

2000-2007 Imagination at work: Technology and Services add new look

As the millennium dawned, TIP was able to turn to the culture, process and technology tools of its parent GE to help it adjust to the new economic environment, one battered by the tragic events of September 11, 2001, the financial scandals hitting Wall Street and an economic downturn that created overcapacity in the trucking business.

GE's charismatic former chairman Jack Welch had changed the company dramatically in the '80s and '90s, first with restructuring, and then with his focus on leadership development, empowerment and the use of process improvement tools such as Six Sigma and Digitization. Gary Wendt, the head of GE Capital Services (GECS) who had led the business the entire time TIP had been with GE, left in 2000, and was replaced by Dennis Dammerman as chairman and Dennis Nayden as president and CEO.

The two new leaders began looking closely at the units of GECS in a new framework, hoping to instill the operational efficiencies learned in GE's manufacturing business into the deal-making and risk management culture of the financial services units. With financial scandals such as Enron hitting the news, renewed emphasis was placed on integrity, controllership and compliance at all levels of the company.

Then, in August 2002, GE's new chairman Jeff Immelt announced the reorganization of the GE Capital Services portfolio into four business units, portions of which were later grouped with GE's industrial-side businesses.

TIP ultimately became part of a new division named GE Equipment Services, part of GE Industrial, along with related businesses such as Rail Services, GE's Penske Truck Leasing limited partnership, the GE SeaCo marine container joint venture and Equipment Services Europe (ESE). The ESE business included the former TIP Europe trailer business, which had separated from TIP in the United States by then, but was still part of GE.

To further balance the portfolio, Equipment Services transferred TIP's Intermodal assets and unit in 2002 to GE's Rail Services unit in Chicago, which allowed it to benefit from relationships the business had with rail customers and shippers.

With its former European unit now out on its own, its

intermodal unit transferred out and its storage unit sold off, TIP was asked to revisit its core business model of renting, leasing, financing, maintaining and remarketing trailers — primarily dry vans, flatbeds, and refrigerated vans. It had a fleet of 130,000 assets, 100 branches and 1,100 employees spread across Canada, Mexico and the United States. A new leadership team was in place, one partly shared with GE Modular Space, the offshoot of TIP's 1969 entry into portable office and classroom trailer leasing.

The stage was thus set for the next evolution of TIP, and it started with a change in its "go-to-market" name in August 2004, to "Trailer Fleet Services." The action was partly a requirement of new GE branding guidelines, partly to leverage GE's brand strength, and in the end, due to the fact that a new business model was needed.

"The name 'Trailer Fleet Services' was intended to be descriptive of our entire value proposition," explained current CEO Joe Artuso. "It's actually a name we've 'grown into' over the past few years, and one which more accurately represents what our customers and the market are telling us they want now, which is total fleet management."

Total fleet management for over-the-road trailers means taking all the headaches away from fleet owners and carriers. Freed from the financial liabilities and maintenance worries that come with running a trailer fleet, these firms can now focus on their core competency, whether it's ensuring reliable delivery as a common carrier or selling retail goods, as in the case of a grocery chain private fleet.

"Rentals and the long-term leasing of trailers remain an important service we provide," Artuso continued, "but what's exciting for us is how we can now add maintenance services, remarketing services, and asset monitoring to help our customers boost their productivity, meet their cash flow goals and ultimately improve service to their end customer. No one can pull all that together like we can now."

Maintenance Services were first offered in 2000, and include providing maintenance services on both company-owned trailers and customer-owned trailers, said Tony O'Brien, currently the Remarketing Services vice president for Trailer Fleet Services. Today more than 500 mechanics, using fully outfitted mobile maintenance

service trucks, service hundreds of trailers each day for national, regional and local customers. The popular service capitalizes on the company's decades-long experience in maintaining its own fleet.

Remarketing Services, including trailer sales, also came of age since 2000. The business took its expertise in refreshing its own fleet and now helps customers do the same. If a customer says, "I wish my fleet were made up of 53-foot trailers, all three years old and of the same brand," Trailer Fleet Services can make it happen, said O'Brien.

"We can buy the new fleet at a volume discount price, and our branch network can absorb the customer's old fleet. GE can finance the new transaction if needed, and we can insure the trailers, do the maintenance and give asset monitoring services. All this helps the customer manage his business with predictability." Remarketing has grown to the point where Trailer Fleet Services sells 25,000 to 30,000 trailers annually, making it the largest retailer of used trailers in the United States.

The company built these services — and others — after using GE process tools to engage its customers in a direct dialog on how to improve current services, and also develop new ones to meet future needs. This evolved into the Client Advisory Board (CAB) of Trailer Fleet Services, formed in 2005 by Senior Vice President of Sales Bob Williams, and is made up of members from a cross-section of the customer types the company serves. The best example of this dynamic is when Trailer Fleet Services asked its customers what they wanted in a trailer tracking system. In 2002, the then-TIP business conducted a "bake-off" comparison test of existing products on a portion of its own fleet, and found that nothing really met fully what customers wanted.

It then designed its own system, had it validated and tested at the world-renowned GE Global Research Center

in Upstate New York, and launched VeriWise™ asset monitoring in April 2003.

Today, VeriWise has been installed on more than 150,000 trailers in the United States, Canada, Mexico and Europe. The dual-satellite product line can accept new sensor enhancements as customer demand dictates. Over the years this has included cargo and door sensors, solar-power capability and many others.

The product line was further enhanced in 2007 by the acquisition of Terion, maker of a similar cellular-based system. Customers using GE's asset monitoring services now include Wal-Mart, the U.S. Postal Service, J.B. Hunt Transport Services and Knight Transportation.

The development of VeriWise also resulted in the fourth business spin-off from the original TIP model. Asset Intelligence was formed in 2005 and is now an advanced transportation telematics engineering firm with offices in Chicago and Plano, Texas. The unit develops strategic capabilities for GE to serve global supply chains, with a focus on asset monitoring for trailers, railcars and marine containers.

"The role our customers played in the development of our portfolio cannot be overstated," explained CEO Joe Artuso. "The ultimate challenge for us and for our customers is to generate as many revenue hours as possible, for each trailer in a fleet, during every 24-hour period. We've combined years of experience in the trailer business with the global research capability and financial stability of GE, to give customers specific products and services to help them be successful in the current market environment."

And what does the future hold for Trailer Fleet Services? Well, they've thought about that too ... see the next section for a look forward.