



Case Study: American Rock Salt (ARSC)

Let it Snow... Let it Snow... Let it Snow! American Rock Salt (ARSC) Implements Fleet Management System to Efficiently Manage Rock Salt Demands

Situation

The winter of 2002/2003 was one of the worst in decades for those living in the northeastern part of the United States. Cities in the northeast reported record snowfalls last year, up to 200 inches in some parts. Mother Nature kept pouring it on, so much so that many cities ran into what appeared to be a rock salt shortage, leaving many trapped inside or faced with traveling on hazardous roads. Well, there really wasn't a shortage. As it turns out, one of several of the issue was inefficiencies in rail transportation of the rock salt.

American Rock Salt mines salt from a location just outside of Rochester, New York. The salt is then shipped via truck or rail to various locations in the Northeast where it is used to melt snow and ice on the roads in the winter across the Northeast.

When the salt is shipped out of the mine, it travels to various strategically located distribution points where it is stockpiled until needed, and then it's trucked to its final destination. The use of rail transportation is a preferred method for distribution to their stockpiles due to the larger capacity of the rail cars in moving bulk de-icing product. Each rail car can move 3 times as much as a truck. Depending on the Class 1 rail carrier the cost of rail transportation today is equal to or slightly less than others forms of bulk transportation. American Rock Salt transportation practices depend heavily on the multi-modal concept to ship as much salt as possible out of the mine by rail and re-distribution to the customer using local trucking. With the railcars having a much greater capacity, the plan is to ship higher volume of salt in a shorter time-frame.

American Rock Salt fleet is a mix of owned and leased rail cars which the company manages in its entirety, maximizing fleet utilization is in the fore-front of the Transportation Office managers goals. Preparation for winter snowfall in the northeastern United States is a year round business, managing the railcar turn times is critical as well as the key to being successful at American Rock Salt. Faced with high demand for rock salt due to the relentless winter; had left American Rock Salt and the salt industry looking at shortfalls in meeting the customer's demands. Not being able to pinpoint the empty railcars, the major part of the transportation asset, quickly and easily was extremely problematic. As a result, American Rock Salt during the peak of demand for product in some cases had to ship a significant portion of rock salt by truck, paying higher freight rates, and losing potential business.

A major contributing factor to this problem was a lack of visibility of the railcars once they left the mine. American Rock Salt was not employing any tools to track their fleet. It was instead relying on whatever information the Class 1 railroads provided to them. Often times, cars were being held at the unloading point, or at various rail yards, and American Rock Salt wasn't aware of the delays until it was too late to dispatch a back-up solution.

Solution

Once the winter shipping season died down, American Rock Salt knew that it needed to implement a system to better manage the rail fleet moving forward. Implementing the lessons learned ARSC

investigated several available options to improve the fleet management. After a hard look at what management tools and or systems that were in use by other companies; ARSC selected the RailConnect® Freight and Fleet Management Services (FMS) from RMI, the largest independent provider of accurate, reliable, comprehensive and secure rail information services to the transportation industry.

With RailConnect FMS, American Rock Salt is now better able to manage its fleet of rail cars. The communications between ARSC and the Rail Roads, large and small has improved cars on a day-to-day basis. The access to real time information in relationship to the current location, duration of time between movement of the cars and the historical records of turn times enables ARSC to provide a higher level of customer service. American Rock Salt can now analysis the data to effectively manage rail shipments across multiple transportation modes, which improve inventory management performance and reduce fleet cycle times, and reach the goal of maximum utilization of the railcar fleet .

In implementing the RailConnect FMS system, American Rock Salt addresses the following business processes.

- Visibility of Fleet/Fleet Utilization– American Rock Salt utilizes the ShipperConnect system to monitor fleets, therefore estimate the time of arrival for unloaded cars. This aids in the turnaround of cars, thus increasing the number of shipments made per month.
- Communication – Instead of relying on fax machines, American Rock Salt uses RMI's e-BOL service to enter and electronically transmit bills of lading to the railroads.

Outcome

American Rock Salt is already realizing significant improvements in their fleet utilization. Specifically,

- Increasing the load out capacity through better planning and communication with the transportation carriers in preparation for the upcoming season.
- Cut turnaround times from 28/30 days to 16 days per car. This allows additional trips per month.
- Enabled the staff to analysis utilization with accurate data, to develop reliable car cost and the efficient use of the cars with the assistance of RMI's RailConnect FMS service. (ARSC formerly used Excel electronic spreadsheet to manage and evaluate car costs).
- Anticipated revenue gains and a higher level of customer service.

Let it snow...Let it snow...Let it snow!