

# BNSF Supply Chain Expansion

Posted on October 30, 2018

## Introduction

International economies mostly rely on the railways sector, and for the effective supply chain and logistics, the services and operations of Burlington Northern Santa play an important role. The network of the railway is operating across the major parts of America especially in the Northern region. While recognizing the value of operations, the company is trying to enhance its business through progressive strategy and effective logistics. The needs and demands of the customers are seriously responded to through effective management and governance. The corporation maintains a healthy and improved relationship between its business and the supply chain strategies. Investments by the company through proper planning and strategic importance are the prime purpose of making the network of railway more effective. Multiple opportunities are there for the corporation to enhance the existing operations along with the expansion of the network to the other parts of America.

## Opportunities For BNSF To Improve Supply Chain Through Alignment Of Logistics

Besides the evolving complications, in the achievement of excellent supply chain management, certain are the tools that can help the corporation in attaining desired goals. The performance of the finances, accurate services, and attractive strategy can have the potential to improve the management of the supply chain. The alignment of these three tools is very important in supporting the overall business plans and working. The simple example can better explain the phenomena of the alignment of the services and operations. The collaboration of cost and strategy of the corporation will lead to the pleasure of the shareholder, who is involved in the business. In the same way, amalgamating and adjusting the services and the costs would be beneficial for the costumes. The alignment of the strategy and the services will imply the focus attention of the top managers and the workers serving at the business strategic level. The understanding of the stakeholders along with customers regarding the chain of supply will increase the happy and healthy interactions between the executives and the clients.

The strategic plan of the industrial sector and the incorporation of logistics is the most important factor that reveals the real business among the investors. Customers have always desired the availability of services in accordance with the suitable cost that they can bear (Christopher, 2016). An example in this regard is the airlines of the southwest, which is considered as successful because of the primary factor, which reveals that the company is for the services of the customer. Similarly, for the effective support to the supply chain of the business, distribute the network's finances, evaluate

the money associated with the transportation facilities, warehouse and the costs linked with the procurements. Each of the above-mentioned factors will provide effective support to the system of business, and more exploration will increase accordingly. Everything is important; finances are the key elements, and a little leak in them will destroy the whole ship. The consultation team of the logistics bureau has provided graduates of numerous companies with great management of the supply chain by serving on the alignment of the three factors.

## BNSF Supply Chain Integration With Logistics

The corporations of the BNSF railway can apply three strategic factors in order to expand the business and it can improve by ironing the operation of the supply chain. The integration of the supply chain, along with the logic to receive excellent services and goods, is essential for the corporate business. Those sectors serve virtually with trading companies in a manner of interacting with each other internally and externally and can acknowledge the fruits of the active business supply chain. The phenomenon is based on the factors of synchronization and companies' collaborative working to develop the best organizations. The logistics for driving the market base exchanges possess long-term profits and the creation of the costumes' retention. The services and the satisfaction received by the customer build a qualitative relationship with the client. The services of qualitative or quantitative between the buyer and the purchaser encompass an active relationship and explain the broad phenomena of costumers services. The internal processing effects indicate the traditional style of serving the buyer (Cooper, 2017). Availability of the stocks, ratios of the sales, and the overall percentage of the order lined up are the internal factors, which reveal the conventional way of overseeing the performance of the services related to the purchaser.

The modern system of supply chain and the railway is very competitive, as studies show that maximum customer services are a matter of life and negligence in this regard is frequently considered as the death of the respective corporations. Ninety-eight percent of the railways with two percent lapses provide the top management to focus on the two percent services instead of enjoying the huge business activity. The primary factor that involves such kinds of estimations is increased competition in the market. A corporation can enhance its capabilities and meet the requirements of hundred percent services for the people by various high-quality indicators. The timely delivery of the services can enhance the performance of the railways sector. If the arrival time of the railway is seven o'clock, it must be seven, not eight. Proper maintenance of seats and the safe journey provided to the people will increase the trust and the reliability of the Railway services.

## BNSF Agility And The Movements Of Goods And Services

The supply chain and the transportation sector are important elements of the international economy and commerce. Both sectors are facing new kinds of challenges and the unusual happening in the

globalized world. Increased costs and the high prices in transportation and logistics are one of them. For BNSF, complications in regularizing the business and corporate environment are a big challenge. Higher demands of satisfying the customers and working for the increased rate of growth in the corporate sector are essential (Ellinger, 2000). The surveys unfolded that operational visibility is an important tool in assessing the shipment and monitoring the environmental issues related to the real-time which is associated with the cargo in transit. Transportation industries are facing increasing challenges regarding cargo and shipments. The report consists of ninety percent responses from various people, finding that improvement is essential in the assessment of operational visibility. Complications and sophistication are there for the corporations in requiring visibility and looking for the check of the location. The security, conditions of the environment, vibrations and the real-time information using the temperature place a challenge to manage the quality of logistics from the place of departure to the destination.

