

***‘Spirit of the Railroaders*’ Interview**

**Richard K. Davidson**

Former Chairman & CEO of UPC

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Brooks Bentz: Well, good morning. This is Brooks Bentz for the National Railroad Hall of Fame, and today we are in the home of Dick and Trish Davidson. Dick is – as anybody who is watching this knows – is the retired Chairman and CEO from Union Pacific. And we’re grateful to have the opportunity to interview him for our Spirit of the Railroads Program. So, Dick, welcome. Thank you for doing this with us.

Richard Davidson: Good morning.

BB: Good morning. I guess, as any good story, we should start at the beginning, and delve into your childhood, growing up in Kansas, and hear a little bit about the challenges and things you faced getting to the railroad to begin with.

RD: Well, going back, that’s a long ways in my case. Anyway, my brother and I grew up on a small farm, close to a town named Allen, Kansas, which had a population of two hundred. I think it probably still has a population of about two hundred to this day. But anyway, you know, I guess it was, in many ways, my early childhood was great. Growing up on a farm, having horses and all that. But then my dad died in a car accident when I was six, so my brother and I started working at a really young age, you know, to try and help keep things going. My mother had gone to school when she was a girl, and had a nursing degree, so she hadn’t worked, but she did go to work as a nurse after my dad died.

BB: Was that locally? In town?

RD: No, it – well, kind of locally. It was fifteen miles away in a town called Council Grove, Kansas. But anyway, you know I guess however you’d characterize it, we grew up in modest circumstances, and – but, on the other hand, when I think back on it, it was a blessing in some respects, because it made me pretty self-reliant and independent, and focused on success -- you know, monetary success, for one thing. So, ‘cause I didn’t want to be poor. And so I was really motivated to work hard. In fact, when I was fourteen years old, somehow or another I found out that a farmer in Western Kansas, a couple hundred miles from where I lived, wanted somebody to come spend the summer working there, helping with the wheat harvest and farm work. So I got on a train at about midnight, and – scared to death I wouldn’t get off at the right station, but – about sun up, why, the conductor said, *This is it, kid. This is* [laughs]. So, anyway, I spent the summer living with the farmer and his wife, and get up every day about daybreak and quit at dark, and, you know, it was a great experience. I learned how to do things, and he trusted me to drive trucks and combines and one thing or another.

I never cashed a check; I sent every single check home, so anyway, that was kind of – oh, and then later, I worked for a rancher named Buster Wheat [laughs]. Colorful guy. He was a great guy, and a very successful rancher, and – uh – made a dollar an hour, so I would work about fifty hours a week, and Buster travelled a lot because he’d be buying cattle in Mexico or Texas or someplace. And, the other hired men – he had a number of hired men – they would just go sit in the shade when he was out of town. It scared me to death, because I always believed in working hard for your money, so I went into the city to see his wife, and her name was Eugene. I said, *Eugene, I know Buster’s a smart guy, he’s gonna see not nearly as much work is getting done as should be, but I want you to know it’s not my fault! I’m working hard.* So, that’s kind of the way I grew up, you know, wanting to do well, and earn my money.

BB: So, um, you decide at some point you’re going to go to college, right, and not everybody in your generation who grew up in those circumstances did?

RD: Yes, that’s true. And I might not have gone to college, actually, except that I got offered a basketball scholarship – a partial scholarship, not a full scholarship by any stretch – to play basketball at Washburn in Topeka. So that kind of was the trigger that, you know, when I realized I wanted to go give it a shot. But even then – and that also triggered me going to work for the railroad, because I knew the scholarship wouldn’t be enough money, and we didn’t have money to – where I could get any help to speak of. I had to do it myself, so that’s what prompted me to go apply for a job on the railroad.

BB: And, how did you figure out that that was the right place to go?

RD: I really didn’t know, but I knew a gentleman who was a locomotive engineer there, and he said, *Dick, I think they’re hiring people, and they’re good jobs. You ought to go look into it.* So, I applied and, I don’t know what I was so fortunate to get hired, because I think – I was told – eighteen or twenty people applied, and I think only two of us got hired that year. Then, you had to take an aptitude test and have a back x-ray.

BB: Right.

RD: And the thing that – my takeaway from that, they wanted somebody with a strong back and a weak mind [laughs].

BB: [Laughs]

RD: But anyway, I was lucky enough to get hired –

BB: And you hired on in Kansas?

RD: In Kansas. Council Grove, Kansas, which was about fifteen miles from where we lived. And back then, they didn’t pay you to get trained, you had to do it on your own.

BB: Student trip.

RD: Student trip. So, for I don’t know, a week or two, I just went back and forth and sometimes, I’d get off of one train and get on another one and come right back, slept very little because I wanted to get it done just as quickly as I could. And, uh –

BB: Was there a yard where you hired on? Or was it too small --

RD: Very small.

BB: A crew change point.

RD: There was a crew change point. But they were a very small yard there. And, so anyway. And then you had to buy a railroad approved pocket watch. I’ll never forget this. And I had no money at all, so I went to see the jeweler, and I said, *Well, they hired me, I need to buy a pocket watch.* And he said, *Well, I’ve got a used one I could sell you for thirty dollars.* And I said, *Well, could I pay you over time?* And the jeweler said, *Yeah, I’ll trust you.* [Laughs] So anyway, he sold me a used pocket watch –

BB: On time.

RD: On credit! [Laughs]

BB: Oh, geez.

RD: But anyway, I was able to pay it off after my first paycheck.

BB: Do you remember who made the watch?

RD: Oh, yeah, I’m sure it was an Elgin.

BB: Yeah.

RD: Probably. It was size sixteen, I remember. You had to have a certain size, and carry a railroad watch card, and – started every trip within thirty seconds, a standard time, and –

BB: My first one was a Bulova Accutron that I bought from a conductor on the platform at Grand Central. He came down and he opened up his coat, and he had watches in there –

RD: [Laughs]

BB: And it was used. Seventy-five dollars.

RD: Oh!

BB: Nineteen seventy, or something like that.

RD: Oh, you were a kid.

BB: Take it to the company watch inspector, all of the…

RD: Yeah, exactly.

BB: And call in – you had a phone number that you’d call in to verify the time.

RD: Yeah, well we had a standard clock out where we had the crew change point.

BB: Yeah.

RD: But anyway, it was a wonderful experience. You know, the thing that just blew me away was being an eighteen-year-old kid, which – I was one of the first people hired, about – well, since World War II, really, that probably the next youngest person to me – I was eighteen – the next person youngest was probably forty something. So, it was really quite a cultural difference between them. But, they were wonderful people. If you showed you wanted to learn, and work hard, ask questions, why – they would work hard to teach you. And it was – wonderful people. Everybody had a nickname. [Laughs] Dagwood, Hambone, you know [laughs]

BB: Sure.

RD: Yeah, it was a great experience.

BB: Okay, so you’re working out at this small yard, which means you’re probably on the road, mostly, road trains versus yard locals…

RD: Originally, yes. But they did have yard assignments in Salina, Kansas, which was kind of a detour from the main line, and when I was, I don’t know, twenty years old, maybe, I took time off from college one semester, and worked on a switch-engine in Salina, at night. We’d go to work at, oh, six, seven o’clock at night – I’ve forgot now – back then we still had sixteen-hour days, and we’d normally work fifteen, sixteen hours, and I was trying to go to college at a small school there in Salina called Kansas Wesleyan, and I missed so much school. I’d study hard, I made good grades on my tests, but I missed so much school, they really dinged me. Anyway, I was making quite a bit of money working there with all that overtime, but I finally said, *Well, if I’m going to get serious about my education, I’ve got to go back to Washburn.* And finished up, which I did.

BB: Okay, so when you come out, what’s your thinking at that point? Back to the railroad? Interview with IBM, or Exxon, or…?

RD: Initially, I thought I’d go straight into law school after I got my degree. But the more I thought about it, the more I thought, *Man. Here, I worked my way through college*, because – even though I wasn’t working like in Salina every night, I would always work on weekends and holidays, and once in a while even cut a class and make a trip, because you could make so much money… when it came time to take the law school exam, the railroad said, *We need you. We’re not going to let you off. You can’t go.* And I thought, *Well, you know, maybe that’s not such a bad thing.* Because I was tired of working and going to school, and they also started angling the potential to enter the training program as a p0ssibility at that time.

BB: Okay.

RD: My boss was a guy named Bill Ferrell, who was a train master in Washington, and he encouraged me to apply for the training program, and I – I mean, it was really kind of a struggle, because the union guys would make fun of you – *You don’t want to be a manager*, you know. *Those guys, they’re snakes, you don’t want to do that*. One thing and another. So I kind of… and, I was making so much money! Also, you know, six, seven thousand dollars a year back in the sixties was a lot of money.

BB: Uh-huh.

RD: I thought, *Well, I don’t know.* But anyway, he finally convinced me. So I drove to St. Louis for the interview, which was a long drive, and –

BB: Did you have a car at that time?

RD: I did. I did. Yeah, you know I was doing so well financially, I’d bought a very nice car, actually. But I found it to be quite intimidating, growing up in my close town of two hundred people, and Council Grove had three or four thousand, and here is St. Louis, you know, a city of several million people [laughs]. Holy cow, this is daunting.

BB: Yeah.

RD: And of course, Missouri Pacific had an office building that was twenty-one or -two stories tall. And I -- I’ll never forget, parking was like twenty-five dollars a day, and I thought, *Well, that’s highway robbery.* [Laughs]

BB: Yeah, that’s a lot at that time.

RD: It was a lot of money! So, anyway, they didn’t just jump all over me. In fact, they told Bill Ferrell, my – the boss, *We’re not sure this kid is what we want. You know, he’s kind of a hay seed from Kansas --*

BB: [Laughs]

RD: *That, uh… we think it’d be a mistake.*

BB: Elitism rears its head.

RD: Yeah. Anyway, Ferrell insisted that they give me a chance, so, I went to work as a trainee, in 1965.

BB: And how long was the training program?

RD: Well, supposedly, it was a year. But – I mean, it was an interesting experience for me because, my first day as a trainee, the railroad had gone on strike. And uh, I walked into the office and the Assistant Vice President of Operations grabbed me and he said, *We know you’ve got experience as a conductor and a brakeman. We want you go to Dupo, Illinois, and get on a freight train and go to North Little Rock, Arkansas,* -- which was three hundred sixty-five miles – so, anyway, I said, *Well, where’s Dupo?* [Laughs]

BB: Right.

RD: So, anyway, I had somebody take me over to the train. I had a traffic guy back there as my brakeman, and a locomotive engineer named Brubaker, who was a Road Foreman of Engineers good guy. And we took off, and we ended up in Little Rock probably, I don’t remember, fourteen hours later, maybe, and I got marooned there for a long time. Little Rock was a big classification yard for the Missouri Pacific, and –

BB: Oh.

