



Module Nine

Highlights and Conclusions

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THE UNIVERSITY
of
WISCONSIN
MADISON



Current Reality

- ❖ Growing Freight Tonnage
- ❖ Growing Auto Mileage
- ❖ Mode Share Shifting to Surface Modes
- ❖ Rail Congestion
- ❖ Highway Congestion



Total Cost Competition

Product Cost

Extraction

Refining

Manufacturing

Logistics Cost

Transport

Inventory

Administration

IT

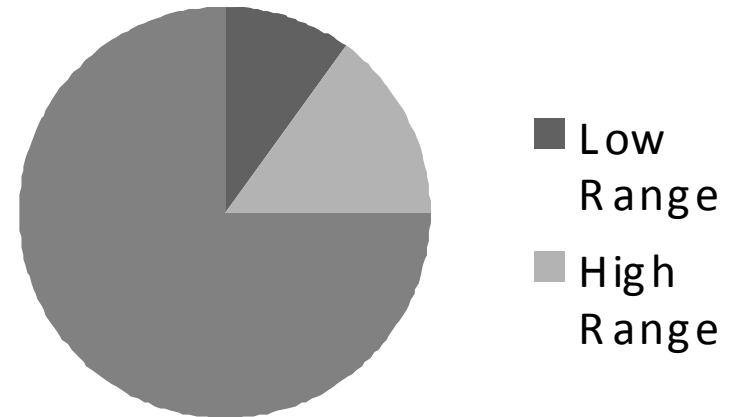
Total Cost

The Cost When It Reaches the Customer

