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# **SIMPLIFYING LOGISTICS: THE BENEFITS OF RAIL IN A MULTIMODAL SHIPPING SYSTEM**



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A well-designed shipping plan has bottom-line implications for any business. Creating a sound logistics strategy—supported by efficient and reliable transport methods—ensures that raw materials promptly arrive at their destination and finished goods reach the customer on time. Efficient systems save time, resources and money, while providing a clear competitive advantage.

However, finding the best logistics partner can seem overwhelming. There's an array of providers to choose from, including first-line companies and brokers. That's why choosing a shipper requires careful information gathering to make informed decisions. Here, we'll explore the critical components of selecting and working with a logistics provider.



## UNDERSTANDING SHIPPING OPTIONS

For some businesses, using a single solution, such as rail or truck, can meet their ground shipment needs. Other companies with more complex requirements—importing and exporting, for example—may prefer an all-inclusive solution. In those situations, an intermodal or multimodal shipping system, combining rail, truck and/or ship, may be the best option.

When evaluating shipping options, your company must consider multiple factors, including origin and destination for each shipment, scheduling, volume, available tracking technology, and special needs such as refrigeration or oversize shipment accommodations.

### RAIL

#### *Reliable service*

From advanced remote-controlled technology to satellite tracking and GPS monitoring, freight rail offers around the clock validated, shipment visibility. Such logistics expertise allows rail to rival truck service for distances as short as 500 miles.

#### *A flexible alternative*

Nearly everything in our daily lives is moved by rail—whether it's a finished product, raw good or both. Railroads annually haul an average of 117 million carloads of agricultural and soy products, including wheat, corn and soybeans; 1.5 million carloads of countless food products, and more than 2 million carloads of chemicals. Seventy percent of America's coal—which accounts for nearly 50 percent of total U.S. electricity generation—is moved across U.S. rail lines every year, as well as more than 1.3 million carloads of lumber and paper products. Rail also can accommodate a variety of liquids, in addition to automobiles and auto parts.

***“From advanced remote-controlled technology to satellite tracking and GPS monitoring, freight rail offers around the clock validated, shipment visibility.”***



### *A safer way to ship*

Traditionally, rail has a strong safety record. In fact, 2010 marked the safest year ever for U.S. railroads. The Association of American Railroads (AAR) reports train accidents involving major railroads dropped 3 percent over 2009; derailments fell 9.6 percent.

### *A strong environmental focus*

Rail transport reduces highway congestion, thus lowering emissions and shrinking a company's carbon footprint. In fact, according to the AAR, one train can carry the freight of 280 or more trucks. Railroads also are, on average, four times more fuel efficient than trucks. One train moves a ton of freight an average of 480 miles on a single gallon of fuel.

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## TRUCKING

Trucking uses a limited lead time for short and medium distances, making it ideal for smaller volumes. Trucks are an excellent supplement to rail in a multimodal transport plan, which allows for the benefits of both modes. Trucks can be used to quickly deliver items from a rail station to a non-rail served warehouse or manufacturing facility.

According to the American Trucking Association, the trucking industry is as safe as it's ever been. Over the last 20 years, the fatal crash rate has decreased by 45 percent. The organization also reports that trucking is projected to haul about 14 billion tons of freight by 2018, compared with nearly 11 billion tons in 2006. For long-haul transport, trucks can pose greater efficiency challenges, including limited load capacity. Trucks also may have more legal restrictions on their cargo.

***“Trucks are an excellent supplement to rail in a multimodal transport plan, which allows for the benefits of both modes.”***

## CONTAINER

For companies importing and exporting, container shipping may be a necessary component of the supply chain. Containers typically are designed to be transported from ships onto trains and, sometimes, tractor-trailers at one of the nation's 360 commercial ports.



According to the American Association of Port Authorities, U.S. ports and waterways handle more than 2 billion tons of domestic and import/export cargo annually. Ports handle a variety of cargo, including petroleum products, chemicals, coal, iron, steel and much more.

## MULTIMODAL

Multimodal plans can accommodate special shipping needs, including remote locations and large or oversized shipments. To effectively coordinate points of transfer and ensure a smooth transition from one mode to the next, it's important for your business to have a logistics partner experienced in multimodal transport with the ability to anticipate and prevent possible challenges and delays. Coordination of ships, trains and trucks must be precise — one missed transfer can cost your company time and money.

***“Multimodal plans can accommodate special shipping needs, including remote locations and large or oversized shipments.”***

## SHIPPING ADVANTAGES BY MODE

Mode	Distance (less than 500 miles)	Distance (more than 500 miles)	Access to track	Oversize or Heavy Loads	Special Accommodation (Refrigeration, Padded transport, etc.)	International
Rail		X	X	X	X	X*
Truck	X				X	X
Ship		X		X	X	X
Multimodal		X	X	X	X	X

*\*Union Pacific is able to ship internationally using its global logistics network that combines the fuel efficiency of rail, the flexibility of trucks and the global reach of ocean carriers.*



## GENERAL BEST PRACTICES IN SHIPPING

- **Create a plan.** A comprehensive shipping plan and schedule are the best ways to control costs, avoid delays and mitigate risk. Shippers today need strategic transportation support—in the form of partners who know how to integrate multiple transportation modes for various locations.

