully understand how these efficiencies can be implemented, resulting in more profitable operations.

But as the distances for delivery increase, so do the logistical and transportation processes. The following are some of the demands that C-level executives must be able to address:

1. Inter-modal transportation that could involve complex sequences involving trucks, ships, planes, and then trucks. There must be seamless transitions that enhance speed of delivery, while saving money
2. A knowledge of international currencies as well as border treaties, terrorist/piracy hot spots, taxes, regulatory laws, and government issues
3. Security since international shipping frequently involves product movement through dangerous areas. How can these areas be avoided? How can protection be secured for pilots, truck drivers, and crews?

4. Transportation management, another critical element of logistics and supply chain management. This is perhaps the largest single cost and impacts all supply chain activities.

5. Negotiations with transporters in other countries and understanding pay scales and impressing upon them the importance of timely deliveries. An understanding of local cultures, religions, and work ethics also come into play when dealing with personnel throughout the world.

There’s no question that today’s executive is different from those of the past because of the premium placed on speed and safety of deliveries not only in local markets but across borders into other countries.

These efficiencies and systems translate into profits. Products are getting to the customer faster and prices can be managed better when processes result in lower transportation costs and fewer man hours.

As a result of these new demands, more pressure is being put on executives running these operations. And, this sophistication has also been responsible for the introduction of college majors which are preparing today’s students to be the logistics & transportation executives of the future. Taught by current executives, these classes have become quite complex.

For example, a syllabus for the Supply Chain Management major at Lehigh University clearly illustrates the complexities of this field:

- Provides solid exposure to supply management, logistics, business-to-business marketing and operations management topics.
- Develops cross-functional team skills by integrating Supply Chain Management students with engineering students in the Integrated Product Development (IPD) program.
- Emphasizes advanced cost analysis, negotiation, product development, and e-business.
- Integrates core business courses with supply chain major courses.
- Provides field study and experiential learning opportunities.

Logistics and transportation is a growing field, one that will not plateau. Companies are always seeking faster and better ways to get product to market and on consumers’ shelves or in their driveways. It is a sector that requires ingenuity for today and vision for the future.
Juan D. Morales is the Global Practice Leader for Logistics and Transportation, as well as Managing Director of the Miami office for Stanton Chase International Executive Search (www.stantonchase.com), a global retained executive search firm with 72 offices in 46 countries. Morales, a former executive with DHL Worldwide Express and United Parcel Service, is also the firm’s Logistics & Transportation Practice Leader for the Americas.

For more information, contact:

Juan D. Morales
Global Practice Leader, Logistics and Transportation
Managing Director
j.morales@stantonchase.com