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Union Pacific's annual shortline meeting is the shortest of the lot (if you exclude the train ride) but easily the one with the greatest opportunity for direct dialog with the people who count most. This week's meeting was no exception, and when you're in the business of newsletter writing, one of the people who count most is UP Railroad President Ike Evans. We had a chance to chat at the Sunday reception where Ike had a few things to say about my comments on the UP Customer Satisfaction Index (WIR July 27).

I had written, "The Customer Satisfaction Index (CSI) is an indicator of what *some* customers think of UP but it doesn't tell you how the railroad operates for *all* customers. On-time performance measures not only tell how well the railroad is running to plan but also how well it's keeping costs down and maximizing yield opportunities." Ike pointed out that on-time performance is an *internal* measure whereas the CSI is an *external* measure of how well the internal performance relates to shipper requirements. But more on this anon.

To really know what goes on "behind the curtain" at any railroad one has to go out and look. The primary goal of this trip was to do just that. Recall how through the good offices of BNSF's Rollin Bredenberg and others I got a good look at that railroad on an office car trip from KC to Stockton. On UP this week not only did I take the shortline meeting's train ride to Chicago but also took a two-day auto trip for a trackside view of the railroad between Omaha and O'Fallons.

My hosts were Warren Wilson, head of UP's shortline group, and Dick Peterson, who recently retired as Senior Director of Interline Marketing. Before starting out each morning Dick downloaded the day's train lineup from his laptop so we could see how the railroad was running. The triple-track performance, as I've noted before, nearly matches the IND Eighth Avenue line in NYC for train frequency except out here the trains are 100+ cars and moving at 50-70 MPH.

Just about every train we saw was where it should have been when we saw it. The beauty of the 100-mile long triple track between Gibbon and North Platte is its flexibility. You can run 70-mph intermodal hotshots around 50-mph manifests heading in the same direction or even take one track out of service for program maintenance and never miss a beat.

The triple-track across Nebraska is critical because so many of the UP's traffic lanes use it. There is a very helpful series of graphics on commodity lanes to be found in the UP Analysts Factbook, downloadable at <http://www.up.com/investors/factbooks/>. Ag products, automotive, chemicals, energy (coal), intermodal and industrial products are all heavy users of this line. As you can see, the lines from KC and Chicago converge at Gibbon (MP 175) while at O'Fallons (MP 300) the lines diverge once again – north to the PRB and west to everywhere else.

The main metric on UP is Trip Plan Compliance (TPC). This is a real-time measure of how well the individual carload conforms to the original real-time trip plan initiated on release at industry. Al Schuh, General Director of Corridor Planning, showed me over the course of a two-hour meeting how trip plans are made, how compliance is measured, and even how connections are scored. YTD performance on three of the metrics is summarized the table below.

Column 1, Train Plan Compliance, measures scheduled trains of all classes from A (automotive) to Z (intermodal hotshot). USES (United Service Evaluation System) covers all trains including locals and TPC To/From Industry measures local and yard train performance. To show how each metric is driven by real-time TPC AI showed me a train with two of its blocks that might miss their outbound connections. These were shown as “jeopardized,” giving the Terminal Manager the option to accelerate processing so as to make the connections..

	<i>Train Plan Compliance All Scheduled Trains</i>	<i>USES System Percent on Plan</i>	<i>To/From Industry TPC</i>
<i>2002 YTD Actual</i>	94.6	82.6	84.6
<i>2002 Goal</i>	93.0	83.0	85.0
<i>2001 Actual</i>	92.1	80.3	75.5

The Terminal Manager is measured on TPC, and if a car misses a connection it’s points off his score. To/From Industry TPC measures the hours from receipt in the serving yard until it is either placed at industry or interchanged to a connecting shortline. This does two things: it discourages the old game of dragging cars out of the yard just to stop the clock and adds value to the trip plan as a reliable tool. But total reliability falls down where the receiving shortline is a “black hole” giving the customer no way to know when the car is scheduled to arrive at a shortline destination.

The value of being e-connected is abundantly clear in this shortline-initiated trip plan for a carload of potatoes off Watco’s Eastern Idaho Railroad (EIRR) bound for Pennsylvania on the NS. Loaded release, Twin Falls ID 0915 on 8/16; interchange with UP Michaud ID 0345 on 8/18; depart Proviso for Conway via NS 0900 on 8/22; ETA Chapman PA 2240 on 8/28. Clearly, a potato shipper on a shortline not e-connected with its class 1 is at a disadvantage to one who is.

There still remain, unfortunately, many shortline operators who haven’t figured out that there is a correlation between carload shipment data quality and the competitive posture of the shipper *vis a vis* the competition. Steve Friedland, creator of the MS Access-driven Railroad Operating and Customer Service (ROCS) package, writes, “Shortline customers who can see their shipments as seamless moves, not groups of movements, have an edge over shippers (that customer’s competitors) who cannot.” What better argument could there be?

There is a strong interrelationship between and among trip plan compliance, the scheduled railroad, and customer satisfaction. Kelly Wolterman, UP’s Manager of Customer Satisfaction Measurement and Analysis, tells me more than 2,500 customers are surveyed each year and UP gets a 95% response rate. The questionnaire covers as many as six aspects each of seven scoring areas, from the National Customer Service Center (NCSC) to the perception of value received for the transportation dollar. It’s all part of the underlying Performance Quality Review process, and IMHO that’s behind the continuing CSI uptrend.

So thanks, Ike, for the opportunity to make the link between TPC and CSI. Getting “behind the curtain” was an essential part of the process.

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Roy Blanchard provides railroad financial and operating performance measurements for shortlines and shippers. Disclosure: Blanchard may from time to time hold long, short, or debt positions in the companies mentioned here. A list of such holdings is available on request.