



CONRAIL BRIDGES THE EXPERIENCE CLIFF

Incorporating the past, present and future to develop human capital.

By JOSH DAVIDSON, Contributing Writer, and STEVE MCGINNIS,
Communications Coordinator, Conrail, for Railway Age

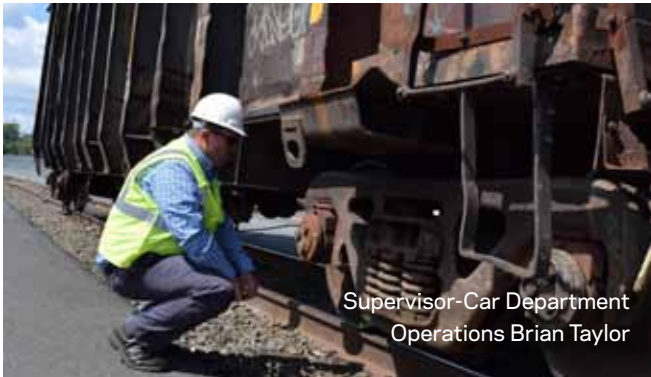
Formed in 1976 to consolidate seven bankrupt eastern railroads, Conrail's greatest challenge was to pare a vastly oversized workforce and asset base. Since that time, it transformed through the discharge of passenger service to Amtrak and metropolitan commuter agencies along with many other consolidation and resizing efforts. Conrail's evolution has been dramatic, from government-born behemoth to a wholly owned terminal and switching agent, operating in three of the nation's busy rail hubs providing a consistent competitive environment for CSX and Norfolk Southern Corp. since 1999.

Conrail now stands at the edge of an "experience cliff." By the end of this decade more than 3,000 years of experience will exit into well-deserved retirement—leaving a corps of mid-career talented managers who must overcome this significant loss of experience.

Its current success comes from a high degree of management expertise approaching retirement age. In 2010, Conrail President and Chief Operating Officer Ronald L. Batory, along with his immediate leadership team recognized the looming management shortfall. Expertise developed over three millennia would need to be replaced in a decade's time. Additional challenges

simultaneous to effective succession planning were the ongoing necessities of implementing new technology such as remote-control switching, satellite assist tracking via GPS, and PTC development along with the never ending attention to a safe work environment and enhanced service delivery processes to fulfill changing demands of the customer base—all in the midst of an economic downturn not seen in decades. The new generation of managers would need to grasp the age-old demands of running a railroad and learn to apply new technological skills, some of which didn't yet exist in the industry.

Even if it was possible to replace the retiring bodies by recruiting experienced managers from other railroads or related industries, it would be risking the unique Conrail culture of serving two masters equally that had developed so effectively since 1999. The answer was to create a synergistic, strategic program to recast Conrail's management ethic to value learning ability and specialized training with the respect traditionally granted to years of experience, and create a culture of strategic teamwork where individual expertise is considered "common property" to be shared and nurtured across departments. Batory and his team also recognized that good fundamental management practice was based on



Recruiting for Management Potential

Finding employees at any level who can successfully adapt to the rigors of working 24/7 is a challenge. To also gauge their potential for leadership and their likelihood to remain with the company requires imposing higher standards for all candidates. A high school education is sufficient to succeed in craft positions on most railroads, but Conrail continually seeks candidates with some post-secondary education. Many “new generation” Conrail managers didn’t initially see their own management potential when they entered their craft role. Work Force Planning Manager Lisa Jones (p. 57) entered the company as a Conductor, and never considered a management role until she came to “envision herself as a capable leader through the support and interaction with co-workers.”

Conrail also seeks candidates who already have pertinent experience, education or both. The U.S. Armed Forces is a source of disciplined individuals accustomed to large-scale logistics operations.

Prior to joining Conrail, Steve Hart (p. 56) was in the United States Army and served two combat tours in Iraq. He was hired as a Train Dispatcher and completed his Bachelor’s degree while working in that position. Steve was promoted to Management Trainee in the Transportation Department and after a one year training and evaluation period was promoted to Supervisor-Car Department Operations. He currently holds

real “on-the-rails” experience, ensuring that decision-making remained grounded upon the realities of the rail industry work place. The strategy comprised four core tactics:

- A focus on recruitment and hiring practices from craft employees with post-secondary education, specialized training or military service.
- Engage and expose new-hire trainees to seasoned management.
- Develop multiple, complementary layers of expertise among the emerging trainees.
- Weave a collaborative learning culture where newly promoted managers incorporate colleagues’ expertise.



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the position of Assistant Manager-Risk and was recognized by *Railway Age* as a runner-up in the inaugural “Fast Trackers, 10 Under 40” contest last year.

An active college internship program is also a primary channel for new employees with various levels of exposure and experience. Scott Gruenburg (opposite, right) started as an intern while attending Fairfield University. He was hired as a full time employee after graduating and trained as a Conductor prior to entering Locomotive Engineer training. His education, training and experience provide the potential to assume leadership roles in the future.