RD: They kept me there as a switchman, or conductor, I don’t remember which, for a while. So, that was my introduction to the training program. [Laughs]

BB: So, how long did that go on before you actually got into the –

RD: Well, it was just a – Oh, before I got into management? Well –

BB: So, the strike –

RD: The strike only lasted about a week or so. Then I went back to St. Louis. And the way it worked, you would spend a certain amount of time in every department, like Accounting, and Marketing and Sales, and Operations, Mechanical, and… I spent six weeks in Memphis in the Marketing Department, which was a real revelation for me. And then, a while in the Operating Department in Little Rock, and instead of going back to St. Louis on the weekends, like most trainees did, I would always stay there, and lean on the other departments. Like, if I was in Operations, I would go over to the locomotive shop and say, *I want to learn about what you guys are doing,* or go to the Engineering Department, and – you know, spending time trying to learn the whole thing, which I think paid off, actually.

BB: Sure.

RD: And they cut my training program short. After six months, they said, *Well, you’re ready to go to work.* So, they sent me to Shreveport, Louisiana, for my first job, to a place called Hollywood Yard. And so, I had a vision of this beautiful place that –

BB: [Laughs]

RD: And it turned out to be just the opposite. We had an old run-down office building that was leaning [laughs] like that [gestures]… and, it was a place where – well, one of my former bosses was actually the train master there, and the men were so – uh – oh, I don’t know, rebellious, or didn’t comply with the rules very well – they fired him! And they moved me in as assistant manager, relieving the guy I used to work for. And, I had a hard time adjusting to it. Because, where I grew up, you believed in hard work, and getting the work done for what you got paid. There, it was a much slower way of life. And it drove me crazy. Because I – we didn’t – they didn’t work the way I wanted them to work. So, we had a lot of differences of opinion for a while.

BB: So, how did you deal with that? I mean, I’ve seen these situations –

RD: Well –

BB: And they’re challenging.

RD: You know, I was tough. I dismissed a lot of them. In fact, they had a joint meeting of all the labor unions there, and called my Superintendent and said, *You know, you’ve got this crazy kid here that’s being too tough, and we might have to take action if you don’t get him straightened out.* So he called me, he said, *Good for you. You’re doing the right thing.* [Laughs] So, anyway. I wasn’t there very long, they – I stayed six months before I got moved to Fort Worth as a train master.

BB: So, in this situation where you disqualified or jettisoned the recalcitrant ones, were you able to recruit new blood in to replace them?

RD: Oh, sure.

BB: And you got people that had a better work ethic?

RD: Well, that was the objective, anyway. Get them trained and make them good workers before they got infected by the other people.

BB: Right. Well, that’s hard to do.

RD: Yeah, it is hard to do, yeah.

BB: How do you feel that it went?

RD: Well, I mean – it wasn’t perfect by any stretch of the imagination. But I left it better than I found it.

BB: Yeah. Is that yard still there, do you know?

RD: Oh, I’m sure it is. It’s probably reduced in what they do. General Motors built a brand new plant there in – I’ve forgotten exactly when, in the seventies, I guess. But I think it’s since closed, if I remember right. But, no, I’m sure it’s still there. It’s a – it’s not a principal route for the railroad, but it’s an important route. I mean, trains run from the – that was part of the Texas Pacific at that time. In fact, I wasn’t working for the Missouri Pacific. My first job was on the Texas Pacific, which was about sixty percent owned by the Missouri Pacific, if I recollect. But anyway, trains would depart out of Fort Worth, and go down through Marshall, and Shreveport, and Texarkana, and end up in New Orleans. So, it was an important route.

BB: So, you went on, then, to Fort Worth from there –

RD: Yeah.

BB: Which is a major –

RD: A major yard. Yeah, a major yard.

BB: Are you train master now? Or are you still –

RD: Train master, yeah, working at nights, which drove me nuts, because they had a general yard master who was an appointed job at that time, working daylights, and I was a train master working at night. Anyway, I got accustomed to that. It was – it was good. And then – let’s see, that was 1966, and then in ’66 or early ’67, Mr. Jenks and the company decided to modernize that facility. It was a yard that had been built in 1933, and it still had retarder controlled – retarder-controlled hump yard. Now, you probably don’t know what that is, but we had guys sitting in towers, that when the car would go over the crest of the hill, they would squeeze the axles and slow the cars down, and line the switches to get them to go into the right classification track. So, they decided to modernize the yard, and computerize it, and get rid of the retarder towers. But to do that, we had to shut the yard down, which created such a traffic jam, it was just unbelievable. We had to resort to flat switching the cars at various places and try to keep the traffic flowing. And it was so stressful, that my boss, who was a man named Convers, Connie Convers, had a heart attack.

BB: Wow.

RD: And, they made me Acting Superintendent while he was recuperating. I was twenty-five or -six years old. And they wouldn’t let him come back because it would have been too stressful. So, they made me the Superintendent. I think I was probably the youngest Superintendent they’d ever had. I think I was twenty-six years old when I became Superintendent. But anyway, we managed our way through it. And, we had a lot of damaged equipment because of – we were having to resort to such makeshift operations, but we finally got it done. It turned out to be a beautiful yard. I’ll never forget, Mr. Jenks brought the Board of Directors down there. We had the grand opening. We had almost no cars to hump at the time they showed up, so we gathered up a bunch of cars in the yard to put on a show for them – [laughs]

BB: It – when I started on the New Haven, we at Cedar Hill, we had two, forty-track classification yards, and manual retarders, but they were so old that they would not work with the heavier cars that had come along.

RD: Oh.

BB: So, we ended up having to use track skates in addition to the retarders, and I’m just curious if you had that, because those things were troublesome. If you didn’t pull them out and drag them through a switch, it made a mess.

RD: I do. I’ve seen that. But anyway, when we built the yard, it was a computer-controlled yard. Which was one of the first of its kind in the United States. I think the Burlington built one in Minneapolis or someplace, and I think ours was the second to be built.

BB: Yeah, Northtown, I think was the –

RD: But anyway, you know, we’d have people keystroke punch cards, and load those in the computer, and that would decide where the cars would go. And the retarders, then, were air-controlled, and we had inert retarders on the pull-out end that were supposed to be weight-responsive, and stop the car, but they didn’t really work very well. So, we ended up using skates also. We had suspenders and belts both.

BB: [Laughs]

RD: To keep the cars from getting away. But anyway, it worked quite well. We started the work in 1967 if I remember right, and had the grand opening in February of 1971, and, um – when Mr. Jenks visited, we had built a new, nice office building there, and I had a nice office, and he came in and put his feet up on the desk and said, *Man, this would be a great job to have.* And I thought, *Well, I’ve earned it. I’ll be here and enjoy this.* So, about a month later I got my notice, they moved me to North Little Rock, Arkansas, as the Superintendent there.

BB: So, was that the first time you met Mr. Jenks?

RD: No, no. That’s another interesting story. When I was in the training program, in Memphis, in the Traffic Department, they had like a seventeen-inch rainstorm in east Texas. And it washed out a culvert there, and a train was going across, and the railroad collapsed under it. And I think the lead locomotive got across, and then the trailing locomotives and maybe twenty-five or thirty cars went in the drink. Several people got killed, even. Not our – not our employees, but we had some hitchhikers, I guess you’d call them, that were on the cars. Terrible, really. I mean, that was 1965, and it was like 10 million dollars of damage, which was huge in those days. But anyway, Mr. Jenks said, *Send all the trainees to east Texas so they can learn how to deal with catastrophes.* So, here I go. I didn’t have any rain clothes, or I didn’t have rubber boots, or anything. I was out in the middle of the night with a work train, wading around in water up to my knees. And there was Mr. Jenks, and Mr. Lloyd, the president -- Mr. Jenks was Chairman, Mr. Lloyd was the President – wading out there in the water, too.

BB: What time of year is this? Is it cold, or hot, or…?

RD: No, it was summertime. Yeah, it was summertime. But anyway, so that was the first time I met him, was maybe one o’clock in the morning, in a flood. I’ll never forget it. I could hardly – [laughs] shake my hand. I thought, *Well, there’s a good lesson in leadership.* Here we’ve got a catastrophe and the most important guys in the company are down here trying to lead the effort to restore it. I’ll never forget that. And I tried to practice that for the rest of my life. So that was the first time I’d met him.

BB: So, he knew who you were after that?

RD: He did, yeah.

BB: Interesting.

RD: Yeah.

BB: So, you go off to North Little Rock as the Superintendent. That’s one of the bigger yards on the system.

RD: Well, I didn’t have the yard. I had the road territory at that time. Yeah, that ran from – I guess my road territory… let me think of that. I think it ran from St. Louis to Texarkana, and to Alexandria. It was a big territory. It was the biggest Superintendent’s job on the railroad at the time.

BB: So, you’re out on the road, riding trains and picking up wrecks when those occurred, and the traditional stuff.

RD: Which we had way too often.

BB: So how were track conditions in those days?

RD: Um – Well, as you probably know, the Missouri Pacific had the distinction of being bankrupt longer than any other railroad in history. I think for thirty-three years, if I remember right. I think it came out in 1958, so – they had a lot of upgrading to do, and we still had jointed rail everywhere. And the joints were battered. Some of the track, we had to slow to forty miles an hour. So, we did have occasional derailments. I mean, when my phone rang at four o’clock in the morning, I knew it wasn’t somebody saying, *Let’s go have a beer.* It was a disaster somewhere. So, I got my share of experience picking up wrecks. But we started an aggressive program of laying welded rail, and, you know, redressing the issues we had.

BB: New ties, and all that.

RD: Yeah.

BB: And was that something you – was that part of your responsibility then or was that strictly engineering?

RD: Well, no. The way the Missouri Pacific operated, the Operating guys had responsibility for the whole thing.

BB: Engineering, yeah, mechanical too, right.

RD: In fact, I might have – maybe I didn’t mention to you, when I was Superintendent there, a man named Jim Gestner was the general manager, who had come over from the Southern Railroad. And he had a master’s degree in engineering. A very innovative, careful thinking person, that he kind of taught me, instead of kind of shooting first and asking questions later, maybe you ought to think things through and get your aim straight before you do it. So, we did a lot of interesting things, like laying rail at night. You know, if that’s when the trains weren’t running. He came up with the idea that we’d rig up big light towers at night, and so the men would go out there when there was little train traffic and it increased productivity a great deal. So, no, I learned a lot from Mr. Gestner.

BB: I know on the N&W, in my time there, we had switched from eight hour days for the rail-and-tie gangs, to four ten-hour days, because it, you know, the time to get out to the site and set up and everything, if it were an eight hour day, you didn’t get as much productivity that you did with a ten hour. Did you do something like that?

