

**PRESENTED TO:
SOUTHEAST ASSOCIATION OF RAIL SHIPPERS
HILTON HEAD, SC**

USE OF TECHNOLOGY & RESOURCES TO INCREASE SHIPMENT MANAGEMENT EFFICIENCY

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ECONOMIC AND MANAGEMENT CONSULTING

AGENDA

- Available technology and resources
- Tactical – car tracking and follow up on exceptions
- Data mining, analysis and continuous improvement process
- Relationships and communication – develop and utilize non-tech resources

WHAT TECHNOLOGY IS AVAILABLE?

Railroads



Car tracking and other tools

Railcar tracking companies



Car tracking, management reports, yard management, other tools

WHAT RESOURCES ARE AVAILABLE?

- Railroad customer service groups
- Railroad sales, marketing and operating officers
- Rail switching companies
- Your company sales, operating and customer service groups

TACTICAL – KEEP CARS MOVING



Cars not moving

ERIE RAILROAD COMPANY
RECEIVED, subject to the classification in effect on the date of issue of this Bill of Lading.
Station: *100*
Date: *10/19/1901*
To: *THE WASHINGTON MILLS*
From: *ROCHESTER*
Description: *WAXED PAPER*
Weight: *227*
Fragile: *Yes*
Charges: *See Invoice*
Remarks: *Not negotiable*

No/incorrect BOL

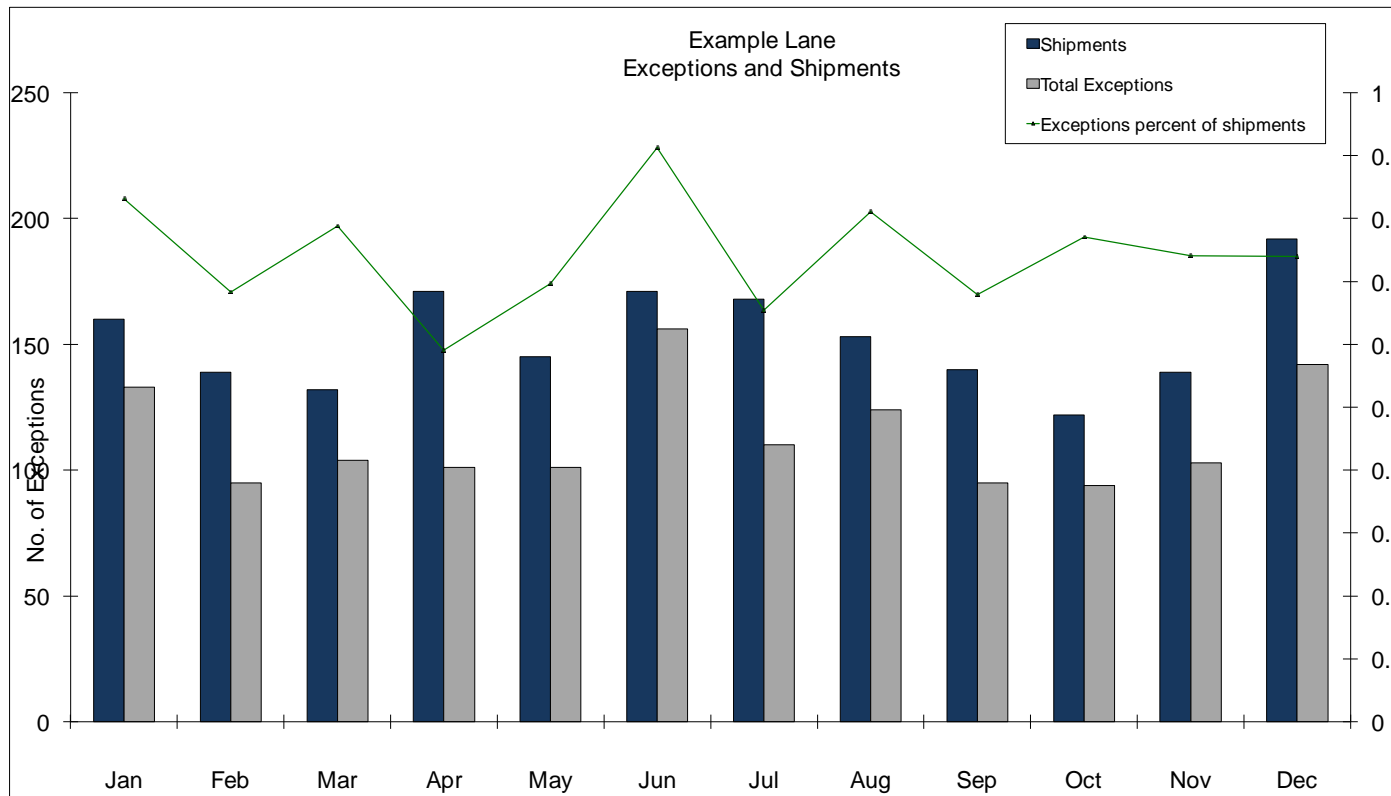
UNION PACIFIC RAILROAD
SEND TO _____ SHOP _____
IF HANDLING LINE RESPONSIBILITY, SHOW HOW, WHERE AND WHEN CAR WAS DAMAGED.
BAD ORDER
DEFECT _____
MOVEMENT RESTRICTIONS _____
CAR INITIALS _____ CAR NO. _____ DATE _____ TIME _____
PLACE GARDER _____ INSPECTOR _____



