



## Trans Loading

In today's lengthening supply chain, a mode alone is a road less traveled. Businesses shift gears and mix transportation options to account for fluctuations in capacity and freight costs. When shipments switch track, trans loads take center stage and Transportation of America (TOA) should be your partner of choice.

The importance of intermodalism in the United States raises the stakes for efficiently managing transportation at key supply chain interchanges. **This is where the value of trans loading comes into play – the process of transferring commodities from one mode of transportation to another to gain economies of scale and rail.**

It is important to remember that whether cargo is destined for the road, rail, air, or water-borne routes, opportunities to drive efficiencies are abound. From coastal gateways to inland ports, trans load terminals or at rail-served warehouse cross-docks, businesses mix cargo with alternative modes to reduce transportation costs, access capacity, and increase flexibility.

The inherent cost – in both time and money – that added touches require place a great deal of importance on fine tuning these transportation exchanges. Working with third-party trans loaders (3PLs and FFs) like Transportation of America (TOA) that have integrated rail and trucking partners, allows shippers to leverage mode shifts and pauses in transit to consolidate shipments and manage inventory closer to customer demand.

As a basic strategy, trans loading gives shippers the flexibility to serve a diversity of logistics operations, while reducing transport costs by substituting rail line-haul for truck. More sophisticated supply chains can leverage these interchanges to postpone inventory, reduce or even eliminate warehousing, and act as a capacity release when ports are overcrowded.

Domestic shippers predominantly use intermodal transportation to mix and match rail and trucking efficiencies to derive the best total transportation cost per service and timeliness requirements. Trans loading serves as the bridge between modes, offering a prime opportunity for businesses to not only eliminate inefficiencies at hand-off, but also use these supply chain breaks to strategically position and manage inventory.

Practically, shippers value opportunities where they can carry long-haul tonnage by rail, leaving more expensive over the road options to manage first and final mile delivery demands.

Trans loading gives shippers the ability to move products by rail to central locations, then they re-load it to trucks for just-in-time deliveries. Shippers reap economies buying in rail car volumes while still having flexibility to ship locally using truckload. Instead of shipping high-value goods long distances over the road, they can bulk ship freight on the railroad before product is manufactured or processed and redistributed to final destination. Trans loading is a major distribution channel for shippers and manufacturers allowing them to reach every major U.S. market with competitive service and pricing.

Bulk Commodities no doubt utilize trans loading services. Bulk commodities are shipped by rail to trans loading sites, where materials are then transferred from rail cars (tank covered hopper, or pressure differential car) into bulk truck movements (tank or pneumatic) for local delivery to market. By placing product closer to end users, volumes are concentrated so products can improve asset utilization.

As with a traditional continuous flow cross-dock, consignees can build additional value into these trans load touch points, often consolidating product even further to move fuller trucks outbound. Some food grade trans loads blend and mix product for redistribution. A basic product comes in and a refined product trucks out. Or some plastics may be delivered to a warehouse bagged, then redistributed in a different type of packaging.

Using multiple modes is appropriate for commoditized products where demand is more consistent and timeliness is secondary to cost. The sacrifice in accommodating lengthier transit times and staging or warehousing freight for trans load is often offset by the economy of minimizing long haul trucking. Shifting products between modes sometimes can be more costly, but for the most part we can save consumers money by dealing with each transportation leg separately.

Conversely, a well-run trans load operator like TOA can help businesses manage supply chain volatility simply by locating inventory closer to demand. Trans loading improves the supplier's ability to reach to emergency situations, short lead times, or changes in demand. Fixed cost is also minimized, so facilities can be increased or decreased based on volume demands.

Businesses must have visibility into forecasted demand to account for mode shifts and to flex with demand variability, which requires a great deal of communication among supply chain partners. When visibility becomes muddled at hand-offs, problems arise. Failure to follow the load through to delivery is one major way to lose visibility-as well as business. Transportation of America provides technology that allows us to monitor all truck movements from beginning to end. We can show exact time of arrival and departure from the trucks cab.

The integration of computer systems and electronic communications (EDI, mainline, or web-based access) has greatly improved and streamlined the process and enhanced intermodal transparency for shippers. Connecting all the different players together is crucial to ensuring compliance and seamless trans loads.

The shipper, rail and truck carriers, and trans loading operators have access to more information on each leg of the distribution channel. TOA's real time, online applications improve order processing, inventory management and service.

Consequently, this forced data share allows companies to establish key relationships at the local level between the railroad, transfer operator, and carrier that similarly improves service and reduces cost.

Working together, trans load partners can identify better means to optimize exchanges, maximize asset utilization, and improve efficiency – for example, working three shifts a day instead of one 8 hour shift.

TOA works with ocean and rail carriers to package best-case scenarios for inbound products. Where is the best transfer site based on manufacturing? What railroad serves the ocean carrier as well as the inland site? The goal is to use fewer of the same modes to reduce costs.

Invariably, businesses utilize trans load terminals to align their upstream and more downstream supply chains to be more efficient in terms of matching production flows and demand signals to intermodal

transportation, thereby managing more responsive inventory. Production planning, inventory management and sales forecasting are critical components of a successful trans loading distribution strategy.

Production can be placed in strategic locations, improving our ability to service customers with less lead time, maximize truck and driver utilization as reloading opportunities are maximized, and respond more quickly to emergency situations – all while reducing transportation cost and improving service.

This positional play lends itself to innovative inventory in motion when delivery times allow for such flexibility. Its common for shippers to use railcars and boxcars in a similar manner, but it is becoming more difficult to do with capacity limitations.

If a trans load site has enough space, consignees can use it to store all or most of their daily replenishment needs. There is a cost for storage, but if enough business is there, that cost can be spread out over several products. Companies can store product in rail cars or in a warehouse. Some items can be stored in an open field.

More purposefully, one benefit of using trans loading is that it provides a flexible means for driving JIT efforts – sometimes even before demand becomes manifest. Some plastics companies, in particular, will send product out the door without a destination in mind. They'll deliver to the shipyards, then determine where it's going.

The same theory applies for more common JIT scenarios. Shippers can take advantage of rail pricing and leverage the trans load to hold inventory until they need it. In essence, consignee's manipulate mode to match speed-to-market demands.

In terms of meeting demand-driven requirements, placing and holding product at strategically located rail facilities provides shippers and consignees with the ability to move product quickly.

With the density of highway traffic in Southern California, its not uncommon to have trans loads every 20-miles or so. You can't underestimate the value of having product staged close by, especially when you have to deliver to a site within a certain time frame.

Matching freight transportation needs and costs with production flows and lead times, and locating inventory closer to demand, make trans loads a vital part of intermodal movements. Trans loading establishes a platform that places the product closer to the end user market, which provides opportunities to meet customer's needs efficiently. The challenge is to balance customer needs with optimization opportunities by working together.