RD: We did, and we also experimented with working twenty-one days straight, because we used to recruit Indians from the reservation in New Mexico, and we’d get them on a bus, and transport them to the worksite, and work them twenty-one days straight, and then they could have a week off, and go back to their families. Which, that worked well, too. And they were good workers. Dependable.

BB: So, after that assignment, what’s next?

RD: Well, I actually wasn’t there very long. I think once again, it was only about six months.

BB: Oh.

RD: And then, I got moved to Kansas City as Assistant General Manager, working for a gentleman named K.D. Hestus who had grown up on the Texas & Pacific Railroad. Rough, tough old boy. Big old Texan. But he and I got along really well. And, the Kansas City territory ran from Omaha, Nebraska, to Fort Worth, I believe, and – this is right in the middle of the Russian wheat movement. You know – you remember when Russia got in so much trouble, and we were exporting. We didn’t have enough grain cars, even. We were loading wheat in coal cars -- open-top coal cars to move it. It was a very busy time. And while I was there, they actually sent me off to Harvard for a management program that lasted about thirteen weeks. So, I felt quite guilty about leaving with so much business going on. But, uh…

BB: So, they obviously had designs for you, beyond being the Superintendent, if they’re spending the money to send you to Harvard.

RD: They did, and that was even obvious to me, that – you knew if – the Missouri Pacific used to send a person or two to every Harvard program, and you knew if they sent you, you at least had the opportunity to go further.

BB: Yeah.

RD: So, I… And, when in college, I majored in History and Political Science. I knew nothing about the business aspects of things. It was a wonderful experience being there with one hundred and fifty people that – most of them – were financial people.

BB: Yeah.

RD: And, so I learned a lot. In fact, my roommate there was from France, and was a principal in a big French company, and he was a business guy. So, you know, when we were having business problems, he was a great guy to bounce ideas off of.

BB: So, when they called you up and said, *Guess what? You get to go to Harvard!* What was the backdrop on that? Did they explain why they were sending you, or…?

RD: No… I think that – it was probably just to say, *You know, we think you’d benefit from more education.* And it was surprising, too, you know – since the Missouri Pacific had been bankrupt for so long, we watched our pennies very, very carefully. Very carefully. But when they sent me off to Harvard, they said, *Dick, you forget now that – the way you manage things now, when you go there. You participate, and if you’re entertaining, you entertain, and don’t worry about it. Nobody will criticize you.* So, [laughs] it was quite a change. Because we did a lot of entertaining. A lot of – had a lot of fun, as well as working hard and studying hard.

BB: Did you get any questions from other people in the program saying, you know*, what are railroad people doing here?*

RD: You bet.

BB: Yeah, I’ll bet.

RD: You bet. They said, well – in fact they even said, *We didn’t know they had railroads anymore!*

BB: [Laughs]

RD: You know, because they quit running passenger trains pretty much, then.

BB: Right.

RD: And, so anyway, I sent back to the company, I said, *Send a hundred and fifty annual reports to me, please*. So, I passed them out in the class, you know – and we were a pretty profitable company – to help them change their minds.

BB: Yeah, yeah. Interesting. And that’s true of the general public. If you’re not running passenger trains, you’re out of business.

RD: Exactly. And that’s not a bad way to be. Flying under the radar is not a bad thing, necessarily.

BB: So, did you – you found the program worthwhile?

RD: Oh, very much so!

BB: And how long were you there?

RD: Thirteen weeks.

BB: Okay. And then, back to Kansas City?

RD: Back to Kansas City. Let’s see, I went to Kansas City in 1971, and then I was appointed general manager in North Little Rock on January 1st, 1974 -- which was a wonderful experience, going back as general manager. Don Manion was the Vice President of Operations at the time, and Jim Gestner, then, was Assistant to the Vice President of Operations. They had promoted him from Little Rock into St. Louis.

BB: So, he was still in your world, as far –

RD: Yeah, yeah. I mean, he was a great guy, and I learned a lot from him. Don Manion, on the other hand -- you probably know his son, Don Manion –

BB: At Norfolk Southern.

RD: Junior was with NS. Vice President of Operations, I think. But Mr. Manion had a hard time making decisions. So, he only lasted on the job a couple years, and they moved him up in the administrative job up in the Chairman’s office. And put Mr. Gestner on the VPO’s job. But anyway, I think I might have mentioned to you that one of the really wonderful experiences I had when I was General Manager was that the Missouri Pacific had purchased a small company called Chicago & Eastern Illinois in 1967, I believe, but had really never integrated the railroad into the Missouri Pacific. They still had a separate headquarters in Chicago, and we had our headquarters for that region in North Little Rock, and – the C&EI had a big yard, called Yard Center, that – where the trainmen there were kind of like the inmates being in charge of the jail.

BB: And where was that located?

RD: It was on the south side of Chicago.

BB: And this was MoPac’s (Missouri Pacific) introduction into Chicago?

RD: Yeah. Yeah, that’s right. It was a great acquisition, because it – it did. It was access to Chicago. Anyway, it was so bad there – the men wouldn’t show up for work on weekends. And they had to bring management in from all over the system to keep the system going. So, we had this wonderful classification yard in North Little Rock, and we figured out that we could pre-block all the traffic going into Chicago and run solid trains through to the connecting line railroads, or through the intermodal facility in downtown Chicago, or whatever. And, essentially, just totally dried up Yard Center. [Laughs] And, I forgot how many exactly how many now, but maybe reduced fifteen switch-engine shifts. It was just unbelievable. And you could have shot a cannonball into the yard. There was nothing left there! Mr. Jenks was so happy about that, he called and said, *I don’t know what you’ve done, but you’ve really made a difference.* And, so much so, that they asked me to join the Board of Directors of the Chicago & Eastern Illinois Railroad – they still had a separate board. So, anyway, I’d get to sit around the table with all these important people, and [laughs] just hope I wasn’t embarrassing myself too much.

BB: So, you know, I – if I put myself in your shoes, I’m wondering, *Well, I’m on the C&EI. How do I get everybody –* you – ‘cause you had to make some changes in North Little Rock, right, too?

RD: We did, yes.

BB: And were they accepting of that, and they -- that went through smoothly, or – I mean –

RD: No, it did. I mean, one thing I learned running a big yard – and I learned this at Fort Worth – everybody on the outside of that yard wants you to make classifications for them.

BB: [Laughs] Right.

RD: And I learned, one way to figure out how badly they really needed it was to just quit doing it and to see who would start complaining. So, we took away some blocking we were doing for other points, and instead, did the blocking for the C&EI. And we – we didn’t only just integrate the operations; we also integrated the engineering, mechanical, and everything. It was really – really a good practice, you know, for later mergers, because we had all went together very, very well.

BB: Okay, so what’s next in line, then, for you? After you got that fixed, right –

RD: Got that fixed, and we just made a lot of progress on the – well, we’d also improved the physical plant a lot, too, so we were operating a much safer railroad. And that lasted a little bit less than two years. And then, after Don Manion got moved upstairs, and Mr. Gestner became the VPO, and moved me to St. Louis then as Assistant to the VPO. This was 1976, I think – October of 1976, I moved there.

BB: And, and what were your responsibilities and roles doing?

RD: It was a maddening job. It was an administrative job, and you were just supposed to take the administrative workload off of the Vice President. And you had nobody worked for you, except your secretary, and you – when you tried to get something done, you just had to speak nicely – or threateningly, whichever way worked best – and try to get other people to buy in what you were trying to do get done to help the VPO. I didn’t like it. I didn’t like the administrative work. I was an Operating guy, and I liked to be out – you know – fixing problems and making things better. But anyway, that didn’t last very long, because once again, Mr. Gessner had a heart attack. I think, if I remember right, January of 1977 – and they wouldn’t let him come back on the job because of the stress. So, they gave him a desk job, and believe it or not, they made me the new VPO. Which, I think –

BB: Now, when he went off on medical leave, were you filling that role just ad hoc –

RD: Yes, ad hoc. Yeah. But, then, in January of 1976 – yeah, January of ’76, they made me the VPO of the company.

BB: That had to be a pleasant…

RD: Well…

BB: …development.

RD: It was mind-boggling, really. It was the last thing I ever expected, but – a huge responsibility. You know, we had, I don’t know. The Missouri Pacific at that time had twelve or thirteen thousand employees, and – it was… it was a good company. We were doing well, and…

BB: And Jenks is still running it at this point?

RD: He was still running it, yeah. John Maleeg was still the President. And, uh – Manion was still upstairs, shuffling paper [laughs].

BB: So, as VPO, what are the things that you – you said you liked fixing problems, so what are the things that you – did you have a list of priorities of the things I want to go and get done while I’m here?

RD: I don’t think I was quite that organized, but some of the problems were just so obvious. Along the Gulf Coast we had lots of challenges, because business was growing so rapidly down there in the chemical business, that we really had inadequate facilities to cope with everything. So, we really need pretty aggressive capital spending. Double tracking, and building additional sidings, and – and, back in those days, too, we were fierce competitors with the Southern Pacific. Our routes pretty much overlapped each other in the Gulf Coast Area.

But I actually became good friends with the Vice President of the Southern Pacific at that time, a guy named Alan DeMoss. And we worked out a lot of deals to help each other. I mean, one of the things we did, I think, was fairly innovative in the industry at that time. If we had a major maintenance program going on, and you wanted to increase productivity – if you could get the trains out of the road – you could get a lot more work done. So, DeMoss and I worked it out where we would detour over each other’s railroads when we had a big maintenance effort going on, and then you’d keep track of the train miles, and you’d equalize them at some point. And if you couldn’t equalize th

em, we had a system where you could true it up with a cash payment. But that really improved productivity for us.

BB: Right.

RD: In fact, he and I looked – we had parallel routes, like between New Orleans and Houston, so we made a trip over on one railroad and back on the other, ‘cause we were thinking about running directional traffic. Which would be just like double tracking your property without spending any money.

BB: Yeah.

RD: We didn’t get that done at the time, but –

BB: Do you know why?

RD: Uh… I forgot. Probably because somebody put their foot on the air hose above –

BB: [Laughs]

RD: Above DeMoss. I don’t really remember right now what the problem was. But it – I did come up with some ideas about the way to make things better on that trip, and we spent some money and improved things, but – the Gulf Coast stayed a challenge for a long time. It even stayed a challenge up until our merger with the Southern Pacific in 1996.

BB: So, MP is doing well, you get into merger talks with the Southern, at one point.

RD: Yeah.

BB: Were you involved in that?

RD: I wasn’t involved in the merger talks, but I knew something was cooking because the President of the Southern was over making trips with us on our railroad, and Mr. Jenks was over making trips with them on their railroad. At that time, a man named Stan Crane was in charge of the Southern. Brilliant guy. I thought the world of him. And, anyway, we came just this close to doing the deal, as I understand it. I think Stan Crane was the guy that told me the story. They were expecting Mr. Jenks to show up at their headquarters to announce the merger, but instead, John Kenefick had called at the last moment, from the Union Pacific, to Mr. Jenks, and made a better deal. A better offer. So, Mr. Jenks didn’t make that trip to the Southern. He made it to Omaha, Nebraska, and…

BB: And the rest is history, as they –

RD: And I knew nothing about it. It came as a total shock to me when they announced that they were going to merge.

