Remember the drayman

The intermodal industry is accustomed to using the relay race as an industry model. In the search for quality service, the handoff between service providers needs to be "seamless."

While all members of a relay team are important, the first and last are critical. The first runner establishes position. The last runner, or "anchor," tries to finish in a winning position.

In the intermodal world, both the first and last runner would be a drayman, or local trucker, who provides the local pickup and delivery. Unfortunately, this essential participant is rarely treated as a full partner.

Intermodal marketing companies have tried to make the rail intermodal product "look like truck." They have marketed "door-to-door" service sandwiched around a rail intermodal move. By bundling pickup and delivery with the rail move and a fee for their services, IMCs could offer a one-invoice service similar to that of a truckload carrier — although the same performance was not always achieved.

Inevitably, there was a flaw. In order to maintain their own customer satisfaction, many IMCs have undercharged truck brokerage in order to move cargo without relying solely on rail intermodal.

The impression of rail intermodal as a second-tier service is not a new phenomenon. Previous marketing surveys indicated that rail intermodal was used primarily for intermediate distribution. Finished goods destined for the actual consumption point usually move by truckload carrier.

Hence, a two-tiered cast system exists at loading docks. Truckload carriers have appointments made in advance, are taken on time and promptly unloaded. Haulers of intermodal loads, perceived to be less urgent, must wait for handling or are told to leave the box and pick it up after it is handled. And intermodal continues to suffer.

First, asset utilization is degraded. While truckload carriers are immediately loaded or unloaded, and therefore able to find their next load, intermodal draymen must wait longer. Enhancing asset velocity would improve profitability. (The domestic container program begun by Union Pacific, Norfolk Southern and Conrail has demonstrated this.)

Second, service is further degraded. An intermodal trucker with an early morning appointment can have an entire day's worth of appointments disrupted by significant delay at his first stop. This vicious cycle serves to further denigrate the (poor) service reputation of intermodal.

Third, accessorial charges begin to accrue. These are expenses outside of the rate quoted for pure transportation services. They are either assessed by the trucking company (for example, for driver and power detention) or by the equipment owner (for example, equipment per diem), and they are inevitably a source of conflict between the drayman and the person paying him.

This is especially true when the actual customer is removed from the transaction. The drayman has to collect the charges from the IMC or ship line, which, in turn, must collect the charges from the customer. The drayman often feels pressure to absorb the charges, while the IMC often believes the drayman is fabricating the charges or seeking to collect money arising from the trucker's own mismanagement.

Many drayage companies suffer from inadequate information systems. These are local or regional companies that have prospered by being attentive to customer needs, which today are forcing these small business owners to confront large-scale capital investment in communications and systems. For many of these proprietors, these are literally "bet-the-company" decisions.

These decisions cannot be postponed indefinitely. Just as some IMCs have expanded the product line, some advanced truckload firms are expanding theirs. In an effort to retain drivers and provide more economical service, some truckload carriers have developed an IMC-competitive product. They use their power and drivers to pick up and deliver loads that have linehaul provided by rail intermodal. Drivers are happy. There are no overnight stays, and at the customer's loading dock they are treated like a trucker rather than intermodal.

These carriers have brought a new paradigm to intermodal. Not only are sophisticated communications available, the carriers can avail themselves of economies of scale, like cheaper purchases of communications, systems, fuel and insurance.

Local drayage companies are trying to figure out how best to change. There is interest among some companies to form a national drayage company. The expense benefits are obvious. This company could take advantage of economies of scale and scope.

The revenue benefits are not clear. Would IMCs want to relinquish their negotiating position of strength to deal with drayman from a position of equality — or worse? In addition, there is some question about whether this national drayage company represents a step forward, or is merely an exit strategy for business people seeking retirement.

Regardless, as intermodal seeks to upgrade its product standing and industry image, draymen are critical. They are the beginning and end of the service provided to the all-important customer.

Theodore Prince (TedPrince@aol.com) is a transportation consultant based in Richmond, Va. He writes a weekly column for The Journal of Commerce.