

From:

**Doug Sartain, President**

**Shipmate Logistics**

www.Shipmatelogistics.com

dsartain@shipmatelogistics.com

847-421-8234 (cell)

### **1) Is there the potential for a Marine Highway Program in the United States?**

The short answer is yes, the transporting of commodity goods using vessels has the potential to increase its relevance in the marketplace. However, in order for the Marine Highway to gain significant market share in a ground transportation dominated society it will require a major undertaking. The shipping culture of the United States has progressed through the years from using vessels to rail to trucking. Therefore, reverting back to vessels will be looked at by some as a step backwards. Convincing these modern traditionalists that vessel shipping is the wave of the future will be a challenge.

### **2) What are some of the barriers to making MH a reality on a larger scale?**

Coming from the logistics and common carrier transportation industry, a few of the more obvious barriers of a marine highway are flexibility, lane density, convenience, transit times, single source invoicing, door to door shipping, equipment differences, complexity, shipper training & education, culture shock and overall freight costs.

Today, shippers want their shipments picked up later in the afternoon or evening and delivered next day before noon. This "expedited" transit started with the Just-In-Time automotive market and has been adopted in the general commodity sector. Shipper warehouses and distribution centers are being moved to strategically located areas to reduce labor costs and decrease transit miles. Statistics show that 70% of the freight in the transportation market travels less than 550 miles. In general, the Department of Transportation's Hours of Service rules for the trucking industry allows a driver to legally travel this distance in one day. Meaning the freight can be picked up and delivered to the end user next day. This is a huge benefit to the shipper because it reduces the need for added building space to store merchandise. In other words, the product comes off the assembly line, gets packaged and ships out that night via truck.

The poor economy has also caused a severe excess in carrier capacity. There is just not enough freight to support the amount of carrier equipment resources available. This supply and demand dilemma has resulted in a price war between existing carriers to battle for market share.

Discounts and freight rates are the lowest I have seen and until the economy improves or the industry loses a major common carrier, the rates will remain low. Another obstacle the marine highway will need to address is shipper convenience. The fact is, trucks will still be needed in a marine highway supply chain because we do not have the waterway infrastructure available in the United States. Shippers will still need to outsource their products to a trucking company before handing off to the vessel and then again to deliver to the end user. To add to the problem, manufacturing companies have laid off shipping managers and forced this workload onto the purchasing manager. These purchasing managers are unfamiliar with transportation logistics and simply do not have the time to worry about finding both a ground carrier and a vessel company

to transport their products. They want to make one phone call to one carrier and have them transport all their products using one single operation. This helps the shipper cut their back office expenses as well as manage their vendor relationships.

I am not trying to offer a doom & gloom outlook for the marine highway because if presented to the shipping public in the right context, I believe it can succeed. The key is to sell the strengths of the marine highway and expose where the trucking industry is vulnerable.

### **3) Is MH a part of a National Transportation System?**

Not to the level it could or should be.

#### **Doug's Bio:**

Doug Sartain is a respected authority on LTL (less-than-truckload) and TL (truckload) operations. His opinions and industry advice have appeared in leading trade publications such as Transport Topics and Fleet Owner. Doug has over 25 years of carrier management experience and serves on the Board of Directors of a LTL & TL transportation company. Currently, Doug is the President of Shipmate Logistics, a consulting firm specializing in profit enhancement, P&L management, leadership development and operating efficiency improvement