BB: And, so – mergers always create this atmosphere of uncertainty for the people who are being merged.

RD: I think for both sides, in this case. Both UP and MP.

BB: Yeah. And it wasn’t an acquisition, per se. It was a – it was a true merger.

RD: Well… yes and no. I mean, clearly they were the stronger railroad by far. You know, the Union Pacific was a resource-rich railroad. Great route structure. Good physical plant. They were much stronger than Missouri Pacific financially.

BB: Yeah. A lot of the Missouri Pacific management ended up in senior positions at UP.

RD: Well, I was going to tell you that. Mr. Jenks got several of us together, after the merger was announced, and said*, Don’t you guys worry.* He says, *Rest assured, and I promise you. You will end up running the whole thing.* Which is what happened. The Missouri Pacific people all ended up in senior positions there.

BB: So, at the outset, you’re VPO of Missouri Pacific. UP has a VPO, and you end up with two for one system. Well – how long was the integration, right? Was –

RD: Oh, I wanted to mention that. They immediately consolidated, of course, finance, marketing, all the non-operating functions. But they left me in St. Louis – let’s see, the merger took place in 1982 – and I stayed in St. Louis until 1986, more or less running the old Missouri Pacific. Of course, I’d have to, you know, talk to John Kenefick occasionally. And he’d come down and make trips with us. He was a very – very good guy. Nice guy. But I kind of felt like the Father Confessor for all the Missouri Pacific people, because if they were nervous about what was going to happen to them, and they’d look to me to have all the answers. Of course, I didn’t, but I’d try to be as responsive as I could. And then – when they put it all together, Jerry Davis became the Senior Vice President of Operations, and I was reporting to him then at that time. That was 1986, and it stayed that way until 1989.

BB: And how did that work?

RD: Well, it worked alright. I mean, I wasn’t – I wasn’t particularly fond of it that way, because people kind of regarded me as a secondary person, and Jerry as – you know, the go-to guy. But, actually, I guess maybe in retrospect it turned out alright, because in 1987, we started a – well, I should – I need to preface that. Drew Lewis came in as Chairman, replacing Mr. Kenefick. And so that was a big change. And Drew, although he knew nothing about the railroad business, did insist that we streamline things, and we got rid of a lot of overlapping jobs, and one thing and another. Which – which needed to be done.

And then they brought in a gentleman named Mike Walsh, who had been at Cummins Diesel and – he’d been a White House Fellow, and a lawyer, and had been a… in the Justice Department. Just, very smart guy. Totally different than anybody I’d ever worked around, though. And he focused pretty much on personnel matters and cultural change. Knew nothing about operations and didn’t want to know. But he looked to me to be his Operating guy, even though Jerry was the senior guy at the time. And he wanted to install a quality program at the railroad. We – that was something that was kind of foreign to us at the time. But he asked me to lead the effort. And of course, I drug my feet, and he said, *No, you’re it.* [Laughs] So…

BB: You didn’t want to do it. You didn’t want to get off the line. Yeah.

RD: So anyway, that was a wonderful experience. It was a lot more process-oriented and customer-satisfaction oriented, and it was just a wonderful experience. I learned a lot. We brought in consultants to help us that – a group called Total Quality, that were the Feigenbaums, were the name of the principals of the company. But that went on for several years. And then, in 1989, Jerry left and went to the CSX, Jerry Davis. And they moved me up to the Senior VP role, and of course they didn’t replace my job, then.

BB: Yeah, the story as I heard it was that John Snow called Drew Lewis and said, *I want to have Dick come down here,* and was told either by Lewis or Walsh, *You can’t have him. You can have Jerry Davis. We’re keeping Dick here.*

RD: It – It might have been the way it worked. But I had actually gone to Jacksonville, and met with them, and… would have taken the job. In fact, I went to tell Walsh I was going to go work with CSX, and he said, *Well, before you clean out your office, give us an hour or two, and come back over.* So, I did, and I come back and he said, *Well, Jerry’s going to go, and you’re going to stay.* And that wasn’t my intent at all.

BB: Right.

RD: ‘Cause – Jerry was a great guy.

BB: Yeah.

RD: We were friends. And he’s still a great guy. But, that’s the way it shook out, so. And then, shortly after that, Drew and Mike Walsh didn’t get along very well. And Drew had a favorite – well, you know the Union Pacific was a conglomerate, actually I should have mentioned that. We owned a big oil and gas company with Champion Petroleum that became UP Resources. And then they’d invested in a big truck company in 1986, overnight transportation.

BB: Right. A curious – a curious choice.

RD: Very curious. And then we had a hazardous waste disposal company, and an air freight forwarding company, and all kinds of stuff that the Board and Drew Lewis had decided in the mid-80s that the railroad was a dying horse. Threw off a lot of cash, so they bought all these other companies. So anyway, Drew had a favorite that he put in charge of the oil and gas company, a guy named Jack Messman, who – it was clear that Messman would probably relieve Drew. There was one other person in the mix, a guy named White Matthews who was the CFO of the holding company. But it became clear to Mike Walsh that he wasn’t in the running. So, he left in 1991 and went to Tenneco. I’ll never forget – my daughter showed horses, and I was at a horse show in Tulsa, Oklahoma, when I got a call that said, *Dick, would you like to be President of the company?*

BB: And who did that call come from?

RD: Drew Lewis.

BB: Oh.

RD: And I said, *Well, I’m not sure.* President of the railroad, not of the holding company.

BB: Right, the railroad.

RD: I said, *I’m not sure. I like what I’m doing right now.* I’d been VPO for about fifteen years at that time – sort of VPO, or Assistant VPO, or whatever. *Let me think about it a day or two.* Because I really wasn’t sure. ‘Cause there was too many other things going along with being the President, you know – social obligations and community involvement, and –

BB: Talking to analysts.

RD: Yeah, talking to analysts, and trips to New York, and I wasn’t all that fired up about that. But anyway, I said, *Oh, I’ll tell you what. I’ll take the job, but if it doesn’t work out, I’d like to be able to come back to what I’ve been doing.* They said, *Oh, well, that’s okay*. I think they knew that wouldn’t happen.

BB: Yeah.

RD: So anyway, I did take the job, and they made me President of the railroad, as I recollect, in August of 1991. And then, believe it or not, two months later, they made me Chairman. I got two great big promotions –

BB: And that – how did that happen, do you…? What’s the back story?

RD: [Laughs] I know exactly what happened.

BB: Okay.

RD: We were supposed to go to Japan and meet with Toyota Motor Company, but the Japanese never want to deal with the second in command. They always want to deal with the first in command. And Drew didn’t want to go. So [laughs] he talked to the board and said, *Let’s make Dick the CEO and let him go.* So, that’s how that came about. It was a –

BB: So, a very formal, rigorous process and selection.

RD: [Laughs] Exactly.

BB: Yeah. Okay. Yeah.

RD: So how did you get along with Drew? He’s in Bethlehem, and you’re in –

BB: He’s in Bethlehem, and – actually, initially I got along with him pretty well. He would call just about every Monday and wanted to know how – he didn’t know anything about the railroad – but wanted to know how you were doing on your budget. And we – fortunately, we were doing pretty well every time, so it was a – normally a pretty pleasant conversation. You may or may not know, but Drew Lewis had a terrible drinking problem, which I did not know at that time. He disguised it very, very well.

So, anyway, it worked out quite well, until – I guess it was 1994, or early ’95 – I had another offer to go to another railroad. And, as I told you, White Matthews and Jack Messman were the clear contenders to replace Drew, and Drew had to retire in 1990 – at the end of 1996, when he got to be sixty-five. So it was getting close, and so I went to Bethlehem and tried to have a very friendly meeting with Drew. I said, *Drew, I’ve got an offer, where I’ve got a chance to become CEO of a big railroad. And, I would rather stay at UP than go if I just knew that I had an equal shot at getting the top job…* And I could tell he wasn’t pleased with that conversation. He said, *Well, go away at let me think about it a little bit.* So, I came back a few hours later, and he had been drinking. And he said, *Well –*

BB: In the office?

RD: Well, somewhere. I don’t know, but he obviously had found a place.

BB: Yeah.

RD: He said, *Well, you can leave, and we’ll make White Matthews president of the railroad.* And I said, *Okay.* So, anyway –

BB: That had to not feel like you wanted it --

RD: No, it didn’t. I did – I didn’t even want the promise of the job. I just wanted a promise that I had a shot at it.

BB: Right.

RD: So, anyway, I went to bed that night, thinking that I was going to make a call to the other people and say, *I’m coming*. And my phone rang about – oh, five o’clock in the morning, I guess, and they said that – we used to hold the board meetings at the Saucon Valley Country Club there, and they said, *Can you get dressed and come out to the Country Club?* And I said, *Sure. Probably an hour and I’ll be there.* So, I walk in, and there was the full board. It’s just getting daylight, and Drew, and Drew said, *Well, Dick, the board met during the night and made the decision that you’re going to Bethlehem, Pennsylvania, as the president of the holding company, and unless you* – and I’ll use a better term than they used – *screw up* -- you can guess what the vernacular was – *it’ll be your job to replace Drew.* And I just – I broke down. I couldn’t believe it. Because it was a magical change. I mean, the board, obviously, turned Drew around. They said, you know, *You’re making the wrong choice here.*

BB: Yeah. So, a sensible voice on the board.

RD: We did. We had a really nice board.

BB: Wow. That’s an early meeting. To get up for a board meeting. They met, what, six – six –

RD: They met during the night! They called the board meeting during the night. Without Drew!

BB: Uh-huh.

RD: And they had him come in early in the morning.

BB: And he’s the one that gave you the message?

RD: Yeah. Well, I mean, I think he had no choice.

BB: And how long did – so you moved to Bethlehem after that?

RD: I did.

BB: And how long were you there before he retired?

RD: Oh, just a little less than three years. Which was time well spent, because the Board asked me to – you know, it was a holding company, so they asked me to spend my time there learning these other businesses. I mean, we had a big trucking company. The trucking company had 13,000 employees.

BB: Right.

RD: It was a big company. And the oil and gas company was a big company.

BB: Did you ever discern why Overnight was picked to be acquired and –

RD: Oh, I know exactly why. The head lawyer at the time was a guy named – oh, Barry. His last name escapes me at the moment. But he – real smart guy. And he said, *Well, we need to complete our footprint. We’ve got the big railroad in the eastern part of the United States.* And overnight trucking was predominantly – I mean the railroad was in the western part of the States – United States, and overnight transportation was mainly in the East, and they thought there would be a lot of synergy between the two.

