

# Postscript to a Success Story

**USG**

**Otsego, Michigan**

W. Baird Spicuzza  
Director Marketing/Paper  
Norfolk Southern Corporation  
January 14, 2009



# Today's Objectives

- Details, Details, Details: The Value of Up-Front Engineering
- Integrating Purchasing and Supply Chain
- High-Capacity Equipment
- Leveraging Equipment Flows
- Summary



# Getting It Right from the Get Go

Plant Modifications Done to Optimize Delivered Cost:

- ✓ Ability to handle 60' plate F cars, both inbound and outbound.
- ✓ Coordination with local Transportation personnel to ensure efficacy of "the plan."

Result: Efficiencies gained for USG and Norfolk Southern.

# Norfolk Southern Boxcar Fleet: Examples of Carrying Capacity



- 50' plate C: 70 short tons, 5,277 ft<sup>3</sup> **Most Cars**
- 50' plate F: 100 short tons, 6,277 ft<sup>3</sup>, **+19%**
- 60' plate C: 100 short tons, 6,348 ft<sup>3</sup>, **+20%**
- 60' plate F: 100 short tons, 7,551 ft<sup>3</sup>, **+43%**

# High Capacity Cars:

## Productivity Improvement Examples

- Linerboard mill #1:
  - Lading, 50' plate C standards: **59 tons**
  - T-loading 50' plate F cars: **86 tons**
  - Productivity gain: **+45%**
- Linerboard mill #2:
  - Lading, 50' plate C standards: **50.5 tons**
  - Lading, 50' plate F equipment: **70 tons**
  - Productivity gain: **+39%**

# Certified Loader / Unloader Program

## Increasing the Productivity of the Premium Boxcar Fleet

- ✓ Commitment by shippers to damage-free recovered fiber loading.
- ✓ Commitment by receivers to damage-free recovered fiber unloading, car cleanliness.



# Certified Loader / Unloader

## Pilot Program Results

- ✓ Loading recovered paper into 60' 100T Plate F newsprint boxcars.
- ✓ After following the clean-out process, the boxes are immediately moved from the unload scrap track to the outbound paper track.
- ✓ Lading increased from 66 tons/car to 86 tons/car.
- ✓ Boxcars get 3 trips per month versus typical 1 trip per month cycle time.
- ✓ Rate Savings = \$xx.00/ton.



# Paper, Clay & Forest Traffic Flows



# Supply Chain Management: A Case Study



- ← Scrap
- ← Wallboard Facing Paper
- ← Empty Positioning

# Industry Boxcar Fleet: Reducing Empty Miles

- North American Boxcar Pool
- Carrier-Specific Initiatives
- Specific Customer Initiatives
  - Directional loading of cars at mills.
    - Specific car type
    - Foreign-marked
    - TBOX / FBOX
    - \$ Savings vs. Operational Complexity





# Summary

- USG Otsego is a case study for optimizing the supply chain.
- Up-front engineering and integration of purchasing & supply chain has yielded handsome benefits to both companies.
- By collectively achieving better asset utilization, the boxcar is and will continue to be relevant to paper-industry supply chains.

**Thank you!**  
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