Looking at the visibility tools, M2M for corporations like BNSF is considerably gaining importance, and with the passage of time, it will surpass barcodes and RFID. It will also rank as the second tool against the GPS, which is on top. The sharing, analysis and collection of the intelligence data by the heads and leaders of the logistics and transportation are used as an important tool for overcoming the prevailing challenges. For the movement of goods and collections, responsible people preferably choose visibility tools. In the same way, considering the timeline of the information is also a big challenge. They seriously try to overcome those challenges, which went through the logistics and the supply chain management. Many corporations have expectations of return within the time of two years from the deployment of visibility technology (Gadde, 2017). Different other tools and technological instruments can also have the option for the increased and timely transportation of goods and logistics. An interesting scenario would be there in the future with the number of corporations that have incorporated the timely base technologies with those that are collecting the data through passive technologies.

The years of two thousand seven to two thousand nine went through considerable economic volatility. These years have not only demanded the costumers' needs but also the economic recession. The era also faces rapid movements of the raw material along with the fuel and the prices of the commodities. In such a critical time, executives of the supply chain faced a depressive moment to develop customer-based and effective supply chains. They were also facing the problem of developed transportation and the reduction in costs. However, they have the privilege of taking benefits from the period of economic recession regarding their business and related activities. The railway industry of the United States has widened its business to provide the proper services for the customers. The corporation of the BNSF is trying to increase its services to other parts of America.

## Challenges For Supplier And Manufacturers

# Interactions And BNSF Management

The customers of the BNSF are investing a high amount of money due to the best services provided to the stakeholders along with the interaction of manufacturers with the corporation. The lower fertilizer company invested around seven billion during the year two thousand in 2017. The purpose of the huge investment of money was to enhance the business facilities. According to the reports, the company of Texas has record investments from the customers who have served through the freight rail provider. These figures and the reports reflect that huge investments in the corporation are the result of the active and vibrant relationship between the supplier and the manufacturer. The local communities will have around four thousand of the new jobs. This investment of money has continuously been operating for the last seven years, and calculations by the concerned authorities reveal that more than one billion of the money has been invested in a year (Gattorna, 2008). This shows that supplier and manufacturer contact is high and good for the management of the Railway Company and the investing companies. There are certain facts that the BNSF top managers should consider while exchanging and interacting with business dealings. In the fundamental rule of economics, buying and supplying materials and goods are the key basics. The importance of the relation between the supplier and the buyer is very important to invest and get more in the business. The most glaring issues that often create tensions and hurdles among the stakeholders are the payments and the timely billings.

For the flow of the cash, buyers often stretch out stop payments by the seller. Managers have to consider the value of the buyer, as the bigger the buyer, the more leverage has to BNSF over its small suppliers. Effective use of communication can eradicate any mishap between both parties. The use of technical communication and electronic billing will further enhance the cooperation and understanding between the two stakeholders. The delivery and the shipment place both parties under severe tension and mostly friction noted in the sending of reports on times. The buyer complained about the late shipment and the delivery made afterward. On the contrary supplier, they also have concerns over purchasers for not providing notices along with the orders for purchase and how BNSF can overcome such kinds of deficiencies, which harm the business and operations of the largest railways in the USA. It can be through the third-party manager, technology, and the effective role of the internal manager in crises.

The purchaser's complaints regarding the quality, and the accuracy of the shipment is an important factor for the corporation, which might create frustrations in interactions of BNSF and with the connected stakeholders. The frustration can be avoided through the application of certain measures. In the dilemma of late shipments third-party manager can play the role of smoothing the relations (Gentry, 2006). Regular eye on the shipment with quick observation will provide the in-charge person to send back the shipment immediately when finding that it is not satisfactory. Similarly, performance also has a key role in making smart and progressive decisions regarding the operations of corporations. Quarterly reviewing interactions and meetings are very effective in enhancing buyer and supplier relations. Obstacles, costs, previous deficiencies in deliveries and related issues can be

eliminated with frequent discussions.