BB: But you got LTL Trucking, and they –

RD: [Scoffs] Oh. It was terrible. It was just – it made no sense. And they overpaid for it. I mean, the company might have been worth four or five million dollars, and they paid $1.2 billion…

BB: Yeah.

RD: …for it. So it made no sense whatsoever. And the same thing with the hazardous waste company. It was just terrible! And they threw so much money at that thing. Heck, I’ll never forget, we had a board member come to the Board from Monsanto, chemical company. Smart guy, and the hazardous waste people got up in the board meeting and said, *Well, we want to spend this money, and do this, do that, make a big investment*. And he got up and said, *You guys are crazy. The hazardous waste disposal business is the worst business in the world to be in. Because chemical companies that create the hazardous waste have to incur such a big expense in how to dispose of it, we’re going to figure out a way to engineer a way out of it, where we don’t create it in the first place.* And he was exactly right, a guy named Dick Mahoney. So, that was a lost cause. What they really did, they indebted the railroad. That’s where they got the money to buy these companies, which weren’t producing any profit.

So, anyway, it was – I learned the business real quick. And the Board also said, *What do you think your weaknesses are, Dick?* And I said, *Well, strategic planning might be one of my big ones.* So, they sent me off to a program at Harvard. It was – just was like a week long, or something – and the one thing I walked away from there with, one nugget of wisdom: holding companies don’t work.

BB: Right.

RD: You need to stick to your knitting -- what you do well -- and don’t try to do things you don’t do well. So, that solidified my gameplan when I got to be Chairman of the company. I knew exactly what I wanted to do.

BB: Well, there was that theory. I think – Harold Jeanine who was…

RD: The ITT Corporations.

BB: The ITT, who thought you could manage any business if you had good management. It didn’t matter what it was. And, of course, they were a big, multi-faceted conglomerates –

RD: Exactly. And that didn’t work either.

BB: No, I don’t think it ever proved out.

RD: In fact, in the trucking company, they put a guy that had an MBA in to run it, but he was one of these guys that couldn’t make a decision if his life depended on it. So, even before I got to be chairman of the whole company, I said, *We need to get somebody over there that knows how to run a trucking company.* He said, *What are you talking about?* He said, *An MBA can do anything.* I said, *Well, maybe if the MBA had worked for a truck company while he was going to college, he might* [laughs]. *But this MBA’s not cutting it.* So, anyway, we went out and found a great trucker to run the company. But there was nothing could be done with it—

BB: Was that Leo… Leo Suggs?

RD: Leo Suggs. Yeah. Great guy.

BB: I worked with him at Ryder.

RD: Oh, did you?

BB: Yeah, I know him well.

RD: Terrific man. Great men.

BB: And I asked him, you know, they had that very, very – uh – tense situation with the Teamsters, and he fought them off for, I don’t know, a couple three years.

RD: I was right there with him.

BB: Yeah. And I asked him afterwards, I said, *You know, UPS buys this company and the first thing they do is hand it to the Teamsters.* And he’s like, *I* [shrugs] – you know. He was really frustrated by that.

RD: Well, we talked with Fred Smith at FedEx and UPS about selling the company to them, and you may remember, initially, we did an IPO of the company and split it off, and then UPS bought it later. And what you said is exactly true, is that we had fought off the Teamsters. In fact, Jimmy Hoffa told me personally, he said, *I now see how you defeated us, because of Union Pacific’s deep pockets.* Because we outlasted them. Three years, we outlasted them. But anyway, as soon as the United Parcel bought them, they turned it over to the Teamsters, and it was all for nothing.

BB: Yeah.

RD: Sad. It was really sad.

BB: And Leo’s comment was, you know, *They’re – with that agreement that they have – it’s almost impossible to make any real money with it.* Howard Cochran had made a fortune with operating it, and then –

RD: Oh, and then he got filthy rich. [Laughs] He sold it to Drew!

BB: Yeah. Interesting story. So, you at some point say, *Okay, this whole conglomerate thing isn’t really what we ought to be doing.* Is it – were you the one driving that? Let’s convince the board to dispose of –

RD: Oh, absolutely.

BB: Yeah.

RD: Yeah, absolutely. In fact, I shouldn’t be sharing all this dirty linen, but –

BB: We can always edit it out later.

RD: The Union Pacific Corporation, the holding company, had a bloated organization in Pennsylvania. Bethlehem. I forgot how many airplanes they had there, maybe three, and a helicopter. And an apartment in New York City where the Senior Executives would go and enjoy themselves on weekends. All kinds of waste, actually. So, no I had a very clear picture of what we needed to do. Now, they did spin off the oil and gas company just before Drew retired and put Jack Messman in charge of it as CEO. And Drew did that, I mean – obviously. He was trying to take care of Jack and make him a CEO, so they spun that company off. I think it was about a six- or seven-billion-dollar divestiture, as I recollect.

And I – they were a good company. They really were a good company. They had bought that company in 1969 to exploit all the resources that the UP had. You know, UP had huge, huge mineral rights all over the western part of the Unites States. So anyway, they spun off all the mineral rights in Champlin Petroleum, which was then called UP Resources in Fort Worth, and put Jack in charge of that. And then, shortly after, when Drew retired, I started dismantling the rest of it.

BB: How long did that take?

RD: Oh, golly – well, it took several years, actually. Some of the companies we got rid of fairly quickly, like the air freight forwarding company, the hazardous waste company we got rid of pretty quickly. And – I mean, when we got rid of it, it was worth almost nothing.

BB: The air freight company, that’s Skyway?

RD: Yeah, Skyways. Headquartered in Watsonville, California. And it was one of those companies, I think when it was formed, it made a lot of sense. They used technology, you know, to ship – I mean, they didn’t own any airplanes. They’d ship everything on a commercial plane, but they had good technology. And they were able to schedule from door to door pretty accurately. But it was one of those things where anybody could get into the business –

BB: Right.

RD: And you had to run faster and faster and faster to keep up and compete. And I saw that wasn’t going to work, so once again, that was a company we got rid of, and it went bankrupt. The hazardous waste company we got rid of, it went bankrupt. Champlin got chewed up by a bigger oil and gas company. Oh, Overnight, that was the big – that was the big issue. It was hard to get rid of because of the Teamster involvement. So, anyway, we fought the teamsters off, and as I recollect, we did the IPO in 2003, I think. And finally got out from under that. Took a huge loss, [laughs] I forgot what the write down was on it, but it was enormous. But anyway, it freed us up, and – Oh! And I got rid of the holding company in Bethlehem, too.

BB: Nothing left to hold, right?

RD: Nothing left to hold! And it was a huge savings. So, it was a rewarding period. I think it was probably the crowning achievement of my career.

BB: Okay.

RD: Well, I think so. Getting rid of all those other companies and making it a pure railroad.

BB: So, the question that’s rattling around in here is, okay, you’re the railroad operating guy, it’s your railroad to run, and now you’re off, out in left field in the holding company. Who’s left behind running the railroad, and how much time were you spending thinking about running trains over the UP railroad?

RD: Probably more time than I should have. Yeah, we brought in a guy from – who Drew wanted – from… what was the name of the company that went bankrupt that was such a favorite of everybody’s in Houston for so long? Enron! A guy named Ron Burns, who McKinsey had even written about him, what a brilliant comer he was, and so Drew, ever the politician, the former White House personnel manager called Drew, and said, *We got this great guy. You ought to hire him.* So, that was it. We had to hire him. He had a golf handicap of three, I think, which –

BB: That’s an indicator.

RD: That’s a good indicator, that’s right. So, anyway, we hired him from Enron and installed him in Omaha, and I was in Pennsylvania. And I really had a hard time getting the guy to concentrate on the railroad. He was more interested in golf. In fact, he brought his personal tailor from Houston, and installed him in Omaha – that made his clothing for him – and, I mean, holy cow, you just couldn't have been –

BB: Oh, fit perfectly into UP culture.

RD: [Laughs] I mean – I’ll never forget –

BB: Not everybody in Omaha had their personal tailor?

RD: [Laughs] He – we had him at a meeting in Bethlehem one time, and I was going to fly back out with him to Omaha, and he was urging me to hurry up, hurry up, hurry up, so we got to Omaha,, and I went to his office in the afternoon – he wasn’t there. I said, *Well he was hurrying me around; where is he?* Oh, he had a golf match! And, so anyway, about the same time we’d gone through the merger with the Southern Pacific and got Jerry Davis back because he had been President of the SP. So, we let Burns go play golf full time, and brought Jerry back in as President.

BB: So, he was the UP golf pro?

RD: [Laughs] Yeah, well he was a good golfer, too. Yes.

BB: Okay, so now Jerry’s President, but you’ve dispensed with all of the glitter around the holding company, and you’ve moved, I guess, back to Omaha at this point?

RD: No, actually, the board had had the idea that I should not be in Omaha. Because I was a railroad guy, and then we still owned all those other companies. So, they thought I should be someplace else so I wouldn’t just concentrate on the railroad. I ought to look after the other business. So, we actually brought the headquarters to Dallas in 1997, and set up a very small staff here. And I love Texas –

BB: No airplane fleet.

RD: Well, a small one. Had one airplane. And the railroad in Omaha, I think had two airplanes. We got rid of the helicopter – well, in fact, the helicopter – the last trip I was coming back from New York to Bethlehem, and it caught on fire, and they said, *Do you mind if we land I Morristown?* I said, *No, no. No, you can land wherever you want to land.*

BB: [Laughs]

RD: So [laughs]. So, we never flew that thing again. But we got rid of, I think, well – Drew had bought two G5s, without board approval, even. So, we got rid of all the G5s, and all the airplanes, but we had one in Dallas, and I think two in Omaha.

But anyway, you know, we were going through the digestion of merging with the C&NW and the Southern Pacific during this period of time, and we really got indigestion, because it was – they weren’t going together very well. We had trouble getting the labor agreements harmonized, and getting the computer systems harmonized, and the railroad was struggling. So, after we had been here in Dallas about a year, I guess it was, a year and a half, it became obvious that I needed to get back to Omaha and help them straighten things out. So, we just closed up shop here, and we put everybody in Omaha.

BB: So, those were, you know the pivotal periods in the UP’s history. There’s a number of them, but the two biggest ones are the Northwestern merger and the SP merger that had real issues. Maybe you can spend some time talking about what worked and what didn’t work, and what if, you know, we’d done something differently. You know, I think it’s – anybody listening is going to be keenly interested in that.

RD: Yeah. Well, we probably tried to put things together too fast, for one thing. And, when we had our game plan laid out, we assumed that we could get labor agreements quicker than we did, and also that computer problems wouldn’t be as onerous as they were. But there were a lot of things that entered into it. You know, we had to divest part of the railroad between Houston and New Orleans to the Burlington. And Rob Krebs immediately started a big maintenance project there on his part of the railroad and wouldn’t let us run trains during a substantial part of the day. So, we had everything clobbered up.

