

Improving rail logistics capacity and capability to increase fleet velocity

How gaining visibility of rail car movements enabled our client to efficiently utilize and manage their railcar fleet

The results

Maine Pointe developed a range of customized decision-making tools and methodologies which resulted in:

- 50% reduction in dwell time for outbound loads at the Class I service yard
- 43% increase in potential weekly takeaway capacity
- 67% reduction in railcar yard dwell
- 18% decrease in empty transit miles
- Substantial annualized lease cost recovery achieved by subleasing surplus railcars

This story is for Executives who:

1. Have concerns about the efficiency and cost of their railcar fleet.
2. Want to reliably forecast their railcar needs.
3. Need to have the tools and capabilities to manage their rail fleet and enhance velocity of movement.

The challenge

The operating partner in a midstream joint venture was anticipating a threefold increase in output in just 9 months at its rapidly maturing midstream gas facility commissioned in 2013. The company's management recognized that, in order to achieve this goal, they needed to be able to answer key questions:

Did they have enough railcars to handle the increased volume they were projecting? How could they be certain that they were efficiently managing and utilizing their existing railcar fleet?

As part of a broader logistics engagement, company managers asked Maine Pointe to help them find the answers by analyzing cycle time and establishing a methodology to help them understand and manage it better.



Understanding and managing rail fleet velocity

Maine Pointe's analysis showed that the average cycle time was 39 days against a best-demonstrated performance of just 18 days. In addition, planning inefficiencies and a lack of forward-planning visibility had resulted in annual charges from the railcar leasing company, which could have been avoided. The absence of a formal agreement between our client and either their Class 1 rail carrier or the 3rd party switcher meant that no formal expectation of service level had been set.

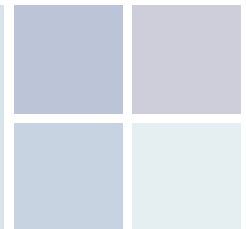
Maine Pointe's solution involved the implementation of a range of tools and methodologies that included:



- Establishing daily/weekly performance reviews with rail operating partners to address operating issues
- Approaching the rail partner in a spirit of partnership and negotiating a quid pro quo arrangement which gave our client 3 additional switches per week
- Designing and implementing daily/weekly operating reports to identify operational issues
- Installing management tools to streamline work processes and increase human resource utilization
- Engaging a 3rd party Car Location Management System vendor to improve visibility of railcar movements
- Establishing a process for proactively diverting excess railcar to remote storage facilities before reaching the yard
- Establishing methodology for analyzing fleet utilization to decide when to sublease surplus inventory
- Facilitating visibility around the total cost of the logistics operation

Lessons Learned for Other Executives

- Efficient management and operation of your railcar fleet requires specialized decision-making tools and a clear process around their use
- Effective forecasting of your railcar needs can help you to avoid unnecessary capital outlay
- Approaching your Class 1 railroad in the spirit of partnership can deliver significant benefits for both sides



Do you want to **increase velocity of movement** for your railcar fleet?

Want to find out how Maine Pointe can help you to fully utilize your existing railcar fleet?

Talk it through in a no obligation phone call or meeting with one of our executive advisors.

Email: hello@mainepointe.com to arrange a call.

Maine Pointe is a results-driven, implementation focused consulting firm that is trusted by many chief executives around the world to deliver sustainable, significant value and compelling economic returns for their businesses. We achieve this through transforming the global supply chain into a competitive weapon and accelerating business value through performance improvements in both EBITDA and Cash.

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