When an intermodal company’s direction is being changed through succession or an acquisition, put a premium on a company’s culture, careful planning and identifying the right person to lead the enterprise, experts counsel.

Culture is extremely important at a company, said George Fieser, a partner at ESG Global Solutions who specializes in truckload recruiting. No company wants to deal with a change in that culture as a result of a transaction. Company culture includes procedures on how to treat employees and a shared feeling of a company’s direction and understanding of its goals, he stated.

A late 2017 transaction in the intermodal sector was a prime example. "NFI is a perfect cultural fit for the CalCartage family and is why we sought them out since the beginning," said Bob Curry, Sr., CalCartage owner and chairman, when New Jersey-based NFI agreed to buy the California company. "Our people have built up this company over its long history, and NFI is an ideal organization to grow with and provide more opportunities for our employees, independent contractor partners, and customers.”

Phil Yeager, chief commercial officer at Hub Group, elaborated. “The most important thing we stress when considering acquisitions is cultural fit, which is not only important to us but also to the legacy of the seller," he said. "Sellers are looking to find a great home for their business with a buyer that shares their values and matches their ethical and personal standards.”

A similar attention to culture occurs in the hiring process. "It is extremely important that we have a thorough vetting process that tests cultural fit,” he told Insights. “Maintaining your values and ethics is always priority one. If a person from the outside can meet those stringent criteria and also bring incremental value and innovation, you will have a foundation for long term success with those individuals.”

In Hub’s case, the company’s culture has been formed over 47 years, since Yeager’s grandfather, also named Phil, and wife Joyce founded the company with a core commitment to intermodal.

The family focus continues today, with Dave Yeager, son of the elder Phil, in the CEO position for the past 22 years. "A visionary, innovative leader who is also a steady hand and strong steward of the business is key to long term success, and
we are so very fortunate to have had that far longer than the majority of businesses of our size,” said the younger Phil, who is Dave’s son.

**How Critical Is Culture?**

“Most deals fall apart ultimately if all of the culture considerations are not anticipated, addressed and well managed,” said Norris Beren, Risk Reward Consulting’s chief executive advisor to CEOs.

Culture embraces every part of a company, he said, stretching beyond people to include activities such as processes, core values, operations and a focus on whether to create value or profit.

“A New York or Chicago-based company buying or being bought by a company in Mississippi, for example, will have huge cultural differences that have to be reconciled and aligned properly.”

In addition to culture, careful planning is a must, experts said. Beren urges potential sellers to plan ahead because there are so many complicated and extensive questions to consider.

They include whether there are strong internal management prospects, overall management capabilities in-house, the transferability of IT and financial systems, taxes, financial forecasts for cash flow and profit, contract and rate agreements, as well as customer and competitive response.

Whether the seller will stay on for a period after the sale is a key decision to make, along with how long that period might be and whether there is a mutually beneficial relationship that can be developed, said Beren.

Consultant Henry Hutcheson, president of Family Business USA, said the most important consideration is “for the business seller(s) to try to get themselves removed from the business as much as possible. To a buyer, it doesn’t do any good to buy a business that is predicated on the seller being in the business.”

Fieser stressed that a different, also important, facet of ownership changes how the seller’s actions typically change.

They start by wanting to know how much money they will make. However, as a sale draws closer, owners usually feel growing responsibility to provide for the families who will be affected.

He mentioned several trucking operators have chosen employee ownership models instead of a sale to an outside buyer, specifically to preserve employees’ jobs.

“It goes past the money,” Fieser said. “That can’t be emphasized enough. Owners are concerned about what is going to happen to their colleagues, the drivers and dispatchers.”

Still another factor in assessing a company’s future is whether to look inside or outside when new leadership is needed.

“Generally speaking, leadership from the inside is where you look first – they know the company, how the business works, have relationships established, etc.,” Hutcheson said. “However, sometimes the employee base simply does not have the candidates with the potential to lead the company.”

If a company is stagnating or actually in trouble, that’s another important reason to look elsewhere, he added, because “the right outsider can more easily make the changes that may need to occur to get the business back on track.”

Fieser said a potential newcomer can create value at a company by showing they have the competency, experience and skills needed to deliver in the new role that an insider might lack.

Like the other experts, Beren believes there are multiple factors at play whenever a leadership change is being weighed.

One way for a company to decide who the best person might be is to focus on defining exactly what qualities the company is looking for and incorporating them into a job description.

In many cases, Beren believes an experienced internal candidate who lacks leadership skills won’t be as good a choice as an external candidate who has those qualities and the ability to “learn the nuances of the target company and be very effective.”

**What Constitutes a Valuable Leader?**

“Good leadership can identify where the company needs to go to be successful, how to get there, and then lead the charge,” Hutcheson said. “Good leadership makes a more effective company as it builds confidence and pride in the employee base to work harder, smarter and as a team.”

Hub Group’s Yeager emphasized a leader’s integrity.

“If your team is aligned, working and winning together, comfortable challenging one another and lives your values every day, then I would say there is strong leadership not only at the top but at all levels of that business,” he said.

Beren believes a leader must create and communicate the company’s vision and provide an environment that will encourage employees to become involved and self-motivated.

Fieser made a similar point, stressing the need for a new leader to create a culture of transparency and create an open-door policy that builds confidence.

When searching for leaders, Fieser believes it’s possible to identify whether they have necessary qualities as early as an initial interview, where a candidate’s answers to questions can signal how they will coach, manage and lead people.