

## Spot the difference across four decades

### What's changed in the past 40 years in the logistics industry? A lot, says Larry Woelk

First of all, titles. Being a 'Sales Representative' had a positive ring to it in the 70s. Not anymore. The title for a door knocker changed from Sales Representative to Sales Executive fairly quickly. Neither exists anymore, door knockers are called 'Business Development Managers' today. But they do the same thing – go out and get business.

Names, or the disappearance of, is something that has accelerated in the past decade. Airborne, Emery, Air Express International, Fritz, Circle Air Freight, BAX Global, Thomas Meadows, LEP, Pandair, Thomas Meadows, Atlas Air, Road Air, Muller Air Freight, Fernando Roque, Danzas, Herman Ludwig, Sagatrans, SET Dan Transport and many others aren't with us anymore. These companies aren't there anymore not because they went out of business but because they were bought by someone else.

40 years ago, logistics providers, freight forwarders and 3pls, were 'country-centric'. They had offices outside their home country but their home country was usually as big as all the 'overseas' offices put together. Today, the large freight forwards, driven by acquisition, are often just as large in other countries as they are in their home ones.

Industry consolidation is one of the biggest changes over the past 40 years. Everyone wants a 'global presence'. Has it worked? That's debatable. From a financial standpoint, acquisitions have more often hurt the bottom line than contributed to it. In fact, some industry pundits say that only 10% of the logistics sector's acquisitions delivered what they were supposed to.

The reasons were varied: cultural differences between companies, incompatible IT systems, loss of customer bases and mismanagement

caused by the 'I'm in charge and taking over' attitude of the acquirer showed too many good people out the door. There was a particular problem when the express integrators got into freight acquisition foray. The financial community didn't relate to the fact that acquiring freight meant acquiring low margin business. It took a few years for the integrators to clean up their balance sheets.

Forty years ago a freight forwarder was a freight forwarder, a 3pl a 3pl, a shipping line a shipping line and a haulier a haulier. Now everyone wants to do everything. Doing everything isn't easy. In fact, there are few examples which demonstrate it works.

Size is another change that has come full circle. In the 80s, there was expansion without acquisitions. The last decade or two has seen expansion and industry consolidation through acquisition with the 'everything, everywhere' theory.

Industry analysis show that the larger providers are growing at less than the industry average. Who's making up the difference? The smaller providers, who focus on niche sectors or geographical areas, or both.

'IT' wasn't even called IT in the 70s, but has added a new dimension to service delivery in the logistics industry over the past 40 years – but not necessary as would have been predicted. When I started with Airborne in 1972, message traffic was sent by Telex and post. Back and forth communication would take days. Now it takes seconds.

Another irony with the advent of IT in the logistics sector is that 'paper' has not only not reduced, but actually increased. The obvious exception to this is the express integrators who have sophisticated paperless systems. On the traditional forwarding side, paper is more prevalent than ever.

Forty years ago  
a freight  
forwarder was  
a freight  
forwarder, a  
3pl a 3pl, a  
shipping line a  
shipping line  
and a haulier  
a haulier.  
Now everyone  
wants to do  
everything