

Transportation Intermediaries Association

State of the Association
The Times They Are A-Changin'

30th Annual Convention

Robert A. Voltmann
President and Chief Executive Officer

1. The Economy

We meet here today to celebrate our 30th Anniversary. It was 30 years ago, in Washington, DC that our founders met to form an association – not to protect the few with licenses, but to seek market freedoms and deregulation. For 30 years, this association has stood for open, fair, and unfettered markets.

The current political debate is centered on change. And, the times they are a-changin'¹. But, change is something you know a lot about. And, you know that the secret to changing times is to keep your head when those about you are losing theirs.²

As we meet, our economy is under stress. Our dollar is weak. Oil is expensive. Our infrastructure is in desperate need of repair and expansion. The housing market is in the toilet. The automobile industry is under constant pressure. And, you are working harder to make money. For some of you, this is the first real downturn you've experienced. And, if you listen to the media, you would think we had dust bowls and soup lines again.

But, think back with me for a minute. When our association was being formed and the industry created, railroads were so bankrupt the federal government bailed them out and created Amtrak and Conrail. The infrastructure was so bad that trains fell off their tracks while standing still. The prime rate reached a high of 20 percent! Inflation was almost 9 percent! Unemployment hit 10 percent. And, we had gas shortages.

Change is something you know a lot about. Throughout the cycles of the economy, you have created an industry that in turn has transformed the world. Today we take terms like "just-in-time", "global-supply-chains", and "logistics" for granted. These terms, however, either did not exist or had very different meaning before 1980.

You continue to change the world. Even in the face of a challenging economy. Dick Armstrong of Armstrong and Associates reports that the industry grew by nearly \$50 billion dollars in 2007 from \$114 billion to \$162 billion. You have created an essential industry that has become a virtual part of our economic engine.

¹ Dylan, Bob. "The Times They Are A-Changing" Copyright 1963, renewed 1991. Columbia Records.

² Kipling, Rudyard. "If." One Hundred One Famous Poems, compiled by Roy J. Cook. Contemporary Books, Chicago. 1958.

This is a wide open market filled with opportunities. In fact, I believe that we are living in the greatest time to be in this industry. And, I believe the best days of the U.S. economy are ahead of us. Every one of you has the opportunity to be as big as you want to be. Let me say that again. Every one of you has the opportunity to be as big as you want to be.

There are publically traded companies that are growing. There are privately held companies growing organically as well as through merger and acquisition. There are family run businesses that are growing as the next generation takes over. We have individuals that sold their companies or were part of sold companies that have successfully started amazing new companies. And, we have family run businesses that are happy just the way they are. Because the market is growing, fragmented, and centered on service, you can compete on every level. TIA can help.

I know that some of you are struggling. Yet others in this room are doing quite well. One of the strengths of TIA has always been the willingness of members to share ideas with each other. Talk to each other. Use this time to share ideas. If you want to grow, find out what the companies that are growing are doing to maintain that growth.

The times they are a changin'. The industry has gone from local business centered around a truck stop to regional and now to national and even international. There are members now with operations on both sides of the oceans. These companies are taking the lessons learned here and translating them into Chinese and French. As your customers' supply chains become global, are there opportunities for you to go global as well? TIA can help.

2. Regulatory Environment

As I travel around and speak with you and with carriers, I hear a constant refrain of market challenges: brokers complaining about carriers that re-broker freight; carriers that take loads without checking credit and then complain when they don't get paid; carriers complaining that brokers take too much money; carriers complaining that they are not properly compensated for fuel costs.

The times they are a-changin', and in changing times there is a choice. In the late 70's and early 80's, the government made the choice – I believe the right choice – to pursue a policy of economic deregulation. While I am sanguine about our economy, I am not as bullish on Washington's involvement in business.

The current administration has initiated the greatest increase in government regulation – all in the name of security – since deregulation began in 1976. And, this is a pro-business administration.

Much of the current debate centers on an increased role of government in our lives and businesses. The politicians and organizations calling for change are not calling for decreased government. Quite the opposite.

As an industry, we need to be aware of this and the threats it poses. As the leaders of the industry, we need to continue to set the pace, solve our own problems, and raise the bar.

If we do not, you could find yourself in a very different industry. There are calls for regulation of your margins – to have the government set the percentage and require you to post your margin on every load. There are calls to regulate your handling of money by requiring you to establish escrow accounts. There are calls, once again, to regulate fuel pricing and surcharges. There are calls to increase the bond requirement.

I believe that we can avoid this wrongheaded return to regulation. I believe that we can avoid a one-size-fits-all approach, and create a clear choice for using TIA members.

This was the dream of our founders in seeking to end government regulation. It was the dream that caused the creation of the association. It was the dream that caused the creation of the TIA Code of Ethics. It was the dream that created TIA Watchdog so that you could protect each other from fraudulent players in the market place. It was the dream that caused TIA to launch the Guaranteed Payment Program. It was the dream that became the promise of TIA.

