

OUTSOURCING AS A NEW DIRECTION OF BUSINESS FOR THE COMPANIES/ OPERATORS OF RAILWAY TRANSPORTATION OF RUSSIAN FEDERATION

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In this article the author considers the specifics of the Russian market of railway cargo transportation and its participants. Determining of concept of outsourcing of carriages by rail as new and long-range direction of business for the private companies-operators in the transport market is made. The mechanism of outsourcing and advantage of its use to both parties is described.

The railway complex historically has special strategic value for Russia. It is a link of uniform economic system and the most accessible transport for millions citizens and the enterprises which are situated in different regions of the state. Annually more than 1,5 billion tons of cargo is transported by railways. The railway transportation share in the total turnover of goods of transport of the Russian Federation (except by pipeline) is appr. 85 %.

Specificity of the Russian rail transportation market is connected by the fact that until recently all activity on implementation of transportation has been concentrated in Ministry of Railways of the Russian Federation. After abolition of the Ministry and creation of Joint Stock Company "Russian Railways" (JSCo "RZD"), during structural transport reform, the development of competitive sector in sphere of cargo rail transportation began. It was prompted by the Governmental Resolutions of the Russian Federation providing not discriminatory access to an infrastructure of railway transportation, and the installed universal Price-list 10-01 - rates for cargo rail transportation.

In the market companies-operators of a rolling stock independent of JSCo "RZD" appeared. From year to year the number of such companies increases. Today these companies own more than 1/3 of all the carload park of the country and transport already about 35 % of all cargoes.

Legally (according to the Charter of railways of the Russian Federation) an official and unique carrier is JSCo "RZD" whose property are railways, the infrastructure of general use, locomotives etc. The transport companies (proprietors or tenants of a rolling stock) carry the status of operators - legal bodies or the indi-

vidual businessmen having cars, containers on the property right or other right, participating on the basis of the contract with the carrier in implementation of transportation process with use of the specified cars, containers, are not to carry out transportation process.

Thus, the transport logistics for the private companies-operators which are carrying out the activity in the market of railway freight traffic excludes management of directly process of physical cargo moving (transportation), and is reduced to a number of functions on the service organization on railway transportation:

- ◆ rendering of a rolling stock to the customer for transportation of cargoes;
- ◆ instructing of clients on registration of transportation documents;
- ◆ information and technical support (the organization of repairs the railroad car, round-the-clock dispatching monitoring, reception of the information on a disposition of a rolling stock, cargoes and containers);
- ◆ the flexible scheme of tariff rates;
- ◆ consultation concerning implementation of single transportations, periodic deliveries and complex logistical decisions;
- ◆ legal support.

The Russian market of rail transportation is comparatively young, but competition level on it is high enough. The market exists under the conditions of constant changes, specifications where key rules are dictated by JSCo "RZD".

Considerable influence on the Russian market of railway cargo transportation has rendered the creation of Public corporation "The First Cargo Company" - 100 % fellow subsidiary of JSCo "RZD". It states the occurrence in the market of the strongest competitor for other operators. For this reason tendencies to asso-

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ciation, integration of the private companies have a special urgency now.

In the conditions of a growing competition and complications of external conditions for activity of operators there is a necessity for the search of essentially new ways of increasing efficiency of business, strengthening of its reliability and appeal to investors (especially in the conditions of integration of Russia into the world community).

One of such ways is expansion of some rendered services at the expense of rendering of new service - outsourcing of transport logistics in sphere of cargo rail transportation. That is the transport company (outsourcer) incurs functions of the consignor with all following responsibility. The large Russian industrial enterprises having stably high requirements for a cargo transportation of raw materials, materials and finished goods by rail should become key clients here.

Outsourcing development in the given sphere is promoted by that fact that for today creation by large raw and industrial holdings of own companies focused on transportation of production of the enterprises, is already inexpedient. Independent operators possess sufficient resources for satisfaction of transport requirements of the company of almost any specialisation.

Logistical outsourcing (in general) represents transfer of a part of logistical activity of the enterprise-customer to foreign organisations - outsourcing providers, or outsourcers - to firms which are capable to carry out these functions faster, is more qualitative and with smaller expenses, than services of the given company. As a rule, such companies have wide experience in logistical management, the qualified personnel works there and there is a developed infrastructure (the terminal or a terminal network, transport park, and also a network of branches or agents).

Functions of the outsourcing company are much wider than of a typical forwarding agent. Logistical outsourcer is the company focused on rendering of services in outsourcing of transport logistics. Basic difference consists of available branch offers, completeness, complexity of implementation of services, a regularity of their rendering and making of long-term contracts.

More often in world practice on outsourcing regular railway deliveries are given when it is

important to supervise strict delivery terms. As a rule it is made with one purpose - the enterprise-customer wishes to have a responsible partner because it is unprofitable to keep internal structure which will be engaged in transportations and forwarding and in case of failures in its work all expenses and losses lay down on balance of the company. Giving this part of work on outsourcing to the reliable partner, the company-customer can be assured that to it will not only provide uninterrupted delivery of cargoes, but also, in case of need, compensate possible losses.

