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BUILDING AMERICA®

RECRUITING AND TRAINING FOR 3PL COMPANY CULTURE

THIRD-PARTY LOGISTICS COMPANY C.H. Robinson tripled its business in 10 years, reporting \$9.3 billion in gross revenue in 2010, and completing a transformation that has seen the 115-year-old company transitioned from a grocery sourcing operator to the largest freight broker in the U.S.

By the end of the first quarter of 2011, the company had 7,783 employees at 231 stations, most of them in the United States, but a growing number at operations around the world to serve the company's expanding ocean and air freight business. C.H. Robinson has maintained a strong corporate culture across a far-flung network, a culture that emanates from its corporate headquarters in Minneapolis but is recognizable in Europe and Asia as well as across its U.S. offices.

C.H. Robinson expects to do more hiring this year in a recovering economy to serve its growing business. We talked to Senior Vice President Jim Butts about what C.H. Robinson looks for in recruiting, how the company helps its new employees become successful and how it maintains its company culture as it grows.

Q: Tripling in size and doubling your head count in 10 years has to challenge your ability to keep company principles in place. How do you do that?

JIM BUTTS: Part of the answer is in the question. Because we maintain a common view and a common culture,

that's partly what enables our people.

There are some unique characteristics of our organization that support that culture. For instance, we're decentralized, and that

is because we want to have people who are able to make decisions for our customers and be responsible for our customers. And that means shippers, receivers and our contract carriers as well, because we have to add value to all the parties that are in the transaction.

So we've got to have people who are decisive. People react well when they're empowered.



JIM BUTTS

Q: Is that a common trait of a C.H. Robinson employee, whether they're in New York, Minneapolis or Seattle?

A: That decisiveness, that desire to be empowered, to take action on their own — as a manager, one of the things that I realized happened a lot with, say, poor performers, is they would say things like, "I don't understand, I've done everything people asked me to do."

Well, the fact is, nobody has time to ask every employee to do everything that needs to be done. No more so than a customer these days has the time to ask any service provider to do everything that needs to be done. There is great value in people as individuals within their career taking action, in what we'll call their discretionary volition, to make decisions on their own and take action to contribute to customers' goals. And we as an organization have to do that for our customers as well.

So it is not just executing.

Q: *As you grow, can you lose control of that culture? You may want people to take action for their customers, but you want them to take actions that reflect what C.H. Robinson is about.*

A: What you are looking for is characteristics that do well within that culture. So certainly decisiveness and ability to function in an empowered manner with customer orientation is important, because we as an organization are not asset-based. And so everything looks to be a resource.

Q: *What do you mean by that?*

A: When a customer calls and wants to move something from point A to point B, for a transportation provider that becomes a decision on whether they have a piece of equipment within 50 miles or 100 miles. That's never the case for us. We look for what resources are out there. What ways do we have of accomplishing this customer's goal? So we don't look at it is a yes or no decision. When you look at what ways there are of accomplishing a customer's goal, you have to be much more creative and resourceful.

Q: *And how do you promote that in a day-to-day way to more than 7,000 employees?*

A: Another thing that we think is pretty unique about our culture is "pay for performance." It's based on how an individual or team performs, how a specific office performs and how the organization performs. We think that is really key.

When you have an organization that has to meet the expectations of 37,000 customers, with 49,000 contract carriers, you've got to be flexible, you've got to be agile, and you've got to have people who are excellent communicators just to meet those needs on a daily basis.

You may have one particular shipper who has delivery expectations of 98 percent on-time pickup and delivery, then you've got asset providers who have different expectations and you've got to find a way to bridge those expectations so the customer's needs are met, the contract carriers needs are met and you do it in a seamless way and fluid way that gets it done on a daily basis. So you have to meet the high expectations of multiple stakeholders that require a certain level of service intensity.

And you have to be versatile. And this is something some people struggle with: You have to be extremely detail-oriented, because transportation and shipping and supply chain

management are detail businesses, and have to have an eye on the big picture, too. What is the customer's overall strategy? What are they trying to do in the marketplace? What is their competitive position?

And we have to have people who are high-touch and good with people, people who are high-tech, in that they've got to understand technology. And you have to be high-team — working with others. It's very rare anymore that one individual can satisfy the needs of one customer, particularly in the global supply chain. We often have multiple people in remote locations who have to be brought together in such a way to meet the needs of a customer.

Q: *What you are talking about is intangibles. In hiring, I'm sure you hear from people who tell you how much they increased revenue here or accomplished something there. How do you ensure in hiring that you get those intangibles? How do you assess them?*

A: We've got a process where we evaluate people based on specific characteristics we've found to be important in successful individuals in Robinson.

Specifically, one would be the ability to take responsibility for results without having direct control over any of the elements. Because the first thing a customer is going to ask if a shipment is late is, why didn't you use a truck with enough hours to get the job done? So our job is to have a plan, but also to have a contingency in place. Because the successful businessperson is the one who has multiple options that they are able to exercise in such a way that they meet the service expectations of the customer.

One of our traits is "think, plan and go." It seems pretty simple, but it's always something we have to have in the back of our mind. Because in shipping, transportation and supply chain management, something is going to go wrong at some stage in some part of the transaction. And what do you do in that eventuality?

When I was a manager, everybody would come in for a job interview and say, "I'm a great team player; I'm a great problem solver." Well, OK, what does it mean that you're a great team player? For Scottie Pippen, that meant something different than it meant for Michael Jordan. Does that mean you get along with people, or does that mean the people you work with improve and work at a higher level because you are able to see their strengths and help them be more effective?

You add value as an individual by contributing to a team. And the team's goal is to make sure the customer and carriers are satisfied with the service. If the customers and carriers don't see the value you are adding with your service, it's a tough industry to make a living in.

There are individuals who may have a very high performance as individuals. And then what we find is we have to encourage them to grow in a way to become successful in a team environment. And oftentimes that means doing a variety of things depending on the customer's needs. It's he or she who is most flexible that finds a way to win.

So that is something we look for, certainly from our managers. We promote from within. We think that's good internally, and we think that's good for our customers as well. Because our customers want to see that people that are meeting their needs are also growing their careers.

Q: *There are many more programs at universities involving supply chain management. Have you seen the impact of that in your recruiting?*

A: The universities and colleges are much more focused on turning out graduates that have transportation logistics and supply chain management degrees. We see that as a very positive development. One thing we have done is become much more involved in those academic institutions, either in an advising standpoint — being on boards, and many other things. Many of our people go talk to classes on career days for instance. We see that as a positive trend.

The fact is, it still does not change much in terms of what we are looking for in employees. Those logistics and supply chain management degrees are important, yes, but it does not trump those other characteristics we are looking for. We need the ability to communicate, the ability to work with other people, that high-touch, high-tech, high-team person we talked about before. Those things will always be important. That does not take away from the importance of the academic discipline. It just points to the maturing of the industry. Those customers who work with us understand what our capabilities are, but they also have higher expectations of our people, which we see as a positive. **joc**

The complete interview with Jim Butts, can be found at <http://www.joc.com/logistics-economy/recruiting-and-training-3pl-company-culture>.