I mean, customers, after we merged – the customers had the ability to shift cars off the Southern Pacific, to the Union Pacific. And we weren’t prepared for it, because in the merger, you know, we had all these parallel routes, and we could see where it would be a wonderful asset once we got all the agreements and the computer systems in place where we could run directional trains. I mean, it was what I said Alan DeMoss and I had looked at years ago. Run one way on the UP and the other way on the Southern Pacific. And same thing between Houston and St. Louis. We had parallel routes, and parallel big yards in Little Rock, and on the SP. So, it was a wonderful fit, but we didn’t have it together yet, so it really got us balled up.

And it was just a matter – we had to actually go to customers and say, *If you can route your traffic some other way, temporarily, it will help us get things unclogged.* So, we just had to reduce the volume of traffic in order to get things opened back up. And they did. I mean, we had a lot of people helping us. We had short line railroads helping us, and Burlington took some of our traffic. As much as I hated to do it, it was the only answer. We just had to shrink the volume. And we did, and we finally got the agreements in place and got the computer systems harmonized, and when we did that and we opened up the directional running, it was just like the sun coming up in the morning. I mean, it was – it was wonderful.

In fact, I had a group of newspaper people and investors come out on the railroad. Because they didn’t believe it! They didn’t believe things were fixed, so I said, *Tell me where you’re like to go. We’ll get on the airplane and go.* And we did. We went to Houston, we went to New Orleans, we went all over. And it was just running like a clock. So [laughs] it was a wonderful period of time.

BB: A great stress reliever, I’m sure.

RD: Oh, my. In fact, I – I said if my office hadn’t been on the lower floor, I’d have probably jumped out the window many times.

BB: So, how long – what was the span of time from the start of this –

RD: Boondoggle?

BB: The meltdown, as it was called.

RD: As I recollect, it was started in about August 1997, and lasted until April of 1998, when we finally saw the light of day. In fact, there were some terrible jokes going around. One of the ones I saw in an editorial in the paper down in Houston, said, *A guy went out to commit suicide and laid his head down on the track, and got up a day later and went home.*

BB: [Laughs]

RD: [Laughs] I mean, that kind of stuff is hard to take.

BB: Yeah. I’m sure. Plus, you—

RD: But it was—it was really… I mean, we separated the men from the boys during that period of time.

BB: I bet.

RD: It was such a struggle. We had to take management people from Omaha and distribute them around to people – around the country because we had so many trains that were tying up on the hours of service that couldn’t make it to their final destination. We had to haul crews all over. And in some cases, we’d run out of crews, and we’d have to put managers on trains to complete the rest of the trip. I even had a board member call me and say, *Dick, can I get out there and help you somehow? Can I work in customer service?* Judy Hope, a female lawyer we had, volunteered to get out and roll up her sleeves and help us. It was really a time that – when the really tough people stood up and showed themselves.

BB: You had to make some personnel changes as well, in terms of –

RD: We did. Yeah.

BB: Difficult?

RD: Difficult, yeah. And Jerry retired during that period of time, and – because after I moved back to Omaha, you know – I’m not saying anything bad about Jerry. He’s a wonderful person, I loved him. I loved his wife, Patty. But he just had a hard time with decisions. So, you know, I mean, people ended up coming to me instead of going to Jerry, and – and, so anyway, Jerry retired about that period.

BB: So, you’d opened up the first national customer service center in St. Louis back in the late 80s.

RD: That was my brainchild once again.

BB: And that was – that’s such an interesting thing to have not only opened it, but then have it staffed so that people could actually – I mean, I don’t know what your experience is today, but anytime I call a customer service I get the dreaded words, *Your call is very important to us,* you know, *We’ll be with you in an hour and fifteen minutes,* kind of thing.

RD: Yeah.

BB: But you had it so you were answering calls within seconds.

RD: Yeah. This was during the period that we had installed the quality program and we knew the customer satisfaction was paramount. And we had a lot of skeptics when we put that national customer service together, because people were used to having their own people locally doing the sales with them.

BB: Yeah, the sales rep.

RD: Yeah. So, there was a lot of skeptics. And so, we pretty much had to do it right. Didn’t always work right, but we finally did it well. But we kept a clock on the wall that would time from the time a customer’s call came in until the phone got answered, and we measured it in seconds. Because we didn’t want people hanging on the phone.

BB: So, during this time of stress with mergers and service disruptions, these people must have been sorely taxed, the customer service people, getting calls from shippers.

RD: Oh, yeah, and it wasn’t just customer service. My secretary, and I mean – everybody that picked up the phone was getting calls during that period of time.

BB: And probably calling the board members.

RD: Calling everybody. Calling the politicians!

BB: So, how did you deal with all of that, if you have the senator from Texas calling you and saying, *You gotta come fix my railroad.*

RD: [Laughs] In fact, I just ran into one of the senators at the bank the other day, Kay Bailey Hutchinson, that we had dealt with. Well, I mean, there wasn’t anything – in fact, I spent a lot of time in Washington, D.C., at the time. Because you just have to go in and pull down your pants and say, you know, *Take as much as you want* [laughs] *because we are guilty, but we’re going to fix it.* And that’s what I told the customers. I went everywhere: Lake Charles, Louisiana; Houston; Corpus Christi; you name it, and met with the customers and said that, you know, *We’re guilty. We’re messed up. But be patient, and we will fix it.* And we did.

BB: Well, that takes a fair amount of hutzpah, to – because you know you’re walking into a firestorm.

RD: [Laughs] Right, yeah.

BB: And – we have a utility back East, and we had a major outage, and the CEO was nowhere to be found and got roundly criticized in the press for not doing any interviews or talking to any customers. And I think taking the heat and straightforward dealing with it, I think really helps diffuse a lot of it. Doesn’t fix the problem, but –

RD: No, but you gotta be out in front. You can’t run and hide. You’ve got – in fact, poor old Jerry we were having a big customer meeting in Houston, oh, maybe in September of 1997, after the thing was really starting to get balled up. And I said, *Jerry, are you going to go down to that meeting with the customers?* And he said, *Are you kidding? They’re mad!* And I said, *Well, okay, that’s good. Thank you.* And so I went, you know. And… you just can’t run away from stuff like that.

BB: Absolutely not. Absolutely – so, very interesting period of time. You actually reimbursed some customers for –

RD: Big time. Yeah, big time. We took a – I’ve forgotten the exact number – maybe a 700-million-dollar write off to honor the number of customer claims.

BB: How did you decide who to give it to and how much to give?

RD: Well –

BB: Because you opened – the lawyers must have just been pulling their hair out saying, *You’re opening us up to all kinds of possibilities –*

RD: They were, but our marketing people met with the customers, and they had to have some sort of proof of damages in order to get reimbursement. And it was just a negotiating process that we went through. Painful, but we did it.

BB: So, you’re now running the railroad essentially by yourself, right? You’re – president, CEO, and essentially chief operating officer at the same time?

RD: Well, yes and no. We made some other changes at the time. We had a guy named Art Shoener who was VPO during this merger period, that was a brilliant strategist but had the personality of Attila the Hun. And, he was great with the strategy, but he wasn’t so good with the follow-through. But anyway, he ended up making the customers mad, making the government mad, the Federal Railroad Administration. So, we let Bart go, and brought in a new man, Brad King, at the time, who didn’t stay on the job very long. He didn’t want it. And then brought in a fellow named Dennis Duffy, who was a brilliant operating guy.

BB: He had it for a long time.

RD: He had it a long time, and he was terrific. The smartest operating guy, including myself, that I’ve ever seen. He was really a good man.

BB: So, if there were things to do differently with the SP and the Northwestern, if you think back and say, *Okay, I’m – I’ve erased all of that, and now I’m going to go do it again*. What do you – what – how would you approach it?

RD: Well, we just need to go slower. And we would have needed to do more investment up front, too, because both of the properties we bought, CNW and particularly the Southern Pacific, had been undermaintained. Not nearly enough capital had been invested in those companies. So, there was a huge amount of work to do to get them up in shape. So, you know, in hindsight, I think we should have invested more up front and slowed down. Got our labor agreements worked out before… some of it we couldn’t do anything about, because SP had the ability to – SP customers had the ability to shift their traffic over to the UP before we got things in place. You know, that was – nothing we could do about that. But – we should have slowed down.

BB: So that old saying about whatever doesn’t kill you make you stronger appears to have applied in this case?

RD: [Laughs] It did!

BB: But it’s interesting because the UP continued to gobble up companies. I mean, you had C&EI and the Katy, which we didn’t talk about –

RD: 1986 or -7 we bought the Katy.

BB: Yeah.

RD: That was self-defense because they were so run down and we had so many trackage rights, we had to buy them to fix them up.

BB: Right. So, the company grew. It was like Pac-Man eating up a lot of legacy railroads.

RD: We did. We acquired lots of companies.

BB: And the integration – my recollection was that the Katy integration seemed to go fairly smoothly, as did the C&EI one.

RD: Nothing to it. They were such small companies, you know, that it… in fact, the Katy was just a remarkable success story. As I recollect, we paid about 100 million for it, and maybe acquired 100 million in debt, and they had really wonderful real estate holdings. We sold one piece of land for 100 million. So, we were playing with house money right from the get-go with the Katy. That was a wonderful thing. We also bought a railroad in Mexico – or, bought into a railroad in Mexico. Which was another wonderful investment.

BB: So, now you’ve got this network that’s starting to run more smoothly, you've gotten through most of the service issues, there was some strategic change in building the company into business units, which I think was a relatively new innovation –

RD: It was. That came out of the quality program.

BB: Okay.

RD: in fact, at that time, too, not only did we establish the national customer service center, we consolidated all of our dispatching operations in Omaha from all the outlying points –

BB: Into the Harriman Center?

RD: Yeah. Which, when we first broached that idea, Mr. Kenefick said, *No way are we going to do that.* Of course, he retired, and then –

BB: Guess what.

RD: [Laughs] Yeah. And then Mike came, and we explained to him what the savings would be if we could do that. And he said, *Well, do it. Don’t wait. Go. Do it.* So, we – that was an interesting experience, too. We had an old freight house there that was historic, in Omaha, where Mr. Harriman in 1895 or -96 purchased the bankrupt Union Pacific. They had an auction there on steps of the old freight house, and he said, *I’ll buy it.* [Laughs] I think he paid 50 million dollars for the UP. Well, Jerry and I were going to tear that old freight house down and build a brand new nice dispatching office, and Mike Walsh said, *Are you guys crazy? You got this historic building here. We're going to refurbish that and put the dispatching office in there.* Well, okay, boss. [Laughs]

BB: That was a great idea.

RD: [Laughs] Yeah, it was a great idea. So, we spent about 60 million dollars putting that dispatching center in place – we spent more money on that one facility than Mr. Harriman spent buying the entire railroad.

