



# PSR: The Short Line Perspective

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July 16, 2019

MARS Summer Meeting



# Road map

- Why the fuss?
- Who am I
- Hunter
- PSR explained
- Short line concerns and opportunities
- What does the future hold?
- Time for dialogue



# Concerns

- Cult of the OR: What is Wall Street doing to us?
- Where is the traffic growth?
- Accessorial Charges: Akin to airline baggage fees?
- Railroaders—bench strength and the next generation
- Re-regulation?
- Does anybody have the right metrics?



# Opportunities

- Are we creating capacity for the long-term?
- Is our work sustainable/foundational?
- Can we all decrease CAPX asset spend?
- Consistently profitable—invest in technology and ideas?
- Interline PSR; the next frontier

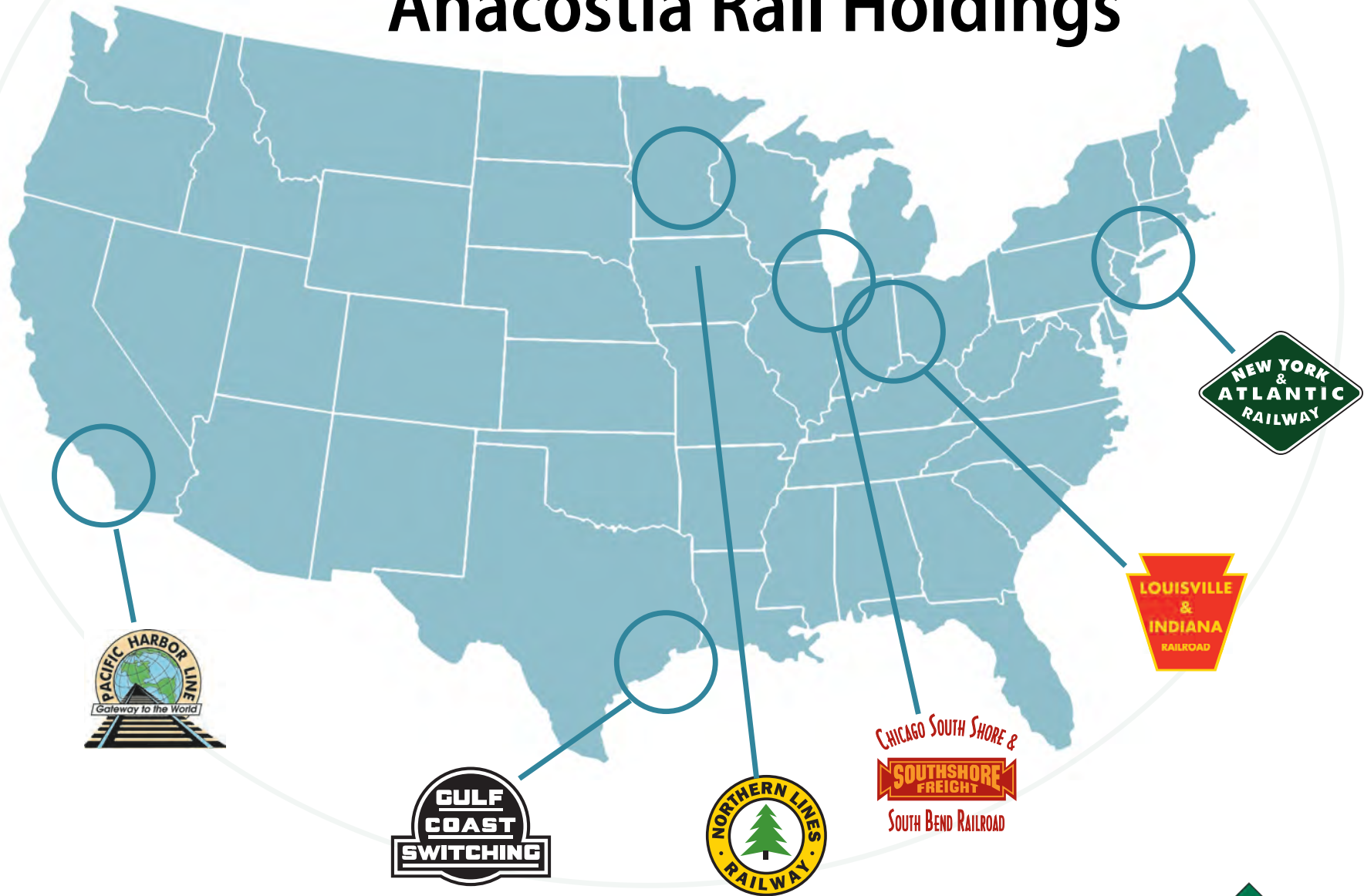


# Why should you listen to me?

- 20 years marketing PSR
- Worked with Hunter, Foote, JJ, Creel, Vena
- Father of the modern routing protocol
- Last CN short line director
- Worked on acquisitions: WC, EJE, even DM&E



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# Hunter: The Man, The Myth, The Legend

- Force of Personality
- 59.9 obsessed
- “Be wary of putting me in front of your customer”
- WC needed to be dismantled
- Reduce everything to simple ratios with a stubby pencil



# PSR Misnomer

- Precision was never the goal
- Nothing new with scheduling
- The art of simplification
- Data Dashboards
- Endless opportunity