## Processes To Increase The Value Of The Costumer

The focus of the BNSF economic and the development group is to create the value of the costumers. By every mean, we can have numerous examples that customers are always central to any corporate sector organization. Moreover, without costumers' railways of the USA has no worth. There are the number of strategies that can adapt to the management of the BNSF. Selling more to the existing individual is one of the techniques in enhancing the values of the costumers. Use the tactics that involve the upsell and the cross-sell. The corporate sector has the tendencies of overusing these two technical points in valuing their customers. The example of the bank can befittingly respond to the issues of costumers' value. Instead of sending that product with the offer of the cross sales, increase the limit of the credits cards. Consumers will utilize the extra when their limit goes high. In the same way, retain a customer for the longer term. It will cost a lot instead of those new costumers but do the certain unusual activity, as it will benefit the organization for the longer term. Educate the individual who does not have the knowledge about the services and operation you are providing. Sometimes it happens that costumer does not have the ides of specific services provided by you, but by other competitive organizations.

The lower cost can serve and attract the costumers. For example, the corporation of the BNSF can lower those costs of the product, which are high in the other organizations. Tickets rate can be reasonable for the satisfaction of desirable journey of the costumer. In the same way, those locations, which are far from the residence of the customer, should be managed along with the initiating of the new operation for the specific locality. Reliable services are the predominant point, which is, considered by many costumers while having their journey through the trains. The collaboration of the services along with the cross and upsells and the education campaign for costumer will benefit a lot (Power, 2004). With one agenda, all of these settings can be made and it is possible that people will considerably influence by the railway corporations. By a single campaign, an institution has the potential to enhance and support the positive about the organization in the mind of the costumers. Positive perception about the company can enhance through the campaigns and the education of the concerned individual.

The management of the BNSF must consider that the customer to whom they valuing should have the appropriate current and the future spending. The low-value individual or the company can be low in value to the organization and it can be excessively good or profitable for the competitor because all of the spending's of the said company is not with your organization or for any individual corporation. Similarly, do not forget to contact your costumer during the appropriate time. Communication channels are significantly important and influential in the psyche of the customer. Consider the value of the costumer and let the company timing and the profit at the secondary level. It is the notable point that managers mostly choose to give their company the benefits first and later to the costumers, that will have the highest negative impact on the reputations of the corporations. BNSF

railways have to not certain basic point in enhancing the costumers and individuals who wanted to get some association with the corporation.

## Impacts Of Supply Chain Management On Organizational Functions

Effective and the efficient management of the supply chain is particularly valuable for the organization and the performance associated. This will help the organization in attaining the competitive advantage over the other related organizations. The important point and the interesting fact is that competition often happened not among the organizations but among the values and variable of supply chains of the respective organizations. The administration and management class of the BNSF must consider this point into their psyche while designing a strategy for the efficient and valuable supply chain. The logistics performance of the railways has positively affected by the planning done for the supply chain. The Houston state university research indicates that marketing performance, which has subsequently effect on the finances of the corporate sector organizations, is highly influenced by the supply chain plan of the institution. The managers have asked by the experts that they must focus directly on the cooperation, functions, and coordination inside the organization to improve their value in the competitive environment of the supply chains.

The five different aspects of the SCM study conducted by the researchers have unfolded that the practice through competitive environment can lead to the increasing performance of the organizations. Postponement, customer relationship, information sharing level and quality, the partnership based on the strategic supplier are the core factors that influence the organization effectively. By applying these five core elements and the factors BNSF have the privilege over other organizations to compete and influence on the decision making, process of those corporations that are lacking due services and the performance related with their respective organization (Tseng, 2005). The data of the one hundred and ninety-six different organizations have unfolded the same results regarding performance. The days of the two thousand five and six of high volume freight are coming back to the economy of the USA. The needed work in this regard is to retain the performance of the supply chains for the purpose of competitive enhancement in an international and American economy. Matt Rose the chief executive officer of the BNSF railway has pointed out certain issues related to the supply chain and the organizational performance as a key speaker at the strategic conference.

Matt Rose lamented that many customers were having demands regarding the performance of the railways that how it will adjust the increasing demand by the customer for quality and safe journey. The railroad services according to the CEO is the primary factor for public due to the close link. The organization has increased its reliability in the recession period and tackle the problem of destruction due to the economic collapse that affects every industry of the USA. The chief of the railways has the opinion that administration and the Congress need to focus on those factors that include the policy

programs related to the funding of the projects. He also explains regarding the particular tools, which are essential to enhance the performance of the BNSF. A user-based model according to the Rose can solve the problem of increasing trucks weight and their size. He did not oppose the trucks and heavy vehicles unless the truck is having their right share and railroads are funding with their own capital. The land of the USA must not tilted to the trucks as congested needs reforms away from the freight of railroads.

