

AN INSIDE LOOK at CSX's precision scheduled railroading model

When Ed Harris started his railroad career more than 50 years ago at the Illinois Central Railroad, he thought he would make a good marketing and sales representative. Those ideas went out the window when the late E. Hunter Harrison was named CEO and brought Harris into the Transportation Department.

Harris worked for more than a decade with Harrison, who implemented precision scheduled railroading (PSR) at Illinois Central, CN, Canadian Pacific and CSX.

"I was extremely fortunate to work for a person who knew railroading inside and out," Harris said.

Harris was named CSX executive vice president of operations in 2018, less than one year after the implementation of PSR. Since that time, he has brought back some of the previously cut assets to improve the process.

"I wanted to bring the road foremen of engines back," he said. "I knew our crews weren't used to handling long, heavy trains. That was one of the first and biggest changes we made to increase our capacity across the network."

Harris also reopened the Nashville, Tennessee, hump yard, one of CSX's largest terminals, moving goods from Chicago, St. Louis and Memphis and connecting with cities around the nation. It's also part of a network that directly delivers southern Illinois coal reserves. During 2018, CSX eliminated nearly one million out-of-route car miles and decreased deadheads by 75%. Plus, the implementation of its Mobile Reporting Tool (MRT) decreased dwell time.

"If I'm on a local and have the MRT, I'm looking at the next block destination," he said. "I'm blocking my train to make that next connection — not to the receiving yard, but either to the class or departure yard."

In addition to helping craft employees, Harris started conducting two-day camps for front-line supervisors to talk about PSR and discuss areas for improvement. More than 700 employees, including trainmasters, supervisors and foremen, have participated.

In regard to the camps impact on their culture, Harris said they walk out of there as smarter railroaders, knowing what the operating plan is about, having pride in the organization and understanding that their job means something to the success of the company.

Ed Harris, CSX executive vice president of operations, led the "Charge to Superintendents" at the AARS Annual Meeting.



Keys to PSR

How does Ed Harris and CSX make precision scheduled railroading (PSR) work? During his "Charge to Superintendents" at the AARS Annual Meeting, he led an interactive discussion about the key points to PSR.

Balance:

"You want to run as many trains east as you do west, and north as you do south. When you reduce or add trains, you throw off the balance; that's why bulk transit needs a plan like regularly scheduled traffic."

Discipline:

"Precision scheduled railroading means an educated workforce, a workforce that is safety conscious and knows what the plan is. That's why we've invested in our employees. I don't want to lose a good employee because he or she twisted an ankle. I want the employee to learn to watch where he or she is walking, and learn how to get on and off a piece of equipment properly."

Efficiency:

"We encourage interaction between craft employees and customers; that creates efficiency and takes out the middle man. When we become more efficient, the easier PSR becomes and the more you understand."

Infrastructure:

"To have a strong cash flow, you have to keep up with your infrastructure. We're getting our work done, and we're getting it done early. We're re-routing traffic, so we can have a track gang going 10 hours undisturbed, and they can lay huge amounts of tie and rail in a shift."

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Rising Stars

'Remarkable group' of Rising Stars honored

For the past six years, Progressive Railroading has set out to discover how rail businesses are recruiting and retaining railroaders. The magazine's creation of the "Rising Stars" program was designed to recognize individuals under the age of 40 who are viewed as up-and-coming leaders in the rail industry.

This year's candidates were "truly remarkable group," according to Kirk Bastyr, Progressive Railroading publisher, who said, "They're ready to do amazing things for their organizations and the railroad industry as a whole."

Bastyr, along with Julie Sneider, senior associate editor, presented the awards to this year's honorees. For the first time, the magazine recognized 25 individuals from all three North American countries who are making a positive impact in their company, organization, department or team.

"This year, we received more than 125 nominations from our readers," Sneider said. "It's uplifting to see the talented, diverse population of young professionals working in railroading today."

Keys to PSR

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Measurements:

"Every car that we handle, we measure the revenue against the cost. And if that ratio is better than one, we keep it. If it's less than one, we give it away because we're losing money. We measure everything."

