



# Time for a Carload Restoration ?

Midwest Association of Rail  
Shippers

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## **In Too Many Cases, The Carload Business Proposition Is:**

- Not very good, but....
- Cheaper than alternatives



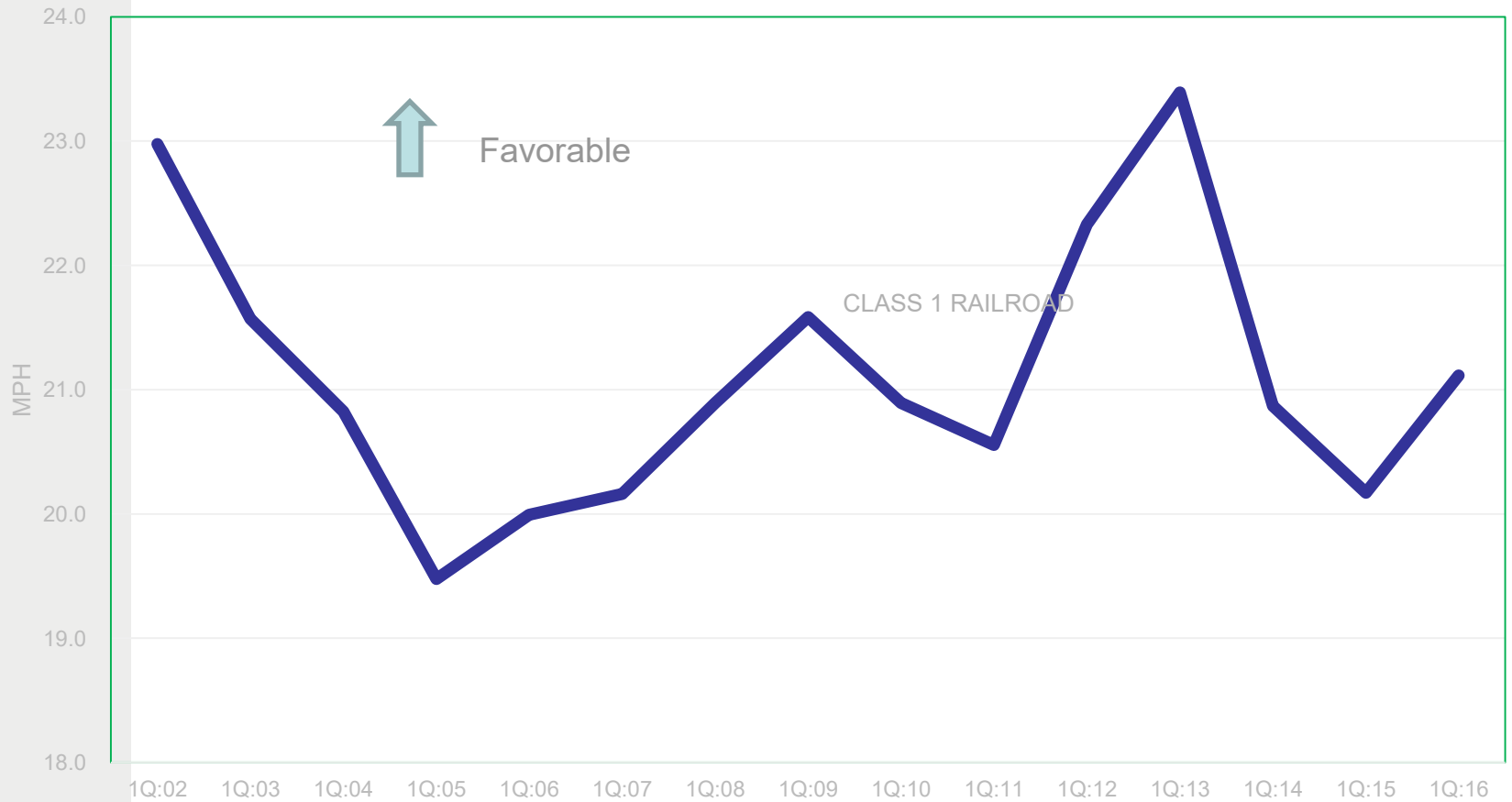
**But this model is:**

WORKING

NOT

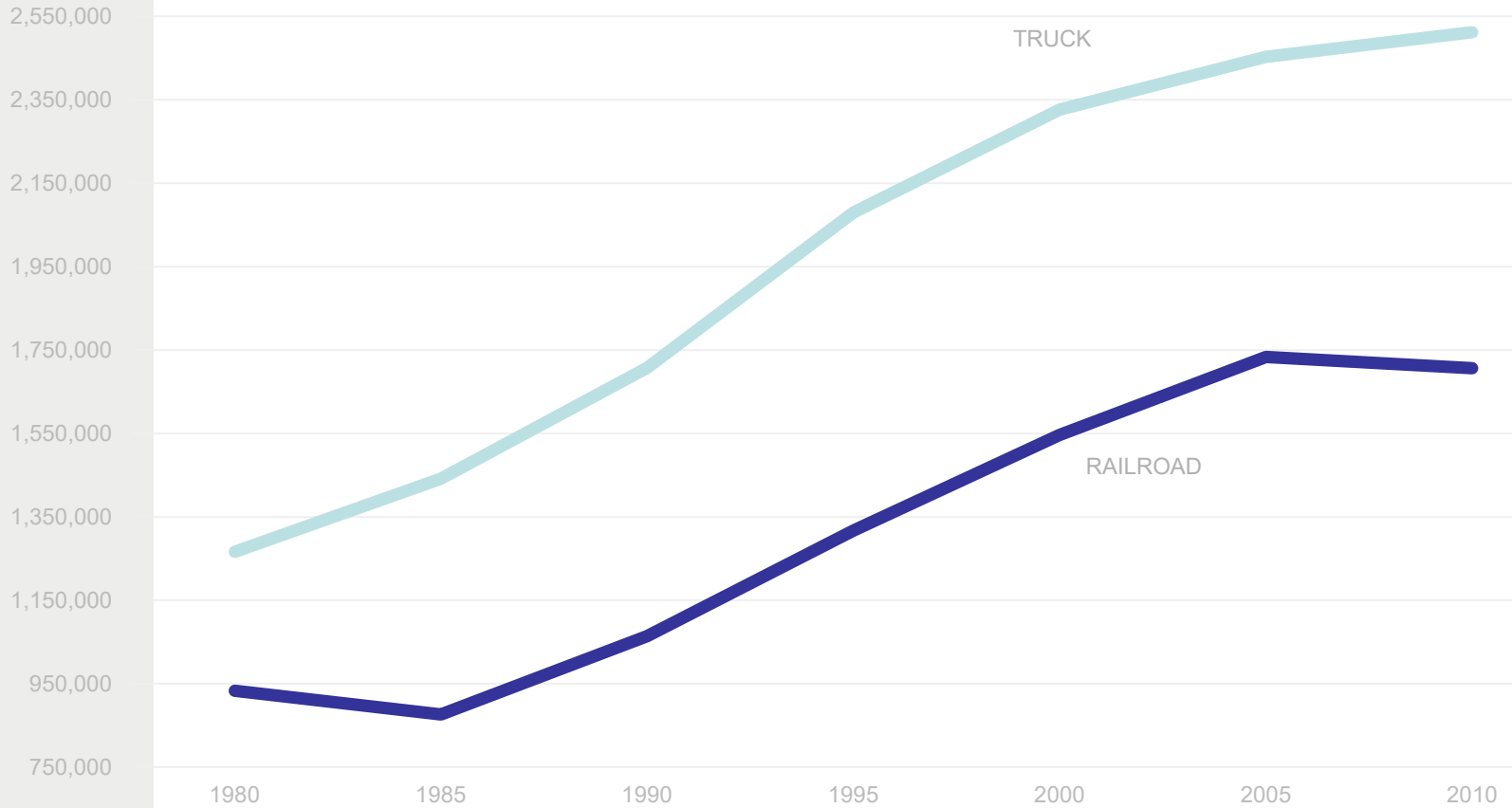


# Train Speed Over 15 Years





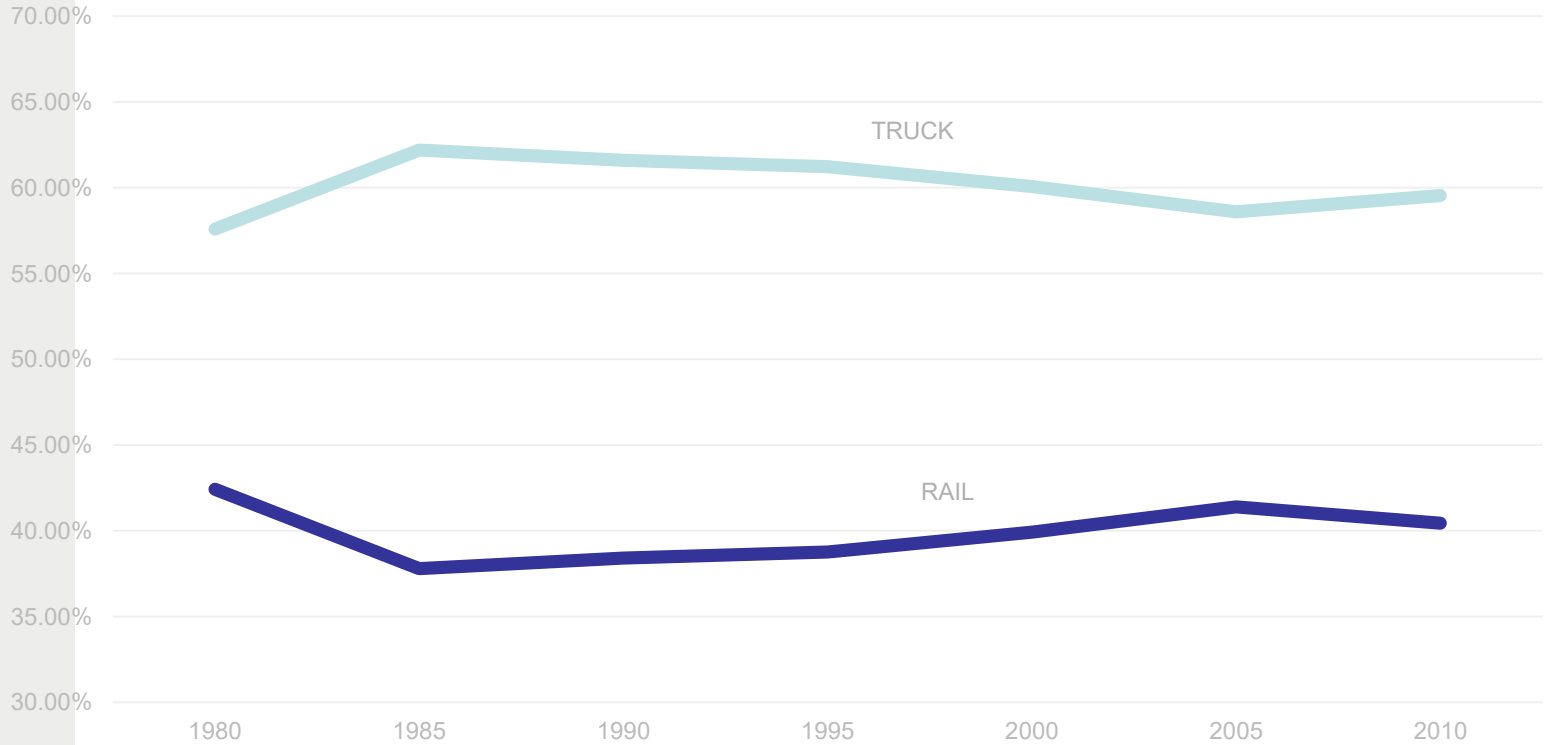
# Rail/Truck Ton Miles



Sources: Bureau of Transportation Statistics Table 1-50: U.S. Ton-Miles of Freight



# Rail/truck Ton Mile Market Share



Sources: Bureau of Transportation Statistics Table 1-50: U.S. Ton-Miles of Freight



## Problems with the Model

- Market knowledge: limited
- Transit time: stuck
- Predictability and consistency: unacceptable
- Car adequacy and quality: eroding
- Customer tools: not competitive
- Last mile/first mile costs: misunderstood
- Culture: “can you give us a unit train that will stay on our railroad?”