Out of Route

RAIL SERVICE MANAGEMENT TACTICAL

Variability and number of exceptions is high requiring ongoing management



Somebody made at least one phone call on each exception

TACTICAL PROCESS

- Someone in logistics/supply chain has to own the performance of the RR
- Use the tools to identify exception cars
- Pursue exception cars every day
- Make sure billing is complete and correct for all cars
- Decide on criteria for no movement - 24 hours, 48 hours, etc.
- Utilize RR customer service processes
- Document commitments
- Follow up and escalate when RR commitments are not met

STRATEGIC RAIL SERVICE MANAGEMENT

Most companies don't get past tactical shipment management

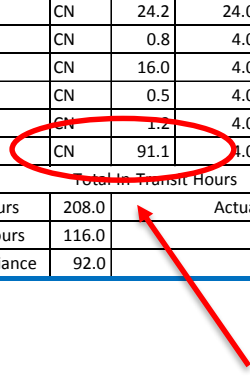
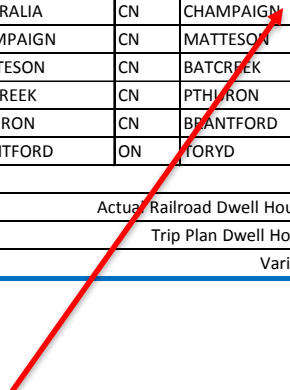


Strategic approach means:

- Mining data from your rail movement database
- Analyzing the PROBLEM
- Presenting the PROBLEM to the RR
- Working with them to resolve the PROBLEM

RAIL SERVICE MANAGEMENT STRATEGIC

Loaded In-Transit Trip	#	CITY/ST	RR	CITY/ST	RR	Actual Dwell Hours	Trip Plan Dwell Hours	In-Transit Hours	Miles	Velocity (MPH)	Jackson, MS - Toronto, ON
	1	JACKSON MS	KCS	CORINTH	KCS	16.6	24.0	14.8	291.0	19.7	
	3	CORINTH	CN	FULTON	CN	41.0	24.0	18.0	224.0	12.4	
	4	FULTON	CN	CENTRALIA	CN	16.6	24.0	7.8	153.0	19.5	
	5	CENTRALIA	CN	CHAMPAIGN	CN	24.2	24.0	10.1	125.0	12.4	
	6	CHAMPAIGN	CN	MATTESON	CN	0.8	4.0	3.3	99.0	30.3	
	7	MATTESON	CN	BATCREEK	CN	16.0	4.0	6.7	154.0	22.9	
	8	BATCREEK	CN	PTHURON	CN	0.5	4.0	5.2	157.0	30.5	
	9	PTHURON	CN	BRANTFORD	CN	1.2	4.0	5.2	118.0	22.9	
	10	BRANTFORD	ON	TORYD	CN	91.1	4.0	2.8	79.0	28.2	
Total In-Transit Hours								73.8			
Actual Railroad Dwell Hours					208.0	Actual Railroad Dwell Days				8.7	
Trip Plan Dwell Hours					116.0	Trip Plan Dwell Days				4.8	
Variance					92.0	Variance				3.8	



Root cause analysis - Transit time increasing due to increased dwell

Customer holding on to cars causing back up in serving yard and beyond or something else?