Inventory Costs

- ❖ Capital
- ❖ Shrinkage
- ❖ Uncertainty
- ❖ Obsolescence

**Cost of Inventory:
Ten to Twenty-five
Percent of Purchase
Price**

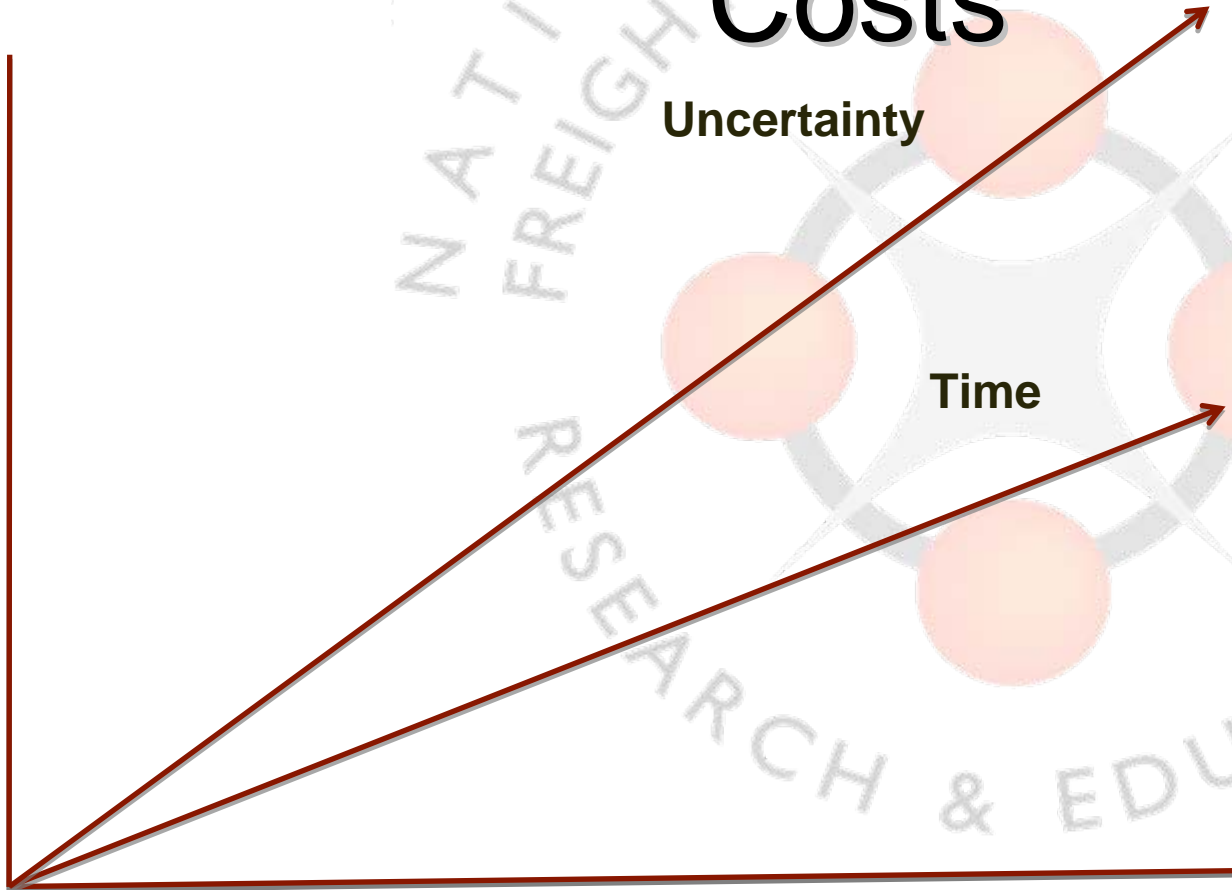




Drivers of Inventory

Costs

Cost



Uncertainty

Time

Time/Uncertainty

CFIRE



Inventory Decisions

Transport Costs

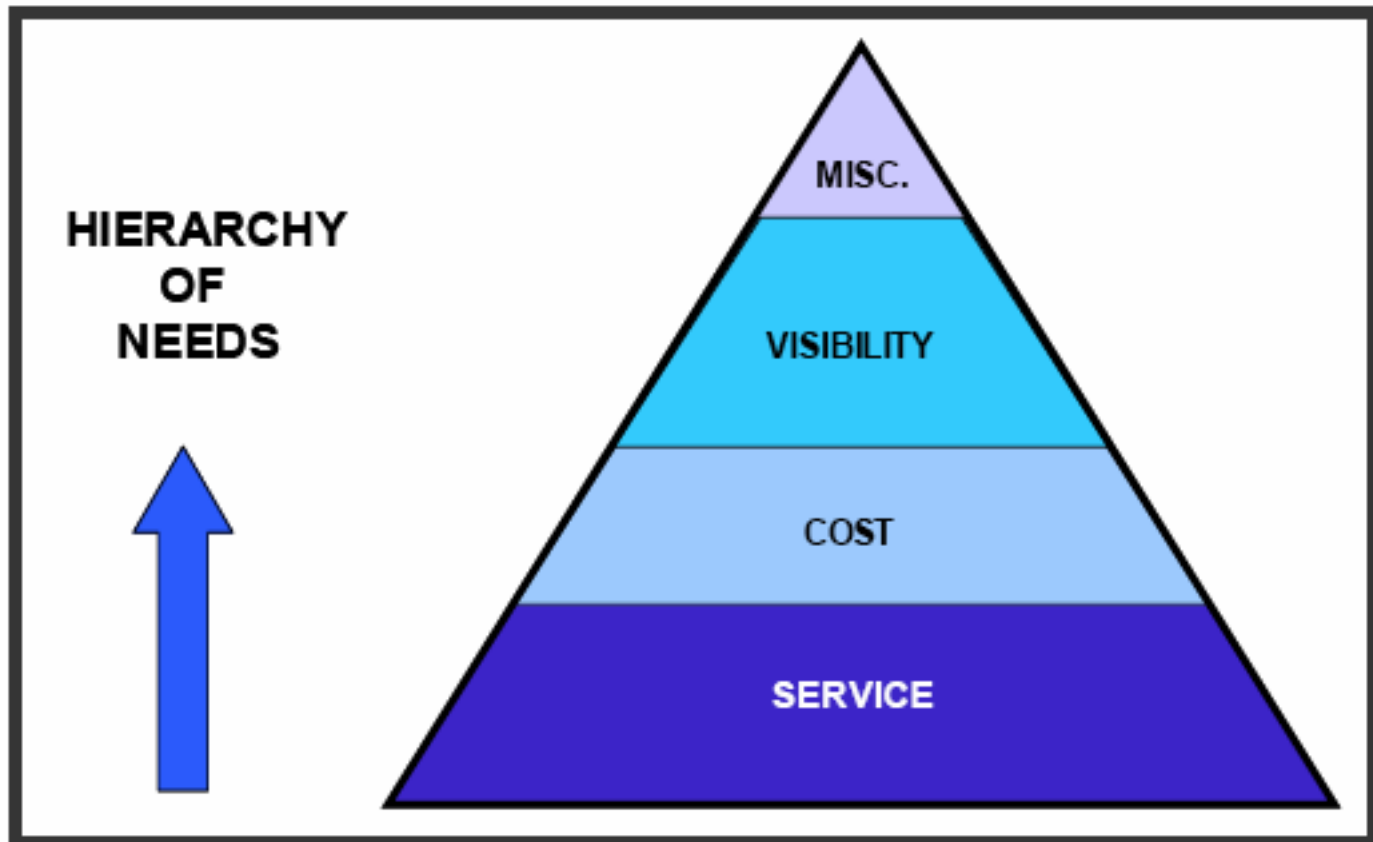
Service Requirements

Administrative Costs

Inventory Size & Costs

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Service and Cost In Mode Choice





