

## LEADERSHIP STRATEGY

# Why A National Railroad Strike Is A Possibility Again

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Business leaders should not assume that because a crisis did not strike their company today that a crisis won't become a reality tomorrow.

A potential railroad strike that would impact the entire country is a good example.

As I wrote [last month](#), “The deal to avert a national railroad strike that President Joe Biden [announced](#) [on Sept. 15] does not mean business leaders should assume that the chances of a service stoppage have completely passed. Indeed, the possible strike is a wake-up call for companies and organizations about the need to prepare for such a situation.”

That possibility is getting renewed attention.

“One of the nation’s largest railroad unions has rejected a contract with freight carriers, once again thrusting the industry into uncertainty and raising the possibility of a strike,” the [Washington Post](#) reported yesterday.

“Members of the third-largest rail union rejected the proposed five-year contract 56% to 43%, officials said. Both sides have agreed to resume negotiations until at least Nov. 19, and railroads are expected to continue operating normally in the meantime,” according to the newspaper.

## Cause “For Apprehension On All Sides’

“But the two largest unions, the Sheet Metal, Air, Rail, Transportation union, which represents conductors, and the Brotherhood of Locomotive Engineers and Trainmen, which represents engineers, have yet to vote—throwing those outcomes into question,” [CNN](#) reported.

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“It’s a toss-up,’ said a union source with one of the ‘big two’ unions.”

“The engineers and conductors union votes are cause for ‘apprehension on all sides,’ said the source. Online chatter among the conductors union and engineers union members signal they want a strike before even seeing the contract, while some are calling for reason, the source said.”

As I wrote [last month](#), “Had the [national railroad strike](#) become a reality [in September], the labor stoppage would have created another crisis for thousands of companies and organizations. The impact on companies, organizations and fragile supply chains would have depended, of course, on the duration of the strike.”

## ‘Customers Are Facing Supply Chain Fatigue’

Another factor company executives should keep in mind if there’s a strike is the reaction of consumers.

“After nearly three years of supply chain delays and asks for ‘understanding’ during difficult times, customers are facing supply chain fatigue,” [Kushal Nahata](#), CEO of FarEye, a last mile delivery management company, said via email.



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“The patience they had during the early days of the pandemic is waning, and the overall sentiment is that companies should be able to plan accordingly and have solutions readily available,” he advised.

Companies “should adapt their logistics models so [that] very little disruption is felt by their customer base. If they don’t, customers have no problem moving onto another brand that can— **nearly 90%** of customers will abandon an online retailer if they see poor delivery terms,” Nahata warned.

## Four Important Steps

“There are several steps companies must take to protect their supply chains and communicate effectively with their customers to protect brand loyalty,” he said.

The steps include:

### Understand The End-To-End Bottlenecks

“Railroads are just one piece of a much more complex system of logistics that are filled with bottlenecks. Understand where you can make up time and efficiencies in other areas of the supply chain that can compensate for railroad delays in the mid-mile,” Nahata recommended.

### Protect The Last Mile

“The last mile, when the package finally gets to the customer, is already the most complex piece of a logistics strategy. Add in delays in the front end, then the last mile’s job is made that much harder. Can you utilize [the] ‘Buy Online, **Pick Up in Store**’ models? Can you leverage gig economy workers or third-party firms to expedite shipments?” he asked.

## Communicate And Make Customers Heard

“Customers value personalization from companies more than ever. They want to feel heard and that their time is valuable. Make it a point to provide real-time updates and full visibility on where their items are so they can adjust their expectations,” Nahata advised.

## The Bottom Line

“The most important takeaway for business leaders is to communicate regularly and clearly with their customer base as they work through strike-induced constraints,” he concluded.

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