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Going Green with Freight Offers Benefits

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Bob Tucheck has always had his eye on rail transportation and imagined the growth that would come if the industry were to become deregulated. When that happened with the Staggers Act of 1980, he quickly identified the opportunity to offer his assistance to companies that didn't really understand the complexities of the move. "Some didn't realize they could then bargain a price for rail service," he remembered. "We were able to offer many small and mid-size rail shippers a renegotiation of their traffic rates and save them money."

Tucheck was then working for Rail Services, Inc., the predecessor company of RSI Logistics, Inc. He eventually bought the business and is its majority shareholder. It was under his direction that RSI expanded from its headquarters in Okemos to include offices in Milwaukee, Wisconsin and Nashville, Tennessee, along with shipping terminals in Grand Rapids, Michigan; New York; Kentucky; Maryland; and most recently, Virginia.

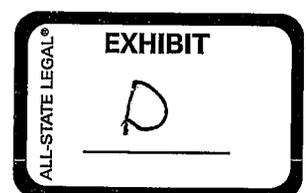
While there has been growth in all areas of the company, the most has been on the bulk transfer terminal side involving material transloading-large loads of dry or liquid, hazardous or non-hazardous commodities, shipped by rail then trucked to the final destination. "We were able to offer large shippers the economic benefits of long-haul rail transportation with the speed and flexibility of truck delivery," Tucheck said.

With a drive for the entire country to "go green" toward renewable and alternative fuels, it is that area which has generated the most growth and profitability for RSI. Years before, Tucheck said a shipment of between 600 and 700 cars would be considered a good year. But with the need in the last two years to ship ethanol from corn country in the Midwest to all over the country, it has more than tripled the number of cars needed annually to 2,000 at three of its facilities. Those shipments have made RSI the largest bulk transloader of ethanol in North America. The trend also has prompted construction of the newest terminal in Alexandria, Virginia, which will open early next year and be dedicated exclusively to the shipment of ethanol.

Tucheck said pipelines are the most cost-effective way to ship, followed by barge or vessel, then rail. But since ethanol, unlike traditional gasoline, cannot be shipped through a pipeline due to its corrosiveness, the rail industry is reaping the benefits of efforts to go green. That stronghold will likely continue since most gas terminals, which traditionally need only pipelines and trucks to collect and distribute, are not located near rail lines.

"The cheapest way to get ethanol from the heartland of the United States into the consuming markets and to the gasoline storage facilities is via rail. We have the terminals, and they're in the proper markets, so it's been real successful for us." And Tucheck admitted while trucking or air shipment of the fuel are still options, they are not cost effective, especially in light of rising gas prices.

The test of cost is how far you're shipping. If it's more than 400 miles, then rail is the most economical. The tradeoff, though, is time. Rail is slower; but depending on where you're shipping, the difference in price can be dramatic. Tucheck said combining long-haul rail with the faster trucking to destinations 250 miles away or less is a plus for both company and client. The venture has been so successful that RSI, with a current client base of more than 90 customers and sales of more than \$90 million, is still looking to expand. "Moving to become an environmentally friendly world has been great for us, and we're planning to take full advantage of it."



Another company is not only making efforts to become more eco-friendly, but also has won awards to that end. Meijer, known for its unique 24-hour, one-stop shopping, was awarded the Environmental Protection Agency's SmartWay Environmental Excellence Award this year for reducing fuel consumption and lowering greenhouse gas emissions - the only Michigan company to be recognized.

Officials say the idea involved a two-pronged plan: trailer fullness, and technology and fuel efficiency improvements. The idea to make the most of fuel efficiency by sending out only full loads of food or other products on company trucks reduced the number of shipments by more than 10,000 annually. The plan also resulted in a reduction of miles driven by more than 2.5 million, and saved some 385,000 gallons of diesel fuel. Meijer now operates on 100 percent biodiesel fuel B-20 blend and is working with the EPA to encourage greater use of renewable fuel blends.

"The focus of Meijer is to do what's best for our customers," said Mark Murray, president of Meijer. "That can range from organic foods to working toward a cleaner environment."

Meijer was formed back during the Depression of the 1930s by a barber in Greenville, named Hendrik Meijer. Meijer, with his son, wanted to provide affordable food to his loyal customers. The Meijer grocery store opened carrying less than \$400 in merchandise - all bought on credit. The company's first official store was opened in Grand Rapids, where Meijer is headquartered today. Hendrik Meijer had a flare for innovation. His stores were one of the first to offer customers the automated conveyer belt, checkout scanner, supercenters, and 24-hour shopping. Today Meijer employs 60,000 workers at 181 stores in five states (Michigan, Ohio, Indiana, Illinois and Kentucky) and is growing by an estimated 8 percent each year.

Meijer continues to strive to be on top and stay there. As the needs of the company's client base and the world changed, so did Meijer. The company has set projections for reducing greenhouse emissions and other environmental performance goals. A plan is now being worked on with the help of the EPA. Tom McCall, vice president of logistics, said the objective for the company today is what it was years ago: Don't be afraid to be different and always try to be better. In fact, it was Hendrik Meijer's own words back in the '30s that still ring true today: "When starting out on a new venture ... don't hesitate to tackle something new!"

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