

CASE 1

Lehigh Valley Transport and Logistics Service (LVTLS)

LVTLS was established in 1960 by Mason Delp as a local cartage company to provide pickup and delivery service for several interstate trucking companies in the Greater Lehigh Valley area of Pennsylvania. Mason saw signs of change in the area between Allentown and Philadelphia with the improvement of the interstate highway system and the improvements in the Pennsylvania Turnpike System providing North-South and East-West corridors along with other roadway additions and improvements. In addition there was a definite population sprawl around Philadelphia. The roadway additions and improvements provided transportation access to many communities. Mason's observations were correct and the area changed from predominantly agriculture to companies producing and manufacturing products and services.

One very significant development was the establishment of a number of facilities for producing pharmaceutical products and an agglomeration of companies and services to support that industry. The growth and success of these companies provided the opportunity for Mason Delp to expand his motor carrier services to provide both less-than-truckload and truckload service throughout the mid-Atlantic states. When the motor carriers were deregulated in 1980, Mason established warehousing services in Lansdale, Pennsylvania as a complement to his trucking services. At that point "Logistics" was added to the name of the company. He promoted his son, Paul, to vice president of the warehousing division because of his experience and education.

In 2000, Mason retired and Paul became the CEO. The company experienced growth in the warehousing business as the economy was expanding in the early years of the twenty-first century and Paul invested heavily in information systems and technology. However, the great recession of 2008 caused challenges and financial pain for LVTLS because of a downturn in business activity. The investments in information systems and technology mitigated the impact of the downturn.

The organization has fully recovered by 2012 but Paul now recognizes the need for cost control and strategic relationships to buffer future economic volatility. He is particularly concerned about the business activity he has with pharmaceutical companies because of the challenges that they are facing. However, Paul recognizes that their challenges may be opportunities for LVTLS to develop collaborative relationships with a number of these companies to help them improve their supply chains management.

CASE QUESTIONS

1. Discuss the challenges faced by the pharmaceutical industry.
2. Which of these challenges provide the best opportunity for LVTLS? Why?