

The Professionals

B&M plows ahead under Dustin

by John Dodge

IN 1973, when Alan Dustin came down from northern Maine where he enjoyed great success in accomplishing major improvements on the 500-mile Bangor & Aroostook Railroad, he thought the Boston & Maine Railroad "epitomized a hopeless case of railroading."

At the time, the bankrupt B & M was experiencing an average of two serious derailments a month. "They were in the newspapers most of the time and in the trade journals with difficult problems. I felt that if any railroad had insurmountable problems, it was the B & M," explained Dustin.

But Alan G. Dustin, a high-level executive since 1970 when he was a mere 41 years of age, loves a good challenge. Nothing could be more challenging than putting the 1,400-mile B & M back on the track.

Against what might appear to be unthinkable odds, Dustin seems to be well on his way to doing it. In 1976, under his innovative and energetic leadership, the B & M increased operating revenue to an all-time high of nearly \$100-million, up \$12-million from the previous year. Net railway operating loss, in that same period, was down \$4.2-million to \$6.4-million. More good news came in October, when the railroad reported a net income of \$167,201 in August 1977 — the first profitable period since the fourth quarter of 1974. But the task of rebuilding and reorganizing the B & M has just begun. Resuscitating this nearly lifeless business of three years ago will take an incalculable amount of time, for since 1957 the B & M has lost money.

In 1973 B & M President Paul Cherington asked Dustin to put 29 years of railroading experience to work on the problem. Perhaps miraculously the B & M's financial

picture has gone from hopeless to not-as-hopeless. Yet Dustin is the first to admit that miracles do not run trains and make money. "Productivity does," declared Dustin. What then makes this man different from his predecessors?

For one thing, Dustin is the consummate railroader. His past touches on almost every phase of railroading, from telegraph operator to train dispatcher to railroad president. Few railroading fundamentals or operating procedures exist with which he is not familiar.

Fresh out of Ausable Forks, N.Y., high school in 1947, Dustin was taken on as a baggage clerk with the Delaware & Hudson Railroad (D & H) in the upstate New York community of Ticonderoga. "Both my parents were dead, so I had to go to work instead of college," Dustin said. Top management jobs today are reserved for college graduates, but he climbed the ladder from baggage clerk to assistant to the president and general manager in 21 years at the D & H. During that period, he served as station agent, trainmaster, and in a number of other positions.

"I never fought for or solicited any position," added Dustin. His low-key and soft-spoken manner seem to reflect this. He attributes his rise in the ranks to a "great curiosity and conscientiousness."

In 1968 he left the D & H, one of the few small profitable railroads in the Northeast, to go to the less fertile ground of the deficit-ridden Erie Lackawanna, once the huge money-maker for past tycoons Jay Gould and Commodore Vanderbilt. Here he was assistant to the vice-president and then superintendent of the Scranton (Pa.) division.

In July 1970 he traveled to Bangor, Me., to take over the reins of the Bangor & Aroostook (B & A), primarily a carrier of paper products. He was called in to remedy a negative cash flow problem. During 1970, the B & A lost over a million

dollars in cash. "For a small railroad, that is substantial. We had to take some painful steps, so the line would be more secure for the rest of its people," Dustin said.

In about two years the number of names on the payroll dropped from roughly 1,000 to 750. "The B & A had too many people on the line and was top-heavy in supervision," he concluded. The reduction in work force resulted in a net gain of a million dollars in 1971, despite a 17% reduction in business from the previous year.

The young executive from northern Maine was fast becoming recognized as an able and knowledgeable manager, an anomaly in the often lethargic railroad business. The late Paul Cherington hired him to do consulting work for the hapless B & M in 1973.

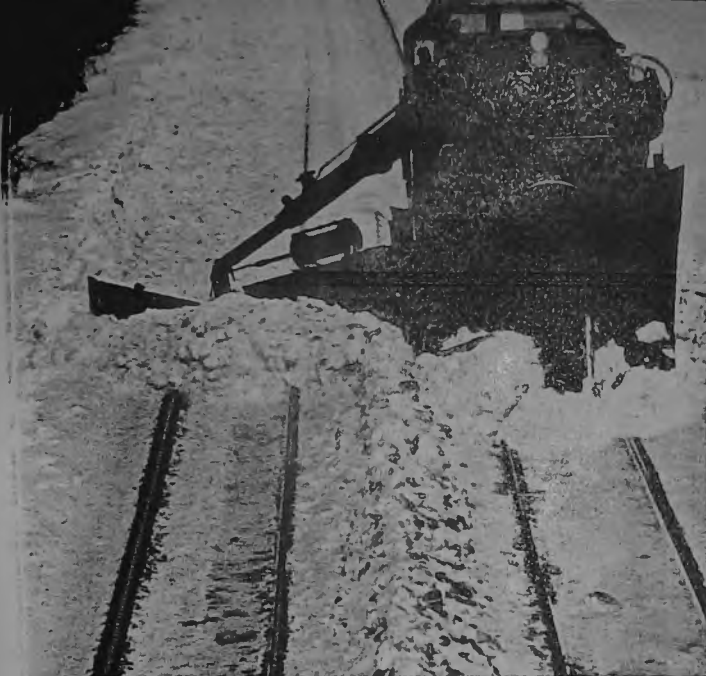
"I was working for the B & M during the week, and returning to Bangor to run the B & A on the weekends," Dustin said.