BB: -- buying the entire railroad. Different dollars, but still…

RD: But still.

BB: That’s – that’s, yeah. That’s still the hub of the railroad, although there are more regional centers now, I think.

RD: I think there's a small dispatching office, maybe in Houston. I'm out of touch. I don't know, I'm – I’ve been gone a long time.

BB: So, the business unit concept -- one of those was intermodal, and I guess I grew up with the beginnings of intermodal, and I remember when I first went into it, I’m telling my wife, *This could well be a career ender.* You know, *The operating department hates it. The traffic department hates it. Everybody hates it except my boss. So, you know, here we go. Let’s see what happens.* And, of course, now – you know, we were the redheaded stepchild in almost every company, and now it's become the predominant growth driver across many instances. How was it perceived at UP, in, you know – after all the kerfuffle around the service issues? And when you set up the business unit?

RD: Well, it clearly was going to be a growth engine. I must say, I was a skeptic, because as you know it's the lowest profitability business you can handle. But it's what the customers wanted. In fact, the intermodal guys came to me and started wanting to buy our own containers to supply the customers. I said, *Are you guys crazy? APL is our biggest shipper, and they own all their containers, so we’re going to buy containers and start competing against our biggest customer?* And they said, *Yep, that's what we want to do.* So, they finally wrestled me to the ground, and –

BB: [Laughs]

RD: And we bought a few. And today, I don't know how many they own, but maybe 30,000 containers, thousands and thousands of them that we supply ourselves to the customers. And, of course, the big ocean shipping companies still supply their own containers.

BB: Yeah.

RD: So, it's been a huge growth business.

BB: Well, of course, doublestack changed the economics of –

RD: They did. Yeah.

BB: Completely.

RD: It wasn’t cheap though. I mean, building these big intermodal companies to accommodate doublestack business is very, very pricey.

BB: Well, and back in the early days you had circus ramps at ev – lots of little, small towns.

RD: Oh. Oh, I’ll never forget here in Dallas. We had a circus ramp and had a huge customer here – United Parcel Service – where we operated a train every day out of Chicago that was dedicated strictly to them and tried to handle it all on a circus ramp. And it got time to – it just, inevitable, we had to go expand someplace. So, I came down and got with the marketing guys and said, *Let’s go figure out where to build this facility.* And they wanted to build it in East Dallas, which you – you don’t – you’re not probably familiar with it. It’s – we’d have had to build a chain link fence around it and put guard towers above it because it’s such a lawless part of town.

BB: Right.

RD: So [laughs]. So, we finally said, *We’re not going to do that*, and we moved out into a place called Mesquite, and built a really wonderful facility. And it was so good that UPS built a great big distribution center just adjacent to us, you know, and – boy, we could – I mean, we handled other business other than UPS, but they were the big cat there. No, it's a great business, growth business.

BB: And the profitability I think's improving.

RD: Improving. Still not up to some of the other commodities, but it's better.

BB: It’ll probably never exceed chemicals and things like that.

RD: I doubt it. Well, I don’t know. I’ve been gone 13 years. I don't know anymore.

BB: Right, right. So, at some point now, in the late ‘90s, you bring in Ike Evans.

RD: Yeah, 1999, right.

BB: How did that – what made you think about doing that, and what transpired in the process of doing that?

RD: We were just coming out of all the troubles. You know, I was spending so much time in Washington, D.C., trying to repair relations, I thought I needed somebody to kind of stay at the home front and run things. And we had a search firm, and Emerson Electric was regarded as kind of like GE was, as a training ground for managers.

BB: For managers, yeah.

RD: And so, they came up with Ike's name, and so I went to Saint Louis and visited with Ike.

BB: Now, you had a GE candidate at one point, as well, right?

RD: We did, yeah.

BB: And, but Ike came obviously after that.

RD: Yeah [laughs], that was kind of an embarrassment that I had recruited the guy to come, and the day he was supposed to show up at the board meeting and take the job, he called and said, *Dick, I’m not coming.* He said, *You’ve run the company so long, people will always think you're in charge, even though –* So, I said, *Okay.* Anyway, we found Ike and – Ike’s father had been a manager on the New York Central railroad, so he had railroading in his blood. And he had great experience. He had worked for General Motors for a long time and had run their manufacturing plants, and then had gone to work for Emerson and was a senior manager at Emerson. So, he had a lot of management experience. So, I mean, he didn't immediately grasp the whole railroad thing, but the two of us working together, it worked out pretty well.

BB: And how long was he with you?

RD: I think he left in 2006. We were transitioning out – I had stepped down then as the CEO and became non-executive, and Jim Young was in saddle to succeed me. And Ike was still there, and – Ike was such a hands-on guy, he just – he had a hard time letting Jim do his job without looking over his shoulder too much. And so, he thought it was time to move on. And he went on to other work, and he actually became chairman of a big auto parts company after he left.

BB: So, Jim Young… non-traditional path to the presidency, right? Came out of finance. How did that occur, and not somebody out of the operating department or marketing?

RD: I started noticing Jim early on, while he was still a financial analyst or something – I forgot exactly what his job was – but we were having a meeting to discuss something, and I don’t even remember what the issue was anymore, but I said, *I think this is what we should do,* and Jim very nicely said, *I don't think that's what we should do. We ought to be doing this.* Which – I really liked him because he pushed back, you know. Which I think is vital if you're going to have a successful company. You gotta marry up diverging views, and you don't want people saying, *Yes, sir, boss!* You want people that aren't afraid to disagree with you. So, it just looked to me like he had the potential, so we kind of started grooming him, and we actually sent him back to Bethlehem a while in the holding company, and giving him a different set of jobs to expand him, to get him ready to take it.

BB: Did you tell him why you were doing it, or did you –

RD: I think it was obvious to him that he had the – well, I probably told him that, you know, this is what we want to happen, so we want you to learn.

BB: Yeah. Right. Well, that was a successful transition.

RD: Oh, yeah. He’s a good man.

BB: And he really seemed to change – make some significant changes in the culture at UP in terms of… not sure what the right phraseology is, but it became a more… not touchy-feely, but more… collaborative, I guess?

RD: That might be so. Not so militaristic, perhaps.

BB: Yeah. Well, I mean, the history of the railroad industry everywhere was pretty much the sort of military-type discipline.

RD: Yeah. Mr. Jenks had been a captain in WWII and John Kenefick was in the Navy, and –

BB: Yeah.

RD: Yeah, no, it was…

BB: So it was a successful transition, and then had a…

RD: Disappointment with it.

BB: Disappointing end to it. So, one of the things that you were able to do was expand capacity, which I guess took some kind of thinking down the road, right, adding the third main line for high-speed operation, and so forth. Did that team come up with – say, *Hey, look we need more out here. We’re going to outgrow what we have*? How did you get to the point where you said, *Okay, we’re going to put the money in to do these major changes?*

RD: Well, you remember – may remember that the Union Pacific entered the Powder River Basin in the late ‘80s, and that business grew unbelievably. And we got to the point, we were running a hundred fifty or a hundred sixty trains a day between North Platte, Nebraska, and Gibbon, where the line broke off to go to Kansas City. It could either go toward Kansas City or go towards Omaha and Chicago. And it just got to be too much. So, I mean, we had to do it out of self-defense. It just became obvious that – that we build a third main track, and we did a lot more double tracking south from Gibbon going toward Kansas City.

And, in fact, we owned and old branch line that we had sold to a third-party operator – short line – that came up out of Kansas City and came over and hooked up at – oh, the junction point there, I’ve forgotten the name of the community. But anyway, we bought that back from the short line operator and used it as double track to bring trains up out of Kansas City, and then tie into the – oh, Marysville. Marysville, Kansas. And came back into Marysville. So, we double tracked pretty much from Marysville to Gibbon, and then we didn’t have to spend all that money double tracking between Marysville and Kansas City, because we had a parallel railroad. Yeah, we had to lay some heavier steel and everything, but we didn’t have to go through condemnation or anything that. So that was a great solution.

BB: You also made North Platte – I guess it’s still the biggest classification yard in the world?

RD: I think it is. I mean, I’ve been gone thirteen years.

BB: It’s a major facility.

RD: Yeah, right.

BB: By anybody’s measures – measurement. Yet, in the era of – the modern era of precision scheduled railroading, the hump yard has sort of gotten a reputation as being not a good thing anymore, and a lot of companies have closed hump yards and gone to flat switching. What’s your opinion about that whole strategy of PSR and those kinds of changes, and what does it portend for something like North Platte?

RD: I don’t know this for certain, but I understand they’ve closed down part of North Platte, maybe now.

BB: Okay.

RD: But I will say this. We had closed hump yards long ago. I mean, when we bought the Southern Pacific, they had a hump yard in Eugene, Oregon. We closed that. We had a hump yard in East L.A.. Closed that. Pocatello, we had one. We closed that. So we’ve been doing that forever. Now, I think it’s been energized since this PSR objective. You know, I really can’t say. I’m a little apprehensive that maybe they’ve cut things so deeply, that it may be hard to grow the business back. I mean, I think I mentioned last night that fifteen years ago, the Union Pacific was handling 200 thousand cars a week. Today it’s 140 thousand or 150 thousand, and in the meantime they’ve spent 40 or 50 billion dollars in capital to handle 25 or 30 percent less business, so we’re just going to have to see how things shake out here. I know if you can’t grow your business, evidently, it isn’t going to work very well.

BB: Right.

RD: You can only cut so deep.

BB: Yeah. One of the other questions I had was about the Powder River Basin and I – my discussion with Bill Greenwood, when it was the Burlington that first built in there, and Ray Burton was the finance guy at the time, before he went to Trailer Train, that they basically bet the company on building in there, and they had a lot of faith that it was going to pay off, but there were a lot of naysayers saying, *Why are you spending your money doing that?*

RD: We were all watching them.

BB: Yeah.

RD: Because they had light rail and they had to put in heavier rail and invest a huge amount of money. But it turned out to be a brilliant move on their part.

BB: So, you at least had a precedent to go by, and say, *Hey, this is probably worth doing.*

RD: Yeah. Now, I really wasn’t involved in that. That was the UP that had that well underway before I moved to Omaha and really got involved in that. But it worked out well, and we invested a huge amount of money, you know, double tracking and adding additional sidings.

BB: Right.

RD: Putting in concrete ties and – yeah. At the peak, we were running 30, 35 loaded coal trains a day out of there, and for every loaded train, you had an empty train, so it was a very busy railroad.

BB: Yeah. So, I think the last major thing I wanted to touch on was with your relationship with Mr. Jenks. Because he was obviously pivotal in your career, and a mentor, and you know, maybe you could talk a little bit about him and how you got to know him, and his background, and what made him a good leader.