## Financial Implications For Improving Supply Chain Management

Improving the strategy for the supply chain management is an essential component of the enhancement in finances of the organization. The essential requirements of the people are necessary to be fulfilled in a proper and systematic way. The great time of the uncertainty provides company to face unknown and economic challenges. The resourceful strategy and the strength of the BNSF in the franchises have helped it to develop its economic stability and to play the greater role in enhancing the economy of the USA. The sustainability of the corporation reveals that it has need of certain safety measures other than dealing with socio-economic issues. The planning for the safety of the working employees provides those people to work independently and without fear for the progressive and the development the railway. The increased revenue of the company earns through some attractive supply chain and management policies. In the latest years, the earnings ratio against the share of nineteen percent was seven dollars. The achievement came as the enhance revenues of the eighteen billion dollars, which was increased by fourteen percent.

Various branches of the BNSF Corporation have increased their funding and income through rigorous strategy or the effective supply chain. The performance of the agriculture sector in the company was also laudable. The record revenue was estimated at the close of the year, and it was three and half billion dollars with the volume of the three percent. The same calculations were revealed in the coals and other related sectors. The enhance demand of the soybean; ethanol has made it possible for the organization to earn as much as it can. Four billion dollar earning was estimated by the end of the one year. The volume of the coal was very less in the previous years and significantly, increase by the company through improved planning and the policies. In the years before two thousand ten, the volume of the coal business was only two percent. However, in the later years, the two hundred coal was recorded in the river basin. In the same due to the weak economic conditions, the company has tried to increase its products and production values up to the level of around four billion dollars. The successful strategy also helps the railway corporation to enhance the products of the costumers ta the level of six billion. The primary factor for improvement was due to the enhancement in chargers of the fuel and yields. The company also faces lapses in economic conditions due to the less demand of the consumer, which resulted in the decline of the six percent in different units.

# Best Practices/Recommendations For BNSF In Supply Chain And Business Strategy

There are a number of available practices in the supply and chain management sector. The corporate sector and other related institutions are applying and increasing their business, economy and progressive role in the global competitive market. For the BNSF railways of the USA is also mandatory to adopt certain new practices for positive outputs. First, the company must establish a governance body council of the supply chain. The primary focus of the body is to align the business and supply chain strategy with the planning and policies of the overall business of the company. Then comes alignment and the staffing of the supply chain to increase the efficiency and consummation of the company. Place the management, demand, logistics, and procurement under a single leader who could oversee the supply chain. The use of the technology is essential for the company, which can select the software to fulfill the data review and satisfaction of the processing requirements. Effective alliances the important suppliers can also enhance the abilities of the supply chain. The corporation must rely on the total cost of ownership rather than the price. It will be beneficial for the owner to understand the total consuming or owing to the service. The dealings and contracts must be done under the supply chain in order to deal effectively. By applying these mechanics and techniques, BNSF has the potential to increase its business and effective supply chain strategy.

## Conclusion

The BNSF railway corporation with it is thirty-two thousand rail routes operating and consistently contributing to the global and USA economic business. Being the top transporter of consumer goods and services, the company has a significant need to enhance its strategies regarding supply chains and business management. The alignment of the business and supply chain strategies will not only enhance the effective services, but will also provide vibrant development to the economies of the world and especially the United States. Railways corporations of the other states can learn from the experience of the BNSF Railway.

## References

- Christopher, M. (2016). *Logistics & supply chain management*. Pearson UK.
- Cooper, M. C., Lambert, D. M., & Pagh, J. D. (1997). Supply chain management: more than a new name for logistics. *The international journal of logistics management*, 8(1), 1-14.
- Ellinger, A. E. (2000). Improving marketing/logistics cross-functional collaboration in the supply chain. *Industrial marketing management*, 29(1), 85-96.
- Gadde, L. E., & Wynstra, F. (2017). Purchasing and Supply Management: On Strategic Roles and

Supplier Interfaces. In *No Business is an Island: Making Sense of the Interactive Business World* (pp. 67-86). Emerald Publishing Limited.

Gattorna, J. (Ed.). (1998). *Strategic supply chain alignment: best practice in supply chain management*. Gower Publishing, Ltd.

Gentry, J. J. (1996). Carrier involvement in buyer-supplier strategic partnerships. *Logistics Information Management*, 9(6), 54-61.

Power, Damien. "Supply chain management integration and implementation: a literature review." *Supply chain management: an International Journal* 10, no. 4 (2005): 252-263.

Tseng, Y. Y. (2004). *The Role of Transportation in Logistics* (Doctoral dissertation, University of South Australia).