

Back on track

Henry Posner '77 gets Third World trains running again

By Van Wallach '80

Attention investors: Feel down on the Dow? Got nightmares about Nasdaq? For portfolio stability, how about a nice Third World railroad company?

Seriously. **Henry Posner III** '77 has found good returns — and a sense of public service — through his investments in and management of creaky or even abandoned rail systems. His company, Railroad Development Corporation (RDC), has put trains back on track in Latin America, Africa, and Eastern Europe (and the U.S. Midwest). In the process, Posner has played roles ranging from boardroom executive to grease-splattered locomotive repairman.

“I’ve never punched tickets, but I’ve come close,” says Posner, RDC’s chairman.

Posner was a railroad man even as an undergraduate, when he served as Amtrak’s local representative, selling tickets through a local travel agency. After graduating with a civil engineering degree, Posner worked for Conrail and earned his M.B.A. from Wharton.

In 1987 Posner formed RDC (www.rrdc.com), based in suburban Pittsburgh. Over the past 15 years he’s assembled consortiums with local and international investors to operate seven troubled rail systems, which are primarily used for shipping goods, not passengers. Typically, RDC and its partners operate the systems and the national governments get a share of the revenues or rent — while RDC takes an infrastructure problem off governments’ hands. The locals gain jobs and reduced shipping costs.

RDC’s results have varied. Guatemala has been a challenge, with the system completely abandoned and overrun by squatters before RDC took over five years ago. Posner’s company is still rebuilding sections of the rail system. Peru’s Ferrocarril Central Andino, however, has been a big success, hauling minerals, fuel, and cement over 367 mountainous miles of track.



**Posner at the throttle
on one of his trains in
Guatemala**

(photo by Ron Lacayo)

(Train buffs love Andino, the world's highest system, with rails reaching an ear-popping 15,651 feet.) The line in Malawi, meanwhile, has played a major role in moving grain to famine-stricken areas.

"We're trying to create new culture," says Posner. "You see that in Latin America. Employees are taking pride in their jobs, pride in being part of a business that provides a service that's valuable enough that people will pay to use it and efficient enough that you can see the returns from the investment."

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