RD: Well, as I mentioned, the first time I ever met him was out in the middle of a flood with water up to my waist, and he was up there, too, you know, and that was a leadership example. But then, I had a number of more dealings with him after I became a manager, and we started that construction project in Fort Worth. He would come down there occasionally and visit. And I’ll never forget, one of the times he was sitting across the desk from me and went – in our old office, talking, and I had my hand on the desk and was shaking so much I had to [slaps hand down] put my other hand – [laughs] it was so intimidating! But you know, I mean, he wasn’t mean or anything, he just – he was the top dog, and I was a lowly train master.

BB: Right, right.

RD: But anyway, and then he brought the board down there and showed ‘em off, you know, and how wonderful it was, and everything was working well. And then I got more exposure after I told him the story about fixing the Chicago and Eastern Illinois Railroad, and that really pleased him, I could tell that, because he had bought the company, and – in fact, they sold the TP building – I mean, the old Missouri Pacific office building, so they could have the money to make these investments. They bought the rest of the ownership of the Texas Pacific Railroad and then the C&EI all about the same time, and then leased the office building back. But anyway, that created a lot of exposure with him, and when he put me on the board of the company, and I made lots of train trips with him, too. He’d get out on the railroad, and he was a pleasure to – because he always wanted to know, *What we can do to improve things? Where do you want to spend money, do you need to build a new siding here?* It was just a pleasure. And then, of course, John Lloyd was his president. He’d come along behind and say, *We really don’t need that.* [Laughs] It was quite a contest.

BB: So, what was – I know you said Mr. Jenks’s background was not operations.

RD: He – you know, I rethought that, and I think it must have been, but I don’t believe he was ever a general manager.

BB: Okay. Was Lloyd’s background in operations?

RD: He came out of mechanical. Mechanical department.

BB: Well, obviously, then, you don’t need money for track. You just need it for locomotives.

RD: [Laughs] No. And Lloyd was hard to get any money out of, too. Of course, the Missouri Pacific didn’t have a lot of money. You know, we’d been bankrupt for 33 years.

BB: Right. Yeah. So was there anybody else in your path, other than Mr. Jenks, that you would say, *That guy was really helpful to me?*

RD: Well, obviously Bill Farrell. I mentioned Bill Farrell, who pushed me and pushed the personnel department in St. Louis, too, into taking me. You know, they said, *That kid’s a hay seed. We don’t need him.* Ten years later, they were working for me. You know, [laughs] after a few promotions.

BB: How did you pick talent?

RD: Well, that’s a good question. When I was interviewing people, I was always interested if they’d worked while they were in college, you know, if they had decent grades. And one thing we didn’t do, we almost refused to hire anybody that was Harvard or Princeton or any of those Ivy League schools, because they came out thinking they should be president day one. We wanted people that were willing to roll up their sleeves and go to work. So, we hired most of our people out of Midwestern schools, like University of Kansas or University of Nebraska, or K State, or places like that where people still believed in hard work for a day’s pay.

BB: And, did you leverage the MoPac training program into a broader one for the whole company, or--?

RD: We did. We had – we had a good training program at Union Pacific, as well.

BB: So, I know you said one of your top accomplishments was straightening out the holding company, that you felt that was a career high point. Do you have any other ones you would illuminate?

RD: Well, yeah. I mean – small things, originally. Like, it was my idea to develop the national customer service center, to have the combined dispatching office there. This was a small thing, but after 9/11, I started putting the American flag on the side of our locomotives, which that didn’t really do anything except show our patriotism and support for our country… but getting rid of all those non-contributing companies, too, was a really, really – not just the holding company, but all the bloodsuckers that weren’t contributing anything.

BB: So, everybody has sort of pivotal points in their career, where it could have gone this way or that way. What do you think were the major turning points for you?

RD: That’s a good question.

BB: I mean, some of it’s luck, some of it’s timing, some of it’s recognition and skill.

RD: Well, yeah. You never get anywhere without a huge amount of luck, that’s clear to me. And some of it was bad luck. Like my boss having a heart attack when I was in Fort Worth, and Jim Gessner having a heart attack, I mean – that opened jobs up that might have not come along.

BB: Did you go get your heart checked before you said yes to the job?

RD: [Laughs] But, those were big turning points. That was really – the construction job in Fort Worth was a big deal. It – that was a really big deal. But, well, and that board meeting, too, that took place in the night at the Saucon Valley Country Club, that was a huge turning point. Huge.

BB: So, it all worked out pretty well?

RD: You know what, you hate – I’m not the kind of person to pat myself on the back, but it’s truly the American Dream. When I was a kid, a young kid, we didn’t have running water in the house, had an outdoor toilet…pretty modest background, and now we have a nice home here, and a nice home in Florida. I had a nice retirement present that my wife and I bought that –

BB: Yeah.

RD: We went around the world on that –

BB: So –

RD: It’s the American Dream, really.

BB: When did you decide that it’s – *okay, it’s time for me to step out and give it to somebody else*?

RD: Oh, when it – when I was approaching sixty-five, because I’d been there almost fifty years.

BB: Yeah.

RD: And, you know, I loved the job. I mean, I enjoyed it every day. In fact, the things I didn’t think I would like, like the community involvement and then dealing with the politicians in Washington, D.C. – I got to like that a lot. I enjoyed it. But anyway, I’d been there near-on fifty years, so it was time for somebody else.

BB: Sometimes that’s a hard step to take, it’s—

RD: Well, it wasn’t for me. I was ready.

BB: You were ready.

RD: I’d been through all the chairs. I’d had lots of jobs.

BB: Yeah.

RD: A great run, so it was – yeah. It was easy.

BB: What’s your views on UP’s future down the road? If you’ve thought about that at all, and what would you – how would you envision they’re going to do in the… you know, the world’s changed quite a bit and continues to at sort of a rapid pace.

RD: It has, but I – here, I think the railroad business is unique. They’re not ever going to build any more of them. If the government doesn’t screw us up – doesn’t screw up with railroads, which they are capable of doing, right now, with what they’re talking about – it could be a golden future. Because you’re always going to have needs for transportation, and there’s no better way to do it than a steel wheel and a steel rail. Four times more fuel efficient than trucks. Now, if things are going to change, you’re going to – we’re going to have driverless trucks one of these days, but I gotta believe that they won’t be able to insist that you have two person crews on trains anymore, if you’ve got trucks out there on the highway running with nobody behind the wheel. Railroads aren’t going to wander off like a truck can. You’re going to go right down that track. There’s no reason they couldn’t be operated with nobody.

BB: Well, as I mentioned last night, Mike Mohan shows this video of this train in Australia, it’s a coal train in the outback, but – no personnel on board running, you know, 25 thousand tons at 50 miles an hour, so the technology is there to do it –

RD: Absolutely.

BB: The political will has to be there. I think you would – people watching trains go by at grade crossings with nobody on them would probably be disorienting, like flying on a plane with nobody up front.

RD: Well, that’s entirely doable, too.

BB: Yeah. Right, well, we don’t do it because it would –

RD: Perception.

BB: Make people fairly – pretty nervous.

RD: It unnerves me to think about a truck going down the railroad – or down the track – down the road, down the highway at 70 miles an hour with nobody behind the wheel either.

BB: There was an interesting interview on *60 Minutes* where they interviewed one of the driverless trucks – companies, and the woman who was doing the interview said, *You see all that – looks like state police light bars on top, that was all the sensors.* And she said, *This thing can make decisions sixteen or seventeen times faster than I can as a human being. So it’s much safer having it do that than having me do it.* And I think, you know, at some point we’ll get conditioned to the fact that that actually is true, and we won’t be killing 30 thousand people a year on the highways.

RD: But, you know, the same thing applies to railroads.

BB: Right.

RD: They can go down the same path.

BB: Yeah. So, if I’m now back, and I’m 18 years old, or 22 if I went to college, and I’m sitting here with you and I’m saying, *I want to go into the railroad business, I think*. What would you tell me? What would your advice be to –

RD: I’d say, *Have at it. Go put your application in.*

BB: But would you have any recommendations on career path? What should I follow? What do you think would be the – I want to do what you did. So how would I get there?

RD: I would always suggest going into the operating department. Because that, I mean, that’s the crux of the railroad. Seventy-five percent of the employees in the railroad are operating people, and as we talk about, if you don’t have excellent operations, the marketing guys don’t have a chance.

BB: So it’s, you know the history of the business is largely one of people from operating department background running companies, and then it started to shift to lawyers and accountants running the companies. Do you – I mean, clearly having operating experience and learning the business at grassroots is indispensable in terms of knowledge and knowing the business, clearly too, people can run the business without having that. But do you think that the industry will go back at some point to having more of an emphasis on operating people in the top jobs?

RD: You now, that’s hard to answer. Mike Walsh came in, he was a lawyer, had zero operating experience.

BB: But knew where to rely on talent.

RD: And he did well. Rob Krebs, you know, he was an MBA, but he got out and worked on the ground and he learned it, too, from the ground up. In fact, our training program, we owned a short line railroad in Arkansas called the DKNS that, we’d send our trainees down there and let them actually work on the railroad for a few weeks, and learn how to hook up air hoses, and set hand brakes, you know. Make them get out there.

BB: Do the work.

RD: Do the work, absolutely. They could learn.

BB: You had the opportunity, the honor, of being nominated and accepted into the Horatio Alger Institute. Can you talk a little bit about that?

RD: Well.

BB: You’re in with some pretty good company.

RD: [Laughs] Yeah, good company. In fact, I just read a book by a guy named Ed Hagen that was a financial guy that grew up as an orphan and became extremely successful. He really had a horrible life. Mine was good compared to his, although, I didn’t have a father and grew up in modest circumstances. But, once again, in my case, I think it turned out kind of to be a blessing in disguise. It made me a much stronger person. No, I was quite surprised, pleasantly surprised to be chosen for Horatio Alger, and… you kind of have to bare your soul and tell everybody what things were really like. But – no, it’s an honor. A lot of wonderful people in the organization. And it does good things. Lots and lots and lots of kids get college scholarships from –

BB: Oh, do they? Alright.

RD: Oh, yeah. And the kids that have been the most disadvantaged, I mean – kids that had no parents, or their parents were in jail, or their parents had been murdered, drug addicts, and these young people were sexually abused or beaten, or kicked out of the house, or whatever. But somehow, they rise above it, you know, and have succeeded and done well, so they… I’ve forgotten exactly what the number is now, but they probably give 20 million dollars a way a year in scholarships or something. It’s just a huge organization.

BB: Well, I’ve exhausted my questions for you. Do you have anything you want to say that we didn’t ask?

RD: No, you’ve –

BB: Covered the waterfront?

RD: Yeah.

BB: To mix metaphors a little bit.

RD: Yeah, you’ve got me. You’ve got everything I know.

BB: Well, thank you for your time. It was a real pleasure to do this.

RD: Well, thank you. It’s been fairly painless.