

YES, YRC WORLDWIDE CAN BE SAVED

THE JUNE 13 Journal of Commerce cover story on YRC Worldwide did an excellent job of looking at how the company got to where it is and what factors will be essential for the carrier's survival and prosperity after it completes its financial restructuring. One element that deserves highlighting, however, is the most critical factor of all: selection of the right person for the CEO position.

Bill Zollars and his team of inside and outside financial advisers have done a terrific job of restructuring the balance sheet over the last three years to keep the company out of bankruptcy protection. They defied all odds when many securities analysts were heaping scorn on the company and some were even targeting various dates for the company to file for bankruptcy.

To reap the rewards of the hard work of these last three years, Zollars and YRC Worldwide's board now need to pick the right person to fill the CEO post, and do it quickly; the end of July is just around the corner.

This is important not only for YRC Worldwide but for the less-than-truckload industry as a whole and for the industry's shipping customers. With that in mind, there are several things the company should be looking for as it steers toward a stable future.

I believe there are five credentials that are absolutely essential for any new CEO at YRC Worldwide:

- *Operational experience in the transportation industry.*
- *Employee relations experience with unionized workers.*
- *Ability to hit the ground running; there is no opportunity for a 100-day honeymoon period to learn about the industry and settle into the job.*
- *Leadership skills to motivate the front line employees to take personal responsibility to please the customers.*
- *Experience in managing a publicly traded company and its multiple stakeholders, such as banks, shareholders, shippers, employees and regulatory agencies.*

Beyond that, there are two other preferred, more detailed qualifications for any serious candidate for this important role in the trucking industry:

- *Prior experience in the LTL freight industry, along with understanding of the current LTL competitive marketplace.*
- *Experience in dealing with the Teamsters union leadership and rank-and-file employees.*

The company has one chance to select the right person to win the confidence of three key stakeholders whose support has kept the company alive over the last three years with unprecedented concessions, deadline extensions and tolerance of service issues during the integration and financial restructuring process.

The support of labor is especially important because after all its movements behind the scenes, YRC's financial future now rests more firmly than ever with its employees.

The confidence of the Teamsters union will mean drivers and dock workers will be bleeding Yellow and will go beyond the work rules. Remember, just one extra shipment per month per customer per pickup and delivery driver will generate more than \$170 million in incremental revenue per year — revenue with a very high operating margin.

At the same time, the confidence of YRC's work force will lead to the confidence of shippers, the customers who will help the company in regaining lost volume diverted to other carriers over the recent past. That, in turn, will lead to confidence at the banks, which will help with access to capital on favorable terms.

The company has spent the last three years on financial restructuring, spending several million dollars on turnaround and financial experts. By late July, Zollars and his financial advisers will have completed the financial restructuring process and will have done the best that could be done for two stakeholders — banks and bondholders.

Now the company needs a marketing and operational expert with understanding of the industry and to gain confidence of shippers and employees. And with the chief financial officer position temporarily held by a board member, the CEO and the board will have the opportunity to select a strong financial expert to be part of the executive team to continue to address the needs of the financial stakeholders.

Although there are a few candidates who meet the required credentials to be the next CEO for YRC Worldwide, many are either restricted in various ways or not ready to take the enormous challenge and risk that will come with taking the helm at YRC Worldwide.

There are, however, candidates with the necessary experience and weight in the industry, executives who can win the confidence of union members, banks and shippers and take what remains, after all, a very large business and carry the business forward.

Among former executives are names such as Daniel Sullivan, the former CEO of RPS and FedEx Ground and chairman of Roadway Express, and Gerry Detter, former chief of Con-way. Both are happily retired, however, and Sullivan is restricted by non-compete provisions in his retirement package. Another strong candidate would be James Welch, a former YRC executive who now is president and CEO of Dynamex.

Whoever fills the YRC Worldwide position, the most important decision that executive will make probably will be the decision to take the job in the first place. If the board makes the right choice at the outset, everything else should fall into place. **joc**

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■ By Satish Jindel