To meet this need, Union Pacific created its Customer Onboarding Team. The team, launched in 2010, specifically addresses multimodal requests. It specializes in working entirely with new shippers, acclimating them to UP's services, while addressing their transportation needs and providing efficient solutions. This allows UP's customers to service more remote locations and capture additional business.

Union Pacific Distribution Services (UPDS), a subsidiary of Union Pacific Railroad, works closely with the Onboarding Team to provide customers with shipment management tools. These tools provide visibility as product moves through the supply chain, as well as hands-on management of customers' shipments. UPDS also helps new and existing customers create plans for reliable rail programs involving several transportation modes. Together, UP's Onboarding Team and UPDS offer successful door-to-door solutions that customers had not considered and that exceed their needs.

***“The UPDS ShipmentVision platform delivers basic tracking reports with validated, real-time data, as well as online tools to better coordinate orders and manage inventory—all to help you save time while increasing productivity.”***



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- **Choose a provider with robust technology.** Your provider should offer an array of visibility products that help you manage your shipments. For example, the UPDS ShipmentVision platform delivers basic tracking reports with validated, real-time data, as well as online tools to better coordinate orders and manage inventory—all to help you save time while increasing productivity. GPS technology for high-value shipments also is beneficial. Such technology will help your company improve its communications with customers, manufacturers, warehouse teams and other key stakeholders.
- **Take advantage of your contractor's logistics team.** Choose a transportation partner with an experienced team of professionals eager to help your business create a seamless shipping program. The team also should understand your business's special needs, taking advantage of a myriad of resources to make certain transportation requirements are served. In conjunction with UPDS, Union Pacific's Onboarding Team provides dedicated, white-glove service to ensure a flawless transition when shipping via rail—whether or not you or your customer are rail served.



## ARIZONA CANNING: REMOVING THE MIDDLEMAN BOLSTERS SHIPPING BUDGET

When Tucson-based bean processor and canner Arizona Canning/La Costeña looked at its U.S. shipping volume, it began to sense it was time for a change. As the company planned the 2011 budget, it became clear that it could ship more pallets per load by train than by truck and save money.

***“We decided to cut out the middleman because it’s better to have everything handled by UPDS, and get information straight from the source. They’ve been good in customer service. Every time we need something, we get it,” says Quality Engineer Alfonso Abad-Rodriguez.***

After researching several shipping companies, Arizona Canning chose UPDS and Union Pacific’s Customer Onboarding Team to craft a shipping plan. This plan created a new schedule to include rail transport, adopting a leaner, more closely managed approach to inventory. To protect canned products, which can be vulnerable to damage during shipping, UPDS worked with Union Pacific Railroad to ship the products in cushioned cars. The cans are transported by truck to a rail loading facility nearby and then shipped by rail to the final destination in Atlanta.

Converting from truck to a combination of rail and truck took only three weeks, including the planning stage. Abad-Rodriguez said through ShipmentVision he receives daily notification of his shipments’ progress, and is able to easily track where a load is at any given time. He estimates the transition will save about 10 percent of Arizona Canning’s shipping budget.



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## WHEREVER YOU FIND BUSINESS, YOU'LL FIND US

Union Pacific's logistics expertise makes our team a perfect strategic partner to cost-effectively manage your business' shipping needs. No matter where you do business, we're here to provide significant resources and flexible solutions to meet virtually any shipping need.

### *Union Pacific: A strategic logistics partner*

Union Pacific Railroad, headquartered in Omaha, Nebraska, is an operating subsidiary of Union Pacific Corporation. A transportation pioneer for nearly 150 years, UP is proud to offer peak performance in customer satisfaction, productivity, efficiency and safety—at unprecedented levels. UP operates North America's premier railroad franchise, covering 23 states in the western two-thirds of the U.S.

As one of the country's largest transportation companies, UP links every major West Coast and Gulf Coast port and provides service to the east through four major gateways in Chicago, St. Louis, Memphis and New Orleans. Additionally, UP operates through key north/south corridors and is the only railroad to serve all six major Mexico gateways. The company also interchanges traffic with the Canadian rail systems.

Since 1989, UP subsidiary UPDS has combined the economies of long-haul rail service with the flexibility of over-the-road movements. It also provides shippers and brokers, carriers, third parties and trading communities with real-time visibility. This competitive advantage allows our customers to effectively manage events related to transportation, logistics and commerce in complex, global, mixed-mode supply chains.

Together, UP and UPDS are coordinating the efficiency of America's rail network with the flexibility of trucks and the reach of ocean carriers. No matter what you ship—or where you need to ship it—we can get it there, door to door.

Learn more about how *Union Pacific and Union Pacific Distribution Services* can help you.