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Tealinc, Ltd. President Darell Luther Featured In National Publication

Article discusses Idaho waste systems: examining the value propositions

Forsyth, MT – Tealinc, Ltd. President Darell Luther was the author and sole contributor to the March 2013 Waste Advantage Magazine feature “Waste-by-Rail” with his educational article titled “Idaho Waste Systems: Examining the Value Propositions”. A sample introduction to this intriguing article begins:

Have you ever watched Home and Garden TV (HGTV) where a couple moves from their small condo in the crowded city to the spacious beachfront property? It generally shows the before and after situation several months later. For the *Waste-by-Rail* readers, this analogy has some meaning. Over the past two months we’ve worked with Idaho Waste Systems (IWS) on developing a studying their potential waste origination markets through a high level market study.

We invite you to [read the entire article online](#) on pages 24-26 of Waste Advantage Magazine. The entire article has been cut and paste below for your reading pleasure.

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Idaho Waste Systems: Examining the Value Propositions

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A market study is important in pointing out the generally most evident value proposition—where you can save your customer money. However, it's also important to look beneath the surface and identify additional areas where you can create value for your potential client.

HAVE YOU EVER WATCHED HOME AND GARDEN TV (HGTV) WHERE A COUPLE

moves from their small condo in the crowded city to a spacious beachfront property? It generally shows the before and after situation several months later. For our Waste-by-Rail readers, this analogy has some meaning. Over the past two months we've worked with Idaho Waste Systems (IWS) on developing and studying their potential waste origination markets through a high level market study. We gathered pertinent information on their current and potential future capabilities, researched markets to identify where we thought there may be some rail-waste opportunities, and offered the keys to the spacious beach property in the form of a somewhat in-depth market study with the caveat that they have to execute the market plan to earn their key. Unlike HGTV, we're not presenting the after situation several months later but in real time, so although not much has changed, significant activity is occurring.

The First Steps

Ofentimes, the hardest part of a market study is where to begin the implementation. IWS began logically by attending trade shows and conventions in order to jumpstart their approach. They marketed in the geographic areas where the study revealed that there are some price advantages to hauling waste by rail.

IWS also changed their approach to general solicitations by researching the inquiring company or municipality to gather market intelligence on their needs prior to responding to inquiries. They simultaneously quit responding to e-mail inquiries with direct e-mail responses. They now follow up via telephone gathering as much information about the solicitation as possible to help identify the opportunities to receive waste by rail and then formulate a more tailored response to the inquiry. This approach allows IWS to craft a better response that is more customer-orientated.

Have these approaches born fruit? Yes, but the fruit is still in the bud stage where the volume of inquiries and opportunities are just revealing themselves. IWS' market study has provided them with more knowledge of where the opportunities lie and their approach has been to aggressively pursue them. IWS is going down the right path to capitalize on their strategic geographic position and waste disposal capabilities by creating awareness in those markets that