## Opportunities

- A huge market is being missed
- Capacity suddenly exists
- Short lines can be leveraged
- Truck transit times and predictability will continue to erode because of highway congestion
- Shorter hauls and smaller units can be very profitable if the culture can change
- Transloading is ready for a process improvement
- WE REALLY NEED THE BUSINESS





## Fixing the Model

- Market knowledge: invest in people and leverage short lines
- Transit time: set modest improvement goals and meet them
- Predictability and consistency: scheduled railroad
- Car adequacy and quality: more below
- Customer tools: adopt on innovative tools, especially for interline traffic
- Last mile/first mile costs: study and fix
- Culture: “what can we do for you?”



## Short line value add

- Retail focus on human decision makers
- Bias toward action
- Dock to dock can be good, but if not transload it
- Good technology now more accessible and mature
- Agnostic on “protecting our long haul”
- Different return horizons



## Dock to dock

- In certain niche markets, a box car next to a dock on both ends is an elegant transportation solution
- Leverage rail per car volume
- No dray or transloading cost
- Minimal neighbor impact
- Small real estate foot print
- No exposure to highway congestion



## A Few Success Stories

- Construction and lease of rail-oriented customer facility infrastructure
- Customer invention of low cost handling technology
- Leverage rail car size to benefit multiple users
- Short lines on both ends and part of the middle
- Rent a crew



## Equipment

- Conduct industry future needs (current plus growth) study with customer, class I, short line, manufacturer and leasing company input
- For future needs meet RR criteria, use TTX model
- If not, encourage customer/short line/leasing company investment pools with transparent usage rules
- Offer TTX pool management services if