Minimize surprises:

"Unexpected delays, crossings and defective equipment set you back. That's why we're doing testing on the ground to ensure our devices are as good as they can be."

Service:

"Being a low-cost carrier gives you

leverage. But when you couple it with service, you have even more leverage. We can prove to our customers that we can be there at the same time every day, and the traffic gets to the destination at the same time every day."

Teamwork:

"We want the decision-making down at the lowest level of the organization. Front-line supervisors have to make the decisions themselves, and if they make a mistake or the wrong decision, we'll talk about it and get it fixed. The quicker we react in that first opportunity, the better organization we are."

Trip plan:

"Our shippers know when they turn a bill over, it's entered into the system and generates a trip plan. The plan tells the shipper when the car is scheduled to be interchanged or delivered to their customer, and we have a two-hour window to make that happen."

Safety:

"You can be safe and efficient. If you're not efficient, you're probably not safe. And if you're not safe, you're probably never going to be efficient."



Cathrin Banks



Matthew Bell



Kimia Khatami

MAKING A DIFFERENCE

Rising Stars point to rail industry's bright future

"One of my favorite things about the railroad industry has been its people, and this group here is no exception. It's an extremely dynamic, ever-changing industry that's fostering growth and spurring change. I think if the people in this room are any indication, we're all just getting started."

– Cathrin Banks, Maryland and Delaware Railroad Co. president

"I'm humbled and honored to be part of this award class of such talented individuals who are going to take our industry to a whole new level in technology and innovation."

– Matthew Bell, rail government affairs consultant

"It's quite an honor to be recognized as a leader in our industry. It's quite a responsibility as we look to pay it forward and develop the next generation of leaders."

– Katie Sanders, Union Pacific assistant vice president of IT operations and systems development

"If not for [our] incredible team[s], ... none of these achievements would be a reality. Our future in transportation could not be headed where it is without them. I'm really excited to see where we're going over the next few years."

– Kimia Khatami, Pacific Harbor Line director of customer service

"I think I lucked into the industry. Some of you may have selected it more carefully than I did, but I can honestly say it was a nice place to get a first job out of school. Here I am 16 years later still at Loram and fortunate to grow with the company."

– Luke Olson, Loram Maintenance of Way Inc. vice president of marketing and sales

"I've worked 21 years in the railroad service and there are so many people who you can gather little pieces of knowledge from. I'm thankful to be part of this. There's a lot of talent in this industry, and we have a bright future."

– James Schwichtenberg, CSX chief safety officer



Luke Olson



Katie Sanders



James Schwichtenberg

Squires: PSR must be good for customers

When Norfolk Southern approached its customers about precision scheduled railroading (PSR), reactions ranged from curious to skeptical. Jim Squires, president, CEO and executive chairman, said before rolling out NS WAY, its version of PSR, they conducted 18 town hall meetings across the network with employees and customers.

“We invited our customers to participate in conversations, and they provided us with critical information,” he said. “We talked about the changes and what they could expect from us.”

Norfolk Southern implemented the process with its customers, not to its customers, helping them operate more efficiently, enhance customer service and support growth.

“PSR is good for operations, but it has to be good for customers as well,” Squires said. “Otherwise it won’t work as an operational model because it won’t support growth or customer service.”

By carrying out PSR the NS WAY, operations were improved before resources were cut.

“We’ve seen what happens when resources are cut first. Yards are closed, locomotives are taken offline and people are furloughed,” he said. “Rather than start by removing resources, we’re first taking the time to improve operations and make sure we can execute the plan.”

Norfolk Southern used the same basic PSR playbook as other Class I railroads, but worked to reduce potential adverse effects on customers. The railroad’s improvements gave customers a higher level of service and changed how it manages the network.

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— Jim Squires,
Norfolk Southern president, CEO and executive chairman



Jim Squires, Norfolk Southern president, CEO and executive chairman, receives an engraved plate for giving the keynote address at this year’s annual meeting.

