



TAKING CONTROL

Improving customer service drives creation of transportation company.

Wholesale supplier Petrosol International Inc. (Spokane, Wash.) just wasn't getting the answers it needed from the common carriers it contracted with to deliver product to its customers. Calls from customers requesting information on when to expect a delivery that was running late often couldn't be answered because the carrier didn't know where the truck was, and claimed it had no way of finding out. Complaints were becoming more frequent, and transportation costs, over which Petrosol had no direct control, kept climbing.

Company president Dave Smith and CEO Stan Smith determined that in order to enhance customer service, Petrosol would have to take control of its transport operations. What followed was the re-launch of the wholesaler's own transportation subsidiary, ProTrans, in August 2005. ProTrans was incorporated in 1991 and began service with one transport, but subsequently farmed out its hauling requirements.

The company currently owns and operates six Freightliner power units and eight trailers, as well contracting with one independent owner-operator. The fleet delivers about 20 million gallons of propane annually and posts

650,000 miles driven in a year throughout Washington, Montana, Idaho, Oregon, and Western Canada, where it doesn't deliver, but loads product.

"It was a major jump for us to do our own trucking," Stan Smith noted, "and what inspired it was customer service. We knew we had to improve service, which was the number one reason for re-launching ProTrans. Second, we thought maybe we might make a profit, or at least break even."

In addition, he observed that, as a result of tightened border security following the 9/11 terrorist attacks. "Canadian drivers didn't come down as much as they used to. It was more of a hassle."

Keeping Track of the Fleet

Currently, the majority of product transported by the new company is for Petrosol's own use, although ProTrans does haul for third parties. Efforts are underway to add more contracts to deliver for outside companies. For greater operational efficiency, the company divides its overall territory in half, east and west of the Cascade Mountains.

In order to keep track of its fleet, all ProTrans-owned tractors are equipped with GeoLogic Solutions (Herndon, Va.) GPS systems. The systems communicate with GeoLogic's data centers

either via a cellular connection or, if cell coverage isn't available, by satellite. The switch between the two is automatic, and data is retrieved from a secure website at Petrosol headquarters.

"A lot of the time most of the trucks are out of cell range," said Petrosol president Dave Smith, Stan's son. "There isn't cell coverage in the mountains of Montana, and much of Idaho and Southern Alberta." ProTrans staff at headquarters can "ping" the truck to determine its location, as well as retrieve forms input by drivers on their in-cab keyboards to determine when loads have been picked up and delivered.

"The GPS is, number one, all about customer service," said the younger Smith. "There also is the question if the feds will mandate them. When we were using common carriers, if a customer's load was late, the carrier couldn't tell us where it was, or when it was expected to arrive."

He noted that with GeoLogic GPS, determining when a delivery will take place is only a few keystrokes away. "Our customers like the fact that they can call us and find out where the truck is and when they can expect their delivery, or, because their office often isn't located at their plant. If the truck has already been there. We can pinpoint the

truck's location, and, say if Crows-nest Pass is closed, we can tell the customer when his load will be arriving."

ProTrans provides service to dealers, wholesalers, industrial customers, agricultural and power cooperatives, and marketers throughout its rugged, mountainous service region. "In effect, we market to anyone capable of taking a wholesale delivery of 10,000 gallons and up, and we will split a load occasionally," said Stan Smith.

ProTrans lifts product from Alberta and British Columbia, as well as from refineries at the north end of Puget Sound and gas plants in Eastern and Northeastern Montana. Distribution and delivery is by tank truck and tank car. Rail terminals are used to bring supply closer to the market. The company has throughput arrangements in the Boise area and in Spokane, in addition to its own rail-in, truck-out terminals in Thompson Falls, Mont. and Hermiston, Ore. The Thompson Falls and Hermiston terminals have a combined 150,000 gallons of on-site storage. Work is currently underway on developing another rail terminal in the Puget Sound area.

The company also delivers product to Alaska. Customer-owned export modules are shipped from Puget Sound

refineries by barge to Southeast Alaska. The modules are either 20 feet in length with a water capacity of about 7000 gallons, or 40 feet in length with an 11,500-gal, water capacity.

Because ProTrans drivers traverse numerous high mountain passes through the Canadian Rockies and the Cascade range, the transporter's Freightliner FLD tractors feature large power plants, either 475 Caterpillar or 515 Detroit engines. "We went with larger engines, again for our customer service," said Dave Smith. "Going slow uphill isn't an option when a customer is waiting for his load."

Border Security

As a result of stepped-up post-9/11 security at the U.S.-Canada border, he noted there is now a lot more paperwork and processes, in addition to heightened inspections. Paperwork from all pickup points must be faxed ahead to border crossings prior to the truck's arrival. "They need to know what you're bringing over ahead of time" he said.

He added that sensitive roadside monitoring equipment on one occasion mistakenly detected low-level radioactivity in a load from the Empress NGL extraction plant in Alberta. "They

stopped the driver, asked if he had pulled from Empress, and then waved him on," Smith said. Apparently other loads from the facility had also tripped the equipment.

Stan Smith noted that "the border is always the border," with its checkpoints and weigh stations. "Maybe there are more security measures coming, but overall it's not a real big deal. Once you establish a routine, you can navigate back and forth. When you're not new it gets easier."

In addition to its wholesale supply and transportation businesses, Petrosol offers hedging and winter price protection, contract and spot sales, trades and exchanges, and bulk plant financing for dealers, as well as area wholesale pricing history, technical information, and portable bulk plants.

Although Petrosol has reactivated a transportation subsidiary, and which it hopes will grow, Stan Smith declared that "first and foremost, we remain a wholesale supply company. We knew we could improve service if we hired our own drivers and bought the power. We are price competitive with other carriers, and we don't want to be the highest or the lowest."

—John Needham