

## A New Approach to Chemicals-by-Rail

### *Optimizing your rail logistics operations in an ever more congested and strained North American rail system*



As shale gas becomes a game changer for the US chemicals industry it will, in all likelihood, promote growth within the chemicals market. However it is also slated to become a significant factor in constricting transportation capacity, with shale oil and fracking materials consuming rail cars and tank trucks. This will challenge chemicals companies' ability to get their products to market on time and in a cost-effective manner.

Chemical companies, as well as their carrier partners, will require innovative approaches to market access and transportation operations if they are to maintain competitiveness.

#### **Maine Pointe Helps Companies:**

- Overcome the challenges posed by a congested rail network
- Gain full control in transporting products to market
- Improve the efficiency and effectiveness of their rail logistics operations
- Optimize their rail logistics approach to top quartile for performance
- Achieve stronger more strategic relationships with their rail road carriers
- Obtain greater reliability (minimal disruptions)
- Lower costs
- Gain easier and more direct route utilization
- Obtain intermodal optimization
- Increase optionality

#### **Time for a New Approach**

The current shortfalls and imbalances to chemicals logistics optimization are forcing chemical companies to take a fresh look at how they manage and operate their supply chain. Each segment in the chemical industry value chain is looking for new strategic approaches to achieving greater reliability with minimal disruptions, lower costs, easier and more direct route utilization, intermodal optimization, and increased optionality.

#### **Achieving Better Collaboration With the Railroads**

Class One carriers have historically been challenged to develop strategic directions that are appropriate for their company and their customers. Too often they have taken advantage of their unique position to impose year-over-year rate increases. This practice continues to cause animosity among shippers – leading them to move their traffic to alternative modes.

In addition, transactions have commonly taken place between managers within a shipping community and the marketing or sales manager at the carrier organization. This practice stands in the way of interactions at C-suite level where incentives for new behaviors capable of creating more sustainable value could be imposed.

#### **Where Do We Go From Here?**

Maine Pointe's team of Chemical-by-Rail specialists have a wealth of experience helping clients transport their hazardous products by rail while delivering significant growth and profitability improvements to their bottom line.

We've worked on major initiatives to enable clients to transform their rail and over all transportation capabilities, orchestrating game-changing partnerships at the CEO-to-CEO level that have produced far better results than the industry has traditionally achieved.

*"Maine Pointe identified annual savings totaling \$32M for a major chemicals company"*



**Rail can help reinvent the strategic sourcing business model for chemical companies by opening up their competitive viability in new segments of the chemical industry value chain.**

#### EXAMPLE CHEMICALS-BY-RAIL CLIENTS & ENGAGEMENTS

Client	Engagement	Savings	ROI	Focus
A producer of construction, transportation and chemical manufacturing materials	Strategic plan for logistics optimization	10% cost reduction	N/A	Improved railroad car transit times from 8 days to 1
Major Inorganic Chemical Producer	Rail fleet & transportation optimization, operating expenses	6% of spend	5:1	Implement a Logistics Management Operating System
Global fertilizer and chemicals company	Network optimization	10% of spend	6.5:1	Railroad car cycle time reduced from 43 to 22 days
Global fertilizer and chemicals company	Identify savings	8% of spend	4:1	6-8 week analysis
Global fertilizer and chemicals company	Redesign of rail service	8% of spend	N/A	50% reduction in cycle time
A major chemical company	ROAR engagement	10% of spend	N/A	Improved rail negotiations network modeling and fleet sizing
One of the world's largest phosphate and potash producers	Rail and fleet design	12% of spend	7.3:1	Distribution network optimization



We can work with you to develop a robust strategy and operating plan. A plan that enables your company to more effectively leverage your own transportation agenda with the interests of disparate stakeholders that are utilizing the constrained rail infrastructure you depend upon. Our team can eliminate bottlenecks, reduce constraints, and deliver an advanced rail and port logistics capability. We can even help companies in a captive railroad situation successfully get rebates, incentive and service level commitments from the railroads.



The Maine Pointe Team Offers:

- Cross-functional logistics management and chemicals industry expertise, including the reconstituting of fractured logistics organizations to reduce production stoppages
- Trans-shipping experience for enhanced operations visibility across the rail-port-vessel interchanges
- Design and implementation of advanced rail yard management systems to increase asset utilization, reduce the number of cars and improve journey times
- Comprehensive understanding of transportation operating rules and regulations with unrivaled rail safety credentials
- A best practices perspective gained from pioneering global rail and transportation engagement experience
- The right executive relationships to secure critical partnerships
- A commitment to integrating operations excellence and sustainability disciplines

**Why Maine Pointe?**

- Because we are trusted by executives to deliver engagement results that average between 4:1-8:1 ROI, supported by a guaranteed 2:1 ROI based on annualized saving.
- Because of the depth of knowledge and experience of our cross-functional chemicals and logistics teams who leverage our proven methodologies and insights to fast-track results.
- Because of our unrivaled rail safety credentials and ability to optimize complex logistics operations to deliver bottom line results in months and then sustain them for years.



Blake Gasaway is Maine Pointe's Logistics Practice Team Leader for the Chemicals Industry. Blake has over 25 years' experience helping chemicals companies deliver sustainable EBITDA and cash improvements.

Want to take back control of getting your products to market efficiently?

Want to find out more about our 12 years' rail optimization experience and be treated differently to the rest?

Talk it through in a no obligation phone call or meeting with one of our executive advisors. Email: [hello@mainepointe.com](mailto:hello@mainepointe.com) to arrange a call.