- Develop trip plan with RR
- Provide RR with the data
- Locations of frequent problems
- Detail on magnitude and frequency of delays
- Ask RR to provide details on causes and develop solutions
- Assign accountability, track progress, make corrections
- Metrics

MAKE SURE YOU AREN'T CONTRIBUTING TO THE PROBLEM

Empty In-Transit Trip	#	CITY/ST	RR	CITY/ST	RR	Actual Dwell Hours	Industry Dwell Hours	In-Transit Hours	Cum. Miles	Cum. Velocity (MPH)
	6	WEST POINT	KCS	ARTESIA	KCS	14.0	4.0	77.9	31.3	0.4
	7	ARTESIA	KCS	JACKSON	KCS	2.3	24.0	6.2	208.2	2.5
	8	JACKSON	KCS	SHREVEPOR	KCS	18.6	4.0	14.8	433.5	4.4
	9	SHREVEPOR	KCS	NEW ORL	KCS	68.8	24.0	7.7	616.4	5.8
	10	NEW ORL	KCS	LAKCHARLE	KCS	0.0		5.3	622.0	5.6
Total In-Transit Hours								111.8		
Actual Railroad Dwell Hours					103.6	Actual Railroad Dwell Days				4.3
Industry Average Dwell Hours					56.0	Industry Average Dwell Days				2.3
Variance					47.6	Variance				2.0

Root cause analysis -
Unable to take empties on arrival due to poor plant rail management

- Segregation of duties
- Clear plant/RR operating plan
- Focus on safety and efficiency

RAIL SERVICE MANAGEMENT STRATEGIC

Loaded In-Transit Trip	#	CITY/ST	RR	CITY/ST	RR	Actual Dwell Hours	Industry Dwell Hours	In-Transit Hours	Cum. Miles	Cum. Velocity (MPH)	
	1	CHARLESTON SC	CSXT	SAVANNAH GA	CSXT	37.8	24.0	11.2	105.7	9.4	
	2	SAVANNAH GA	CSXT	WAYCROSS GA	CSXT	55.3	24.0	8.6	201.9	10.2	
	3	WAYCROSS GA	CSXT	JACKSONV FL	CSXT	16.7	24.0	4.1	274.6	11.5	
	4	JACKSONV FL	CSXT	JACEMIM FL	CSXT	20.3	4.0	27.8	282.7	5.5	
	Total In-Transit Hours								51.7		
	Actual Railroad Dwell Hours					130.2	Actual Railroad Dwell Days				5.4
	Industry Average Dwell Hours					76.0	Industry Average Dwell Days				3.2
	Variance					54.2	Variance				2.3

Charleston, SC - Jacksonville, FL

Eliminate RR work in the plant by contracting rail switching

Excessive dwell time and multiple switches – potential opportunity to create blocks, eliminate some switching

DEVELOP AND MAINTAIN RELATIONSHIPS WITH RAILROAD AND INTERNAL PERSONNEL

- Train crew serving facility
- Trainmaster/local operations supervisor
- Division superintendent, VP, EVP operations
- Sales and marketing personnel – rep, director, VP
- Customer service rep if you have one
- Your company plant, operations and customer service

COMMUNICATE

- Forecasts
- Updates on planned outages/changes
- Significant changes in production/sales or service needs
- Insure that internal processes provide you with the latest information
- Your railroad sales/marketing representatives internal credibility depends on her/him knowing what is going on with your business

SUMMARY

- Track/trace and follow up on exception cars every day
- Measure RR performance, mine analyze shipment data and work with your RR on continuous improvement
- Develop and maintain relationships with key RR personnel
- And key internal personnel – sales, operations, customer service
- Communicate