In due time many large industrial enterprises of Russia have generated the independent transport structures which are carrying out the activity in sphere of cargo rail transportation. For example, in the Samara region this Public corporation "Avtovaz", Public corporation "ToglyattiAzot" (Toglyatti), Public corporation "Electrochshit" (Samara) and other enterprises which have own transport railway shops and railways adjoining stations of the Kuibyshevskaya railway. The choice of the given type of transport among other kinds is obvious - stably great volumes of transported cargoes, transportation cost, independence of weather conditions and presence of access roads directly to shops of the enterprises - by many criteria railway transportation wins. But activity on the organisation and maintenance of rail transportation is not profile for the industrial enterprises, and demands considerable financial, material and personnel resources. Use of outsourcing of transport logistics allows them to concentrate efforts to the basic business, to raise its efficiency, quality of production at the expense of transfer to the specialised transport organisations of problems or business processes on the organisation and implementation of transportation. That is the processes which are not profile in activity of the company, but necessary for its high-grade work: it is delivery of raw materials and the material resources necessary for manufacture, and also transportation of finished goods.

As the given service is still rather new, for today a company-operator problem is not simply an exit on the customer with the offer to make an outsourcing contract, but before that - to show advantages of such scheme of work, benefit which will be received by the customer

in case of transfer on outsourcing of rail transportation. Also outsourcer should give to the potential customer the full information on the company, with instructions of all competitive advantages which allocate it in the market among other operators.

Outsourcing (in world practice) assumes long-term agreements between the customer and outsourcer. The situation is different in Russia. Whereas the concept of outsourcing demands an explanation and popularization, there is no experience of similar actions and until recently there was no sufficient offer in the market - as a rule, outsourcing contracts are originally made for one year. And following the results of work the decision on prolongation or a termination of the contract is made.

Speaking about outsourcing of transport logistics in sphere of cargo rail transportation, it is possible to allocate following basic components:

- ◆ planning of shipment of production of the customer on terms, volume and directions (together with marketing services of the customer);
- ◆ full maintenance of the customer with necessary quantity of a rolling stock (technically and commercially suitable for transportation of its production) according to shipment plans;
- ◆ performance of all documentary formalities of JSCo "RZD" necessary for giving for loading of a rolling stock (the demand for stations etc.);
- ◆ creation of complex decisions on the organisation of deliveries of cargoes (raw materials, materials ...) to the customer from the enterprises-suppliers and transportation of finished goods and production wastes to the enterprises-consumers;
- ◆ working out of optimum routes of movement and rolling stock return;
- ◆ maintenance of warehouse processing of cargo (storage, packaging, packing, marks etc.);
- ◆ customs clearing of cargoes;
- ◆ flexible reaction to change of a market situation, volumes of shipment, giving of structure and etc.;
- ◆ the organization of giving/removing of a rolling stock and cargo handling works;
- ◆ tracing of movement of a loaded rolling stock, arrival at station of destination and unloading at consignee's;

- ◆ maintenance of the enterprise-customer with the full information on performance of the plan of loading, a cargo location in a way or at stations of an unloading and etc.;

- ◆ the solving of questions of the empty cars connected with return after unloading at the enterprise-customer;

- ◆ at export/import transportations incurs customs formalities;

- ◆ acceptance of all "problem" questions connected with Railway transportations of the customer (arising between the consignor and representatives of JSCo "RZD");

- ◆ conducting the flexible tariff policy considering interests of the customer, outsourcer and 3 participants of process of transportation;

- ◆ payment of a railroad rate for transportations with the subsequent calculation with the customer (i.e. crediting of the customer for the sum equal to the tariff) and the decision of all questions connected with calculations for transportations.

In other words, outsourcer of rail transportation completely incurs functions of the consignor, releasing the client from mutual relations with the railway and other participants of transportation process. Thus relations in frameworks outsourcing contracts have not simply business character, but more partner "friendly". Any questions at issue dare a contractual way (within the limits of treaty obligations or at level of oral negotiations), without attraction of administrative bodies and courts. As the purpose of mutual relations - long-term, stable and mutually advantageous cooperation, both parties understand that its preservation by that will bring more benefits, rather than firm upholding of the interests in the court, attracting rupture of partnership or toughening of its conditions.

Outsourcing as the form of transformation of the organisation attracts changes organizational structure of the both parties of the transaction. From the part of the enterprise-customer it is liquidation of transport service which or is completely dismissed, or in any part passes into outsourcer structure. The transport company allocates outsourcing in an independent direction of activity (along with rendering of transport services and forwarding services) for what creates department (service) which is engaged ex-

clusively in the client under the outsourcing contract.

Doubtless advantages of outsourcing activity for the operator is the presence of a large constant (in long-term prospect) client with stable shipments in great volume, with possibility of creation of ring routes the supplier-consumer at a complete elimination of empty run of cars.

For the company-operator outsourcing plays one more important role. Diversifying the business in activity directions, the company creates conditions for decrease in risks. So, it can render transport services in the contract of granting of rolling stock, forwarding services, consulting services (consultations on official registration of papers, calculation of tariffs), under individual orders of clients to organize multimodal transportations with participation of several types of transport, and, at last, to ac-

cept on outsourcing transport logistics in sphere of a railway cargo transportation of one or several enterprises-customers. Thus incomes of the company and, hence, possible risks are diversified. It is especially actual in the conditions of world financial crisis which was reflected in economy of our country and activity of the domestic enterprises.

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