Thinking that new government regulation will help is like asking for a new set of 10 Commandments because the first set isn't working. The tools to solve the problems of today rest with the leaders of our industry.

TIA Watchdog is the best tool to combat fraud in the marketplace. It is a free benefit of membership, so use it. There are nearly 1,000 reports on Watchdog. If you avoid just one re-brokered load because of Watchdog, it has paid for your dues investment for the year! Through Watchdog, you help each other avoid problems. And, it is working. We have heard from carriers that tell us that since they were posted on Watchdog they can't get TIA loads! As you use Watchdog, you will transform carrier behavior and push the really bad guys away from TIA members.

Remember, all of your hard work in qualifying a carrier goes out the window if that carrier re-brokers your freight without your knowledge. And, when that happens, your business and your reputation are on the line. If you don't use Watchdog, please stop by the TIA booth and see Jessica Mizell and she can get you started.

Last year at this meeting, we announced the launch of the **TIA Guaranteed Payment Program – GPP**. As we meet today, 30 companies have become part of this exciting new program. Through GPP TIA members will once again turn the industry on its head. Through GPP we will turn the debate about broker bonds and turn it into a strategic advantage for TIA members. Through GPP we will stem the tide of shipper required bonds. Through GPP we will create a clear reason for shippers and carriers to trust their business to TIA members. Through GPP we will stem the tide of re-regulation.

GPP is already working. The ad that ran in Transport Topics this week is just the beginning. Through GPP we will have the resources and clarity of message to make our voice heard.

GPP is already working. Two shippers have already accepted TIA's Guaranteed Payment Program in lieu of a separate shipper bond! We will continue to pursue shipper endorsement of this idea. If you can avoid posting special shipper bonds, GPP will actually save you money!

GPP is for all TIA members. On this original list are companies of all sizes.

I met on Wednesday of last week with leaders of ATA, TCA, NPTC, and various other trucking associations and explained the program. These associations – at one time or another – have all called for increasing the broker bond. TIA will pursue endorsement of GPP by these associations. When the economy heats up, and trucks

become scarce again, through GPP, TIA members will have an advantage over non-members in getting trucks.

I have met with government officials and explained the program. While not taking an official stance, I can tell you that these officials were blown away that we would take this step.

So, whether it's to raise the bar in the industry, or avoid costly shipper bonds, or have an advantage in getting trucks, or to avoid increased government regulation of the brokerage industry – GPP is a Grand Slam! It is the right thing to do, and I believe it is essential for TIA members to sign-up for GPP if we are to avoid severe industry regulation.

If you need an application or have questions, stop by the TIA Services booth and see Nancy O'Liddy or stop by the Avalon Risk Management booth.

TIA Foundation will expand its benchmark information. Every TIA member should have a copy of the **Compensation Survey**. As the business has become national in scope, it is essential that you know how your compensation measures up with other members or you will lose your employees and agents. TIA Foundation will also launch an **on-going metrics report**. This is our industry. We are its voice. And, we must become more active in reporting on the industry.

We will continue to increase our **representation** of you in Washington as TIA and in coalitions where they make sense and there is a confluence of interests.

We will work with carrier organizations to educate their members on **how to select and work with brokers**.

We will also blast back against the false statements from **OOIDA** that brokers do not pass along fuel surcharges. I know that you pass along more than you collect. The cost of fuel is vexing all aspects of our economy, but brokers are not the problem. OOIDA is using you as their rallying cry for increased regulation of the industry, and we will fight back.

Finally today, I want to share TIA enhancements to our communication and networking capabilities. At this convention, we are launching a revised **conference and committee structure** to allow as many members as want to be involved in the establishment of TIA policy. We have restructured the conferences around the four

modes of transportation. Within these conferences, we have organized committees. A sign-up sheet is available in each of the conference meetings.

We will launch our revised website with a members' only section. The revised website will also feature an improved program for shippers and carriers to use in finding TIA members that can help them.

On Saturday, you will have your choice of special networking opportunities. We will host our second **Women in Logistics** lunch. We will also host a lunch to launch a **Next Generation Network**. We are a 30-year old industry of mostly family run businesses. Many of our members have already turned the business over to the next generation while others are still in the planning process. The idea of the Next Generation Network is to help that next generation through the transition from parent started and run to sibling run organizations and the challenges entailed therein.

3. Closing

The times they are a changin' both in the nation and at TIA. But change is not something TIA members fear. I am excited to be a part of this organization as I believe our best days are ahead of us. There is no other association taking on the types of initiatives and issues that TIA has underway. You are the most innovative and creative companies in the transportation industry and TIA is the most innovative and creative trade association. Together, we will keep our heads and benefit from the changes. Thank you.