

**RSI** LOGISTICS

RAIL MANAGEMENT SOLUTIONS

CASE STUDY

# Agricultural Supplier



## Challenges

- The sales department found that their transportation costs were higher than the competition in some cases.
- They knew they needed to be more proactive and less reactive in their rate procurement process. They saw the need to improve the entire rail rate development process – from how their sales department initiated rate requests, to negotiating final rates, to having a long term strategy.
- The freight billing, accrual, and invoice management process created accounting issues that affected their ability to make timely payments to the railroads. This resulted in significant finance charges, jeopardized relations with carriers, and the danger of credit suspension.
- Track and trace system costs were high, especially when customization was needed.

## Solutions

- Implemented the RSInet™ rail management application to assist in the management of their rail rates, shipments, and freight payment.
- Utilized RSI's rate management and advisory services.
- Implemented USRail Impact rail rate analysis software.

# Outcomes

- Reduced track and trace reporting while gaining reporting that better supported the business groups.
- Reduced internal accounting time and improved accuracy in their rail payment process.
- Improved relations with the carriers. Eliminated all railroad finance charges. Stopped requesting quotes from the railroad for lanes that did not turn into actual movements.
- Benchmarked rail rates, identified savings opportunities, and determined competitive targets. Rail rate visibility and cost reporting within the organization was improved.
- Revised rail rate request process with turnaround times reduced so that 90% of rate requests were completed within two hours.
- Short and long term rate negotiation strategies were put in place and 80% of their tariff rates were converted to negotiated contracts.
- Increased sales revenue and margins through the ability to quickly quote competitive rate levels to internal sales and marketing teams.
- Generated initial freight savings of \$1.6M by negotiating better rates with the carriers. Freight savings continued to grow in subsequent years.



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