Whether a new hire enters Conrail with a degree completed, unfinished, or only an aspiration, they are given every opportunity to further their education. Training and education through Norfolk Southern Corp. Railroad University, CSX Transportation REDI, Railway Educational Bureau, and other industry-specific training institutions is strongly supported for all employees. Tuition reimbursement policies aid employees who aspire to enhance their skills and/or obtain a pertinent college degree.

For those managers who display significant leadership qualities, Conrail selectively enrolls its cadre of candidates into the Michigan State University Railway Management Program or University of Denver Master of Science in Transportation Management.



Locomotive Engineer
Scott Gruenburg

Engaging New Hires

Throughout the year, the senior Conrail leadership team holds a series of “Listening to the Future” sessions with first-year employees. These personalized group meetings are meant to honor the completion of the toughest year of their career—the first. In a relaxed and open environment Conrail honors the “first year rookies” accomplishments and listens closely to their impressions and ideas evolving from their first year of experiences. Close contact also assures new hires that they are important to the success of their employer, but just as importantly, it helps their newly associated employer to be aware of what the first year experience is like today for a new hire.

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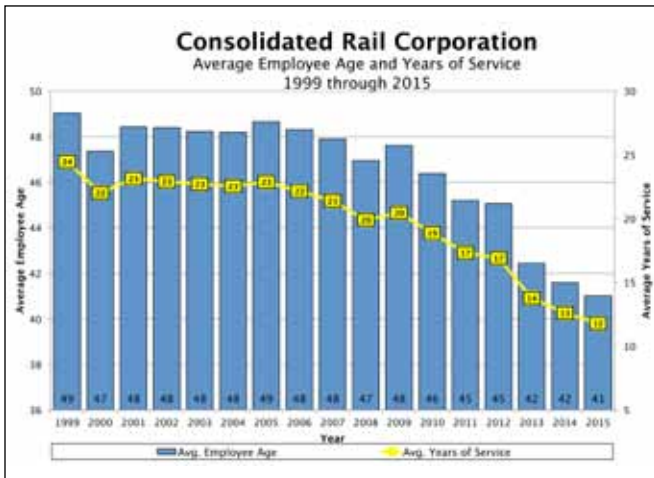
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Assistant Manager Risk Steve Hart

Developing Expertise

As a complement to the general recruiting process, awarding internships to enrolled college students who display interest in the rail industry views the human resources prospecting effort through the other end of the scope. Conrail interns are typically intent on entering the rail industry, and gaining experience is the essence of their role. But the internship channel presents a different challenge to Conrail's sometimes imperative that a manager possess some mastery of a craft. Assistant

Terminal Engineer Adam Baginski (p. 53) had anticipated a railroad career since high school. He interned with Conrail throughout his college years at McGill University, graduating with every intent of putting his civil engineering degree to work. "The surprise was that I came up through the operating crafts," says Baginski, who was hired as a Conductor and then promoted to Locomotive Engineer, Yard Master and Train Dispatcher. "The lessons I learned in the crafts gave me an advantage as a leader respectful of work performed by others."

New Low Profile Portable Derail


Western-Cullen-Hayes announces a new portable derail, the LP-TS. This new derail incorporates the same proven, overall design as the TS Derail, but with a lower above top of rail height to clear locomotive pilots. The LP-TS comes in either a left hand or right hand version.



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Workforce Planning
Manager Lisa Jones



New operations and maintenance craft employees complete Conrail's in-house training program. Individuals who display exceptional qualities, quickly grasp the training material and readily apply it without exception are identified for advancement opportunities. Preparation for a management role presents a whole new level of commitment between the individual and the company to equip the prospect with the technical knowledge and communication skills they will need to progress and succeed.

In his eight-year rise from Car Inspector to Supervisor of Car Department Operations, Brian Taylor (p. 54) has attended numerous technical training and management educational forums at Conrail to favor his undergraduate degree from The University of Delaware.

Integrated Management

Every management development module makes sense on its own. But it is by their strategic combination that they will, in relatively short order, gel into an energized and empowered management culture that can replace millennia of experience with versatility, expertise, and teamwork on an accelerated basis.

Facing an epochal transition, Conrail must depend on a strong teamwork culture maturing through collaborative work association. Vice President and Chief Engineer Tim Tierney, and Vice President, Chief Administrative Officer and Treasurer Anthony Carlini have initiated a far-reaching team-building strategy to task the new generation with developing modern solutions to perennial railroad challenges. Five teams of managers were composed of various disciplines within the company, and assigned to tackle a classic challenge that will continually arise in evolving forms throughout their railroading careers.

Six years ago, Conrail faced a future for which it had to prepare. It was imperative to replace 3,000 years of experience in ten years' time. The objective was to build an integrated system of professional diversity upon a solid bed of traditional railroad experience through a "greenhouse" strategy incorporating the past, present and future of railroading. At this juncture, it stands as a proven transformation of the railroads' human capital development process. **RA**



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