Tom Hoback: A Vision, an Entrepreneur, and Always in Motion

If you congratulate Tom Hoback on his upcoming retirement, he’s going to give you “the look” with those piercing blue eyes.

No, he’s not retiring. He may slow down a little, he says, but even that is unlikely. It is true, however, that the 29-year President and Chief Executive Officer of the Indiana Rail Road Company (INRD) will step down on Tuesday, June 30, and industry veteran Peter Mills will take the reins of the railroad.

Hoback saw as early as 1977 that the long-neglected and decrepit rail line, owned at the time by the financially-strapped Illinois Central Gulf Railroad, could play a key role in Indiana’s economic vitality.

Not only was Hoback right to put down his life savings, when most observers thought he was crazy, but his railroad has gone from “teetering on the brink” to an industry leader.

Hoback’s sphere of influence has spread well beyond Indiana and Illinois, where the 500-mile INRD system thrives today, and he has groomed a new generation of leadership to continue his success.

Products hauled by Indiana Rail Road touch more than 40 states, Mexico, six Canadian provinces, Asia, Europe and South America. The benefits for Indiana and Illinois farmers, manufacturers, retailers and motorists are immense. (Motorists? Without Indiana Rail Road, as many as 800,000 additional truckloads of freight would be on the highways, annually.)

From a legacy standpoint, however, it is Hoback’s dogged determination to build the company – in an era when railroads were viewed as dying and uncool – that should be a beacon of hope for entrepreneurs everywhere.

Consider this: Indiana Rail Road traffic and revenues have grown an average 12 percent, compounded annually, for 29 years. Wall Street would call that a blue-chip stock. Hoback is humble when it comes to giving credit, however, and points to his team.

“I’m proud of the fact that we have a stellar group of employees,” he said. “I like the people around here very much. We’ve been able to create stable, well-paying jobs for about 200 families. I’m also very proud of our safety record, and the fact that we’ve never had to lay anyone off. I doubt there’s another railroad our size that can say that.”

The chief reason for that stability is because Hoback and his marketing team found ways to grow business despite multiple recessions, while his finance, operating and maintenance staff juggled the competing interests of managing costs while running and rebuilding a railroad.

Success didn’t come through luck. If Tom Hoback is known for anything among rail industry insiders and customers, it’s persistence, patience and never letting “no” stand in the way of his vision.

When asked about the challenges of building Indiana Rail Road’s business in its early years, starting with “Day 1” on March 18, 1986, Hoback shook his head as memories flowed in.

“Today, it’s hard for people to understand what we were up against,” he said. “The railroad industry was viewed as dying. Because customers that used rail had had such bad experiences, you were trying to build trust where there was none at all.”

INRD was a small start-up with terrible infrastructure, so Hoback’s infectious belief in his product had to carry the day. That, along with his patience and persistence, landed a big fish early on: RCA.

The television manufacturer had a 1-million square-foot warehouse in Bloomington, and it was an early recipient of a Hoback sales call. With every return visit, Hoback was given another excuse why RCA couldn’t use his railroad to ship televisions to the West Coast. It didn’t help that Illinois Central Gulf had previously taken as many as 10 days to move TVs … just to St. Louis!

After a year and a half of denials, returning to the office to regroup, refine strategy and then go at RCA with new ideas, Hoback got a foot in the door.

“They had a huge volume going to City of Industry, California, so I worked with Union Pacific and Conrail to get food-grade boxcars into RCA that otherwise would have gone back to California empty,” said Hoback. “Finally, we got them to move some test cars, and it worked so well, soon they were moving 1,000 cars per year to City of Industry, and soon after, another 900 cars to Harrisburg, PA.

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Pete Mills: Welcoming a New Chief Executive

It’s never easy taking over for a champion. Just ask former and current NFL quarterbacks Steve Young, Aaron Rodgers or Andrew Luck, who replaced guys in the huddle named Montana, Favre and Manning, respectively.

Indiana Rail Road President and Chief Executive Officer Tom Hoback has been a 30-year champion for his railroad, customers and employees, for economic development in the state of Indiana, and for the communities INRD serves.

After molding INRD into an industry leader since March 1986, Hoback will turn over day-to-day leadership to Peter Mills, who will take the President and CEO’s chair on July 1.

Mills has worked for CSX for more than 26 years, most recently as Vice President, Finance Operations at the company’s Jacksonville, FL, headquarters. For the last 10 years, Mills was a member of INRD’s board of directors, working alongside Hoback to prepare INRD’s aggressive capital investment budgets and develop the railroad’s long-range strategic plans. So he knows the territory, literally and figuratively.