# History Lesson

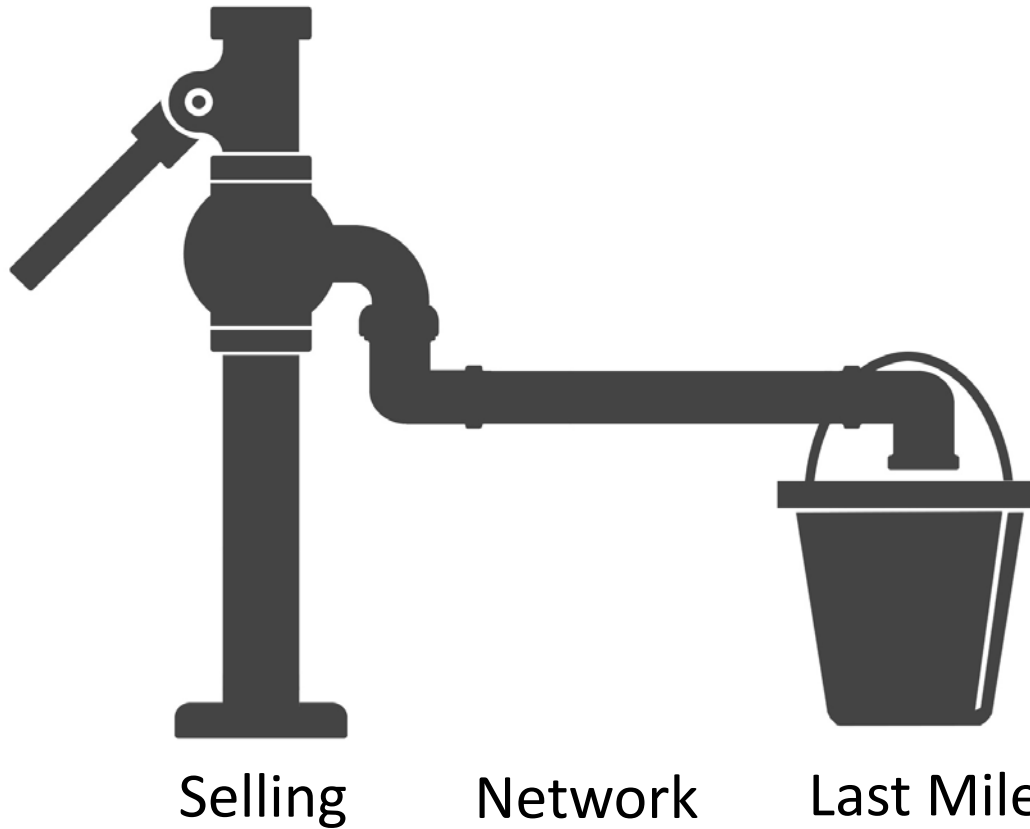
- Longer trains
- Hump yards
- Marketing and sales people
- Routing your freight



# So how do you explain PSR to your CEO?

- Keep it simple, reliable, predictable
- Front line supervision sees the whole network, is empowered
- Understanding the cost of decisions or standing pat
- Real time data driven
- Speed of trains, velocity of cars, 24/7 ops





**PSR is the “Drano® that keeps the pipe from clogging”**



# Short Line Industry

- 25-40% of all carload moves originate/terminate on a SL
- How have we come so far without Collaboration?
- SL's—like customers—told what to expect and how they should be prepared to respond
- Sometimes, cost-shifting across the fence
- Interchanges: Key to performance, minimal focus on reliability
- Data black holes; integrating trip plans
- Pre-blocking
- Less marketing people; less interaction on pricing to market



# Growth Engine

- Built around flexible operations
- Local market intelligence
- Room to hold equipment, deal with bunching & seasonality
- Customer touch
- Needs: Equipment

Responsive pricing

Reliable interchange

Strategic support!



# Customers: What should you be doing?

- First, Speak up!
- Ask for collaboration:
  - Understand your business & impact
  - Need for time to plan and respond
- Ask for a customized scorecard
- Right size your fleets & negotiate performance clauses



# Customers: What should you be doing?

- Consider short lines for flexibility, added handling, storage in transit supply chains
- Make sure your team is PSR savvy and understands accessorial charges
- Understand that relationships are key at the local level in such a dynamic operating environment



# Report Card for the Class Is

- Communication
- Responsive Pricing
- Knowledgeable sales people:  
Your franchise and market
- Interchange performance
- Equipment availability
- Data coordination
- Innovation/flexibility

**Bottom Line: Report Card only works if you share it!**





# Concerns we should all have

- Conrail Shared Asset: Industry's largest SL?
- The RIWG: Reinvent to manage interline issues/opportunities?
- Class I door-to-door trip plan: When?
- The Boxcar: We need a plan
- Traffic visibility data: Must be non-proprietary
- Interline PSR: How will that work?



# Prognosticating

- With present Class I profits, will more PE firms step in?
- Railroaders: We need techies, ideas
- CN: Mining the supply chain for organic traffic growth
- Critical time to discuss policies for the future:  
Ops are smooth —demand is steady—pace of change slower
- Railroading is a network industry, yet we have limited means to challenge touchpoint issues





# Questions?



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