



Building a best-in-class crude oil unit operation

Strengthening logistics capabilities to meet the demands of a volatile oil and gas market

The results

Working in partnership with our client and its rail carrier, Maine Pointe's Total Value Optimization (TVO)™ approach equipped our client with the systems, reports and processes to move greater volume through its network at an accelerated pace. Benefits delivered included:

- Improved unit train cycle time by 22%
- Improved transit time consistency by 15%
- Implemented a Logistics Management Operating System and Rail Operating Plan for continued improvement
- Delivered savings of \$9.18M

“Maine Pointe established long term relationships with our people throughout the organization. They were invaluable in helping us improve our overall rail operations.”

Company Chief Operating Officer

This story is for executives who:

1. Move a large degree of their supply chain via rail
2. Face challenges with their rail logistics in terms of on-time performance
3. Want to work in a different way with their sole rail carrier and safeguard their business against the risks posed by fluctuations in oil prices

The challenge

This publicly traded Fortune 500 company distributes petroleum products and owns/operates about 1,600 gasoline stations and convenience stores in the Northeastern United States.

The company had experienced a significant increase in the volume of its unit train crude shipments from Bakken to its terminal in Albany, NY. However, as a relative newcomer to moving crude by rail, the business had not yet developed the organizational and operational maturity to effectively manage its rail operations. As a result, it was experiencing service issues with its sole rail carrier who was failing to meet on-time performance and reliability targets. Leadership recognized the need to rapidly improve the relationship with the rail carrier in order to gain visibility into trip plans and develop a better understanding of how they operated.

Based on the opportunities identified during our analysis, Maine Pointe was engaged to help achieve this goal by building a stronger, more balanced partnership with the rail carrier to improve cycle-time performance and consistency of service.



Developing a stronger, sustainable partnership with the rail carrier

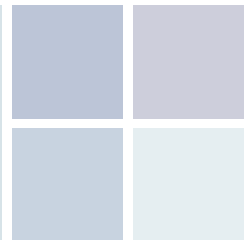
Maine Pointe's industry and subject matter experts worked alongside personnel from our client's team and the railroad to form a number of teams tasked with identifying, prioritizing and addressing the key issues affecting our client's rail service, including:

- Improving overall performance of the rail carrier through a strengthened relationship
 - Maine Pointe worked in partnership with our client and its rail carrier to improve overall performance by implementing a new continuous improvement processes along with new tools, metrics, and accountability for both companies
- Developed and implemented a new supply operations rail group to focus on managing rail service and the relationship with the railroad.
- Strengthened communication from the C-suite down through all levels of both companies
- Implementation of a Logistics Management Operating System (LMOS) and Rail Operating Plan
 - Designed and implemented a LMOS to enhance the planning, execution and control of rail shipments
 - Integrated the initiatives at the origin and destination terminals designed to reduce the loading and unloading times and help our client become a better customer for the railroad
 - Developed and implemented a corrective action process to identify, track, and correct issues impacting rail and fleet performance
 - Created a weekly management report for summarizing the critical KPIs for senior leadership
 - Developed and implemented a rail operating plan which aligned both companies to meet our client's service requirements

The improved communication and co-operation between the two companies means that our client is capable of measuring the performance of the rail business and can prioritize the issues to be addressed. This equipped them to move more volume through their network at an accelerated pace and placed them in a strong position to harness future opportunities when crude prices began to recover.

Lessons Learned for Other Executives

- There is no 'quick fix' solution to rebuilding and strengthening the relationship with your rail carrier
- Accelerated results can be achieved if a specialist operations implementation firm experienced in dealing with rail carriers is involved at an early stage
- Early and sustained engagement at COO level within both organizations is essential



Want to achieve outstanding communications and performance from your rail carrier?

Want to guarantee that your rail logistics can satisfy your customers' demands when oil prices begin to recover?

Talk it through in a no obligation phone call or meeting with one of our executives.

Email info@mainepointe.com to arrange a call

About Maine Pointe

Maine Pointe, a member of the SGS Group, is a global supply chain and operations consulting firm trusted by many chief executives and private equity firms to drive compelling economic returns for their companies. We achieve this by delivering accelerated, sustainable improvements in EBITDA, cash and growth across their procurement, logistics, operations and data analytics. Our hands-on implementation experts work with executives and their teams to rapidly break through functional silos and transform the buy-make-move-fulfill digital supply chain to deliver the greatest value to customers and stakeholders at the lowest cost to business. We call this Total Value Optimization (TVO)™.

Maine Pointe's engagements are results-driven and deliver between 4:1-8:1 ROI. We are so confident in our work and our processes that we provide a unique 100% guarantee of engagement fees based on annualized savings. www.mainepointe.com