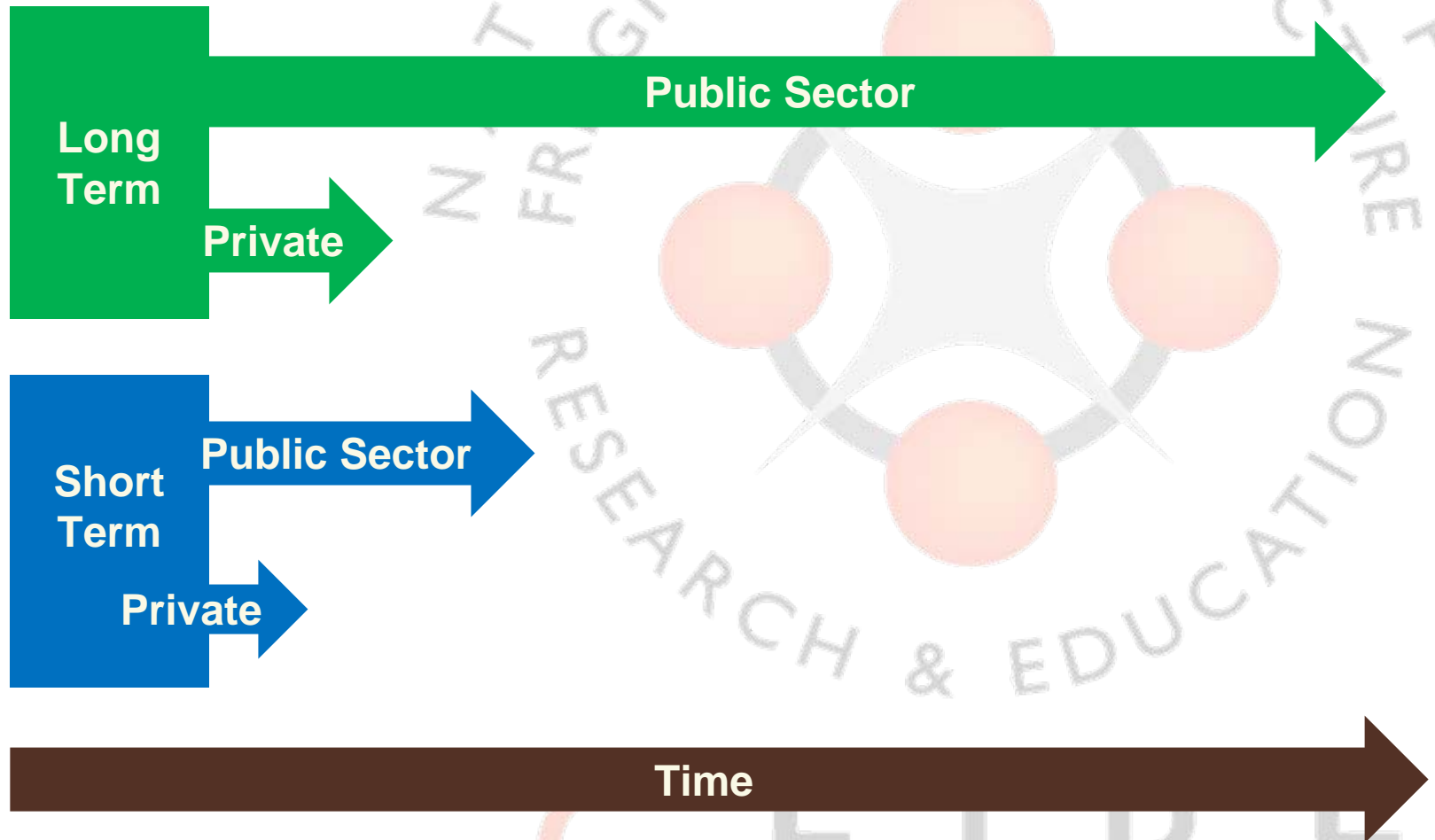
Implications for the Public Sector

- ❖ **Broader Geographic View**
- ❖ **Policy View**
- ❖ **Facilitator Role**
- ❖ **Engage the Private Sector**

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Time Horizons



Motivations

Public Sector

- ❖ Public good
- ❖ Legal requirements
- ❖ Budget constraints
- ❖ Precedents
- ❖ Political issues

Private Sector

- ❖ Profit
- ❖ Market share
- ❖ Industry good
- ❖ Public good
- ❖ Costs



Challenges Placed on Infrastructure

Control of Cargo Routing

Investment Decisions

Shippers