“It (INRD) is a very well-run, if not the best-managed, regional railroad in the United States,” said Mills. “There’s a track record of excellence on every front, from safety, to service, to innovation. To me, that excellence is the brand, what customers love and expect. I’ve been around the company for 10 years, and it’s fully a testament to Tom, his leadership team and every employee.”

Mills is taking the reins at a time when the railroad has some headwinds, specifically the loss of major coal customers in 2016 due to power plant closures or retrofits. His message to employees: let’s not worry about the things out of our control, and stay focused on growth.

“There is a lot of strength in the company we need to capitalize on,” he said. “We’re in a great position to grow with existing customers and the opportunities they bring. The second part of growing is getting very focused on industrial development: expanding intermodal, warehousing. Those are just two great examples. We need to locate customers (on INRD) – and I know there are a lot of iron in the fire, right now.”

Mills and his wife, Jessica, have been extremely active in the Jacksonville community, and look forward to putting down similar roots in Indianapolis. They have three children – two are still in college and one recently graduated.

Pete was vice chairman of the board of the Florida Theatre, a historic and popular downtown Jacksonville venue that hosts live music, arts education and performing arts. He also served on the executive committee of the San Jose Athletic Association, which sponsors youth sports programs in Jacksonville.

“It started with my children, but I’ve been on the athletic board until recently even though my children are now (grown),” he said. “I think youth athletics are really important for kids; a lot of life lessons are found in competing in team sports.”

Choose INRD as sole service provider for Bear Run Mine; and it was Hoback’s persistence and stellar reputation in the railroad industry that helped to convince the mighty CN to partner with INRD on trans-Pacific containerized freight (“intermodal”) service into Indianapolis.

Moreover, all the above would not have been possible without Hoback’s commitment to investing ahead of the growth curve — represented by $200 million of INRD’s profits going back into infrastructure investments over the railroad’s history.

And, by the way, it is any surprise that these same qualities have resulted in hundreds of thousands of dollars donated to worthy causes along INRD’s system, to Indianapolis historic preservation and education institutions, and for operation of the INRD’s beloved Santa Train?

Tom Hoback’s legacy transcends twin ribbons of steel; he’s created a lasting legacy that will benefit the region’s companies, communities, and the hard-working INRD family of employees for years to come.

The good news for INRD and Indianapolis is Mr. Hoback will remain on the INRD Board of Directors, and he and wife, Susan, will spend a lot of time here.

Remember: “retirement” is a dirty word to Hoback. It’s time for new challenges, and we wish him well.

Hoback, Continued

“We doubled our overall business over the first five years, doubled it again over the next five years, and we just did that one customer at a time by building their trust and finding creative ways to help them.”

If these examples from INRD’s early days have a familiar ring to them, then you know Indiana Rail Road, and Tom Hoback, better than you think.

It was Hoback’s years-long persistence that saw the railroad prevail in the bidding for Canadian Pacific Railway’s Indiana assets in 2006, giving INRD its prized access to Chicago; it was his commitment to superior service that compelled Peabody Energy to, in 2009, represent $200 million of INRD’s profits going back into infrastructure investments over the railroad’s history.

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Peter Mills will join INRD on July 1.

Jessica was an active volunteer with Catholic Charities, which served the Jacksonville community across its entire spectrum.

“When she gets to Indianapolis, she will get engaged in something, find her area of interest, an outlet where she can make a difference,” said Mills.

Mills said he’s eager to continuing his aggressive schedule of meetings with customers and employees, and get engaged with the Indiana civic community.

Peter Mills: Welcoming a New Chief Executive

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INRD in the News

Tributes to outgoing INRD Founder, President and Chief Executive Officer Tom Hoback and some of his bold business initiatives have been frequent in the media of late.

Several examples: Industry publication Railway Age ran a cover story (left) highlighting Hoback’s career achievements and philosophies for running a railroad “like a business” in its March 2015 issue.

Trains Magazine’s May 2015 issue included a feature story titled “Thinking Outside the Container,” which explained the creation and daily operation of INRD’s trans-Pacific intermodal partnership with CN. The author, Fred Frailey, a noted rail industry observer and retired editor of Kiplinger’s Personal Finance, rode an intermodal train to Indianapolis as part of his research.

Hoback was also a recent guest on the weekly statewide business news show, “Inside Indiana Business with Gerry Dick,” where he and Dick discussed not only INRD’s progress, but the future of the company and state of the rail industry. The interview is available online at: www.insideindianabusiness.com.