Long hours characterize the devotion he has for his job. Putting in 11-hour days at his Billerica (Mass.) office is not uncommon. The no-frills and somewhat spartan atmosphere of the converted, aging brick building which houses B & M headquarters gives employees and visitors alike the impression that the B & M is cutting out the fat. In fact, Dustin often revokes his own executive privilege by eating lunch in his office, thus reducing the "businessman's lunch expense." (He is perhaps one of the few executives who takes phone calls between noon and 1 p.m.).

Cherington, with a leadership style not unlike Dustin's, died unexpectedly in August 1974. In that same month Dustin rose to the \$60,000-a-year job of president of the Boston & Maine Railroad.

"The B & M and the B & A were two different animals," Dustin noted. B & M equipment and track were in a shambles. Cross ties were rotting everywhere. Rails were

The author is currently a correspondent for the Lowell Sun, and a lifelong railroad buff.



The Boston & Maine Railroad and its energetic president, Alan Dustin, who is devotedly working to put the 1,400-mile B&M back on the right track.



worn out from years of overuse, and water-logged roadbeds were sinking into the ground. "No new locomotives had been purchased since the mid-'50s," Dustin commented grimly.

But while the B & A was experiencing hardship, it had maintained its physical plant. The B & M had made token efforts, but had gotten nowhere.

The B & M ran out of money in 1970 and was forced into Section 77 bankruptcy. This type of bankruptcy enables the B & M to temporarily waive fixed charges and attempt to reorganize its debt.

During his brief but productive tenure, Dustin and his staff have secured the B & M's precarious role in New England's economy. Besides assisting trustees Robert Meserve and Benjamin Lacey in engineering the sale of the B & M commuter lines to the Massachusetts Bay Transportation Authority (MBTA), he has attended to the nuts and bolts of running and maintaining the railroad.

Under a leverage lease arrangement, the B & M acquired 12 new

locomotives in 1973. Extensive purchases and maintenance programs for the line's 3,900 freight cars have been instituted. An unprecedented locomotive refurbishing schedule, started in 1974, is responsible for rebuilding nearly half the fleet of 171. Two-way radio communication between locomotives, cabooses, and control towers has been installed.

Most needed, Dustin felt, was track maintenance. Between 1960 and 1972, the 1,400-mile system had virtually been left to rot. Every mile of B & M track was a catastrophe waiting to happen — and they did happen. Dustin appropriated precious capital to extensively mechanize the maintenance department. "Last summer, a crew of 47 men installed 2,140 cross ties in one day with the aid of machines, whereas not too long ago, the daily average was about 300," he said.

Between 1961 and 1972, a 12-year period, 34,690 cross ties on an annual basis were installed. Cross tie replacement, crucial to track durability, between 1973 and 1975 totaled nearly half a million.

By late 1975 the B & M, on a limited scale, had even made a Boston bank a believer. For the first time in years the B & M obtained normal credit to purchase 100 new gondola cars.

However, Dustin concedes that without the commuter line sale to the MBTA, the B & M well might have been part of the huge, monolithic quasi-governmental corporation, Conrail. Keeping the B & M independent, Dustin feels, cannot be tied to pipe dreams of a dramatic resurgence in business.

In 1975 the B & M carried the least freight it ever had. Business slumped along with the rest of the New England economy in the recession. Yet Dustin sees New England as an area with economic woes rooted as far back as 1955.

"The industrial base in the primary areas of traffic generation over the years in Massachusetts and, to some extent, New Hampshire has decreased because the business climate is not as good as it once was. A number of major users of the railroad have moved

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south where they found cheaper energy, better manufacturing conditions, and a better climate from a state standpoint. . . ." Dustin said.

"Besides that, the federal highway system was started in 1955. We've had 20 years of massive construction of federally subsidized highways with almost every line of the B & M paralleled by superhighways that truckers use at very little expense to themselves," Dustin explained.

The agreement with the MBTA allowed the B & M to sell 270 miles of track, 84 self-propelled rail cars, and attendant maintenance and other facilities. At the same time,

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the B & M received the right to use this track rent free for freight purposes. In addition, the B & M will operate the commuter service on a cost-plus incentive basis which should reap an estimated \$1.5-million over what it received in an arrangement prior to the sale.

However, the \$39.5-million paid to the B & M for the commuter lines will be put into an escrow account until the court decides how much should go to pre-bankruptcy creditors and to the railroad.

In any case, the efforts of Alan Dustin and company have made an uphill battle not quite so steep. Business could be better, the truckers are not going to disappear, and a solid physical plant is far from completely restored.

But B & M trains still run. . . ■

N.E. states with cities/towns of over 50,000 population:

State	No. of cities
Conn.	15
Me.	1
Mass.	22
N.H.	2
R.I.	4