Responding to changing markets and demographics. Focus is short to medium term



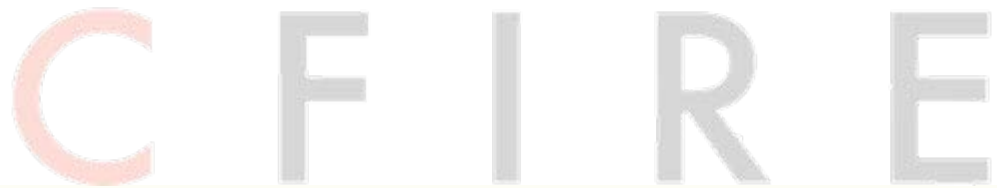
Transportation Providers

Respond to changing service requirements



Infrastructure Providers

Responding to changing markets and demographics. Focus is medium to long term





Planning Roles

Private Sector—Shippers and Carriers

Global

National

Regional

Local

Public Sector—States and MPOs



Steps In Industry Involvement

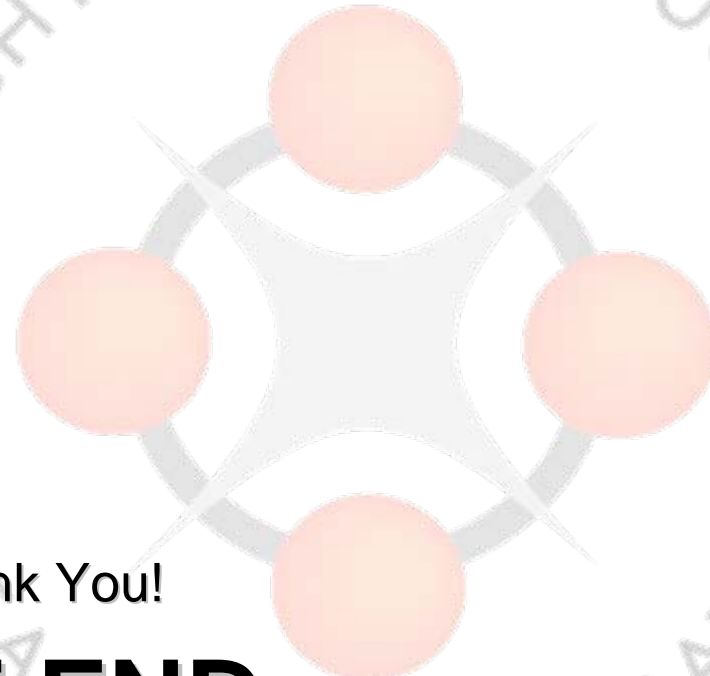
Full Involvement

Trust

Acceptance

Awareness

NATIONAL CENTER
FREIGHT & INFRASTRUCTURE
RESEARCH & EDUCATION
FOR



Thank You!

THE END