Lamberts Point docks reaches impressive milestone

Lamberts Point Coal Terminal is the largest and fastest coal transloading facility in the Northern Hemisphere. With a throughput capacity of 48 million tons annually, the location is appealing to shippers.

One-third of the nation’s coal exports go through Lamberts Point, a location that has been exporting coal since Pier 1 was opened in 1884. Improvements came and went with Piers 2 through 5, before Pier 6 opened in 1962.

In 1999, Lamberts Point became the first facility in the world to reach a

significant benchmark: one billion tons of coal dumped.

The Lamberts Point docks stretch across 117 acres and have four deep-water berths. They include 1 million square feet of covered storage and enough space for 1,000 rail cars.

“Not only is it a place for coal, but you can do a lot of different commodities

at Lamberts Point docks,” said David Gooden, Norfolk Southern division superintendent.



David Gooden, Norfolk Southern division superintendent, spoke about Lamberts Point during the Regional Perspective at the annual meeting.

Norfolk Southern’s Lamberts Point includes enough space for 1,000 rail cars.



Oliver recognized as 'One to Watch'

With more than three years at New York & Atlantic Railway (NYA), Peter Oliver has demonstrated knowledge and experience with a levelheaded demeanor to achieve safety and operational success.

The company, a subsidiary of Anacostia Rail Holdings, operates in New York City and on Long Island — one of the most challenging operating environments in the U.S. rail system. As director of transportation, Oliver looks for company growth and business opportunities.

"We bring in a lot of boxcar traffic with our biggest commodities being flour, grains, rice and beer," Oliver said. "We then take municipal solid waste and construction demolition debris out of the city."

During his time with NYA, Oliver has been instrumental in transitioning FRA program records from paper to electronic and improved employees' accountability through the operational testing program.

Management at NYA describes Oliver as an exceptional performer who

has helped drive safety standards, and enhance regulatory compliance and Transportation employee training.

"Peter efficiently communicates his ideas in writing and verbally to a broad audience," said Marlon Taylor, NYA vice president. "This is no small feat on the railroad that has a very diverse workforce in one of the most diverse cities in the U.S."

While operating on some of the same tracks as the Long Island Railroad (LIRR), the busiest commuter line in the United States, NYA employees must be certified under LIRR and the General Code of Operating Rules (GCOR). With Oliver's guidance, the pass rate of LIRR rules increased from less than 50% to more than 70%. He focuses on hiring the right people, providing thorough training and motivating employees to perform at a high level.

Thomas Leopold, Anacostia Rail Holdings chief safety and compliance officer, expects Oliver to have a long,



From left, Brook Hartzog, AARS president, presents Peter Oliver, New York & Atlantic Railway director of transportation, with the "Ones to Watch" Award.

successful railroad career as he continues to advance to higher levels of responsibility.

"His strong performance over the last three years at NYA focuses on safety and passion for excellence," he said. "This makes him a leader and deserving of the 'Ones to Watch' award."

Excellence in Leadership: Ed Harris

Making a positive impact in the railroad industry for more than 50 years, Ed Harris is this year's recipient of the AARS Michael A. Paras Leadership Award.

This award is presented to a railroad, transit or operating company executive who has demonstrated exceptional leadership by implementing effective changes that have led to improvements such as safety, efficiency, or training/development.

Harris began his railroad career in 1968 as a yard clerk with Illinois Central Railroad and climbed the ranks with various superintendent roles. He joined CN in 1999 as vice president of operations and was promoted to executive vice president of operations in 2005. Since then, Harris has held that same role at Canadian Pacific and CSX.

"Working at CSX gave me an opportunity to go in and do



From left, Ed Harris, CSX executive vice president of operations, is presented the AARS Michael A. Paras Leadership Award by AARS past president Rodney Gordon.

something to make an impact in the industry and for the shareholders," he said. "The railroad has afforded me a lot of flexibility in running the operation how I was brought up to run it."

At CN, Harris worked alongside the late E. Hunter Harrison and James Foote, current CSX president and CEO, to implement precision scheduled railroading.

Harris says AARS has helped companies strengthen relationships and compete against transportation alternatives. He says the annual meeting serves as a good way for companies to share their ideas, and recognize up-and-coming leaders.

"We've got so many good employees out there," he said. "I wish

we had the ability to recognize a lot more of the young people. I think that's a steppingstone to success."

Hartzog begins term as AARS president

With another annual meeting in the books, the American Association of Railroad Superintendents (AARS) welcomes Brook Hartzog, Florida East Coast Railway general manager-north, as the new president.

Hartzog has been active with AARS for more than five years, first becoming involved because of its educational aspects. He points out how members can learn new process at the events and incorporate them into their workplaces.

“It’s one thing to listen or talk, but it’s another thing to do,” he said. “When you attend events, you have opportunities to take notes from speakers. Notes are great. But if you don’t do anything with them, you really wasted an opportunity. It’s really about putting the words in motion.”

“*It’s one thing or talk, but it’s another thing to do.*”
— Brook Hartzog, AARS president

Attending the AARS Annual Meeting allows Hartzog to see how people have grown professionally and how relationships have developed for him personally.

“It makes it easier when situations arise in the workplace,” he said, noting how he can call a person instead of calling a company. “Those connections are invaluable.”

While the railroad industry doesn’t always present many opportunities for competitors to collaborate about operations, AARS offers events throughout the year to bring individuals and companies together to help them learn from one

another’s practices.

“It’s a good group of people,” Hartzog said. “It’s a cohesive bunch, but it’s also an inclusive group that will welcome other people in.”



Brook Hartzog starts his two-year term as AARS president.

Precision Scheduled Railroading and the ‘Railroad Renaissance’

Tony Hatch, a senior transportation analyst on Wall Street for more than 30 years, shared his insights on the “Railroad Renaissance” during the AARS Annual Meeting.

Before talking about the benefits of precision scheduled railroading (PSR), Hatch discussed topics that cause potential concern in the stock market such as economic, political and weather risks.

As investors watched CSX make the first U.S. change in railroading, they witnessed modifications in operations, fewer crew starts and the removal of excess capacity. Seeing the reduction in yards and head counts led them to believe the change to PSR was purely about the operating ratio.



ABH Consulting's Tony Hatch discussed the ways precision scheduled railroading has an impact on Wall Street.

Hatch sees the railroads as being more efficient with labor and fuel, as well as having better infrastructure compared to other modes of diesel transportation.

“You can move 240 [intermodal containers] from L.A. to Chicago with not many crew changes,” he said. “Last year, the railroad got a ‘B’ rating for infrastructure compared to a ‘D’ for trucking.”

While six of the seven Class I railroads in the U.S. have implemented some kind of PSR, Hatch says the lone holdout, BNSF, remains a viable competitor.

“BNSF has the most balanced system with coal, grain and intermodal ingrained in its brand,” he said.

“*Last year, the railroad got a ‘B’ rating for infrastructure compared to a ‘D’ for trucking.*”
— Tony Hatch, ABH Consulting senior transportation analyst

AARS Annual Meeting

Make sure to check out the full photo album from this year's AARS Annual Meeting in Norfolk, Va. <https://newslink.zenfolio.com/aars2019>

snapshot





2019 Derailment Investigation Seminar, Nov. 5-6 at the Sheraton Suites Chicago O'Hare
 Register at <https://supt.org/page-1499874>

DATE

Nov.
5-6

COST

Members: \$649,
Nonmembers:
\$749

LOCATION

Sheraton
Suites
Chicago
O'Hare

PRESENTER

Gary Wolf,
Wolf Railway
Consulting
president

**KEY
LEARNING
POINTS**

Basic track structure,
performance and
cause of common
derailment problems

**ATTENDEES
RECEIVE**

Completion certificate,
binder of course content
to share with colleagues

Registrants must be employed in the rail industry and meet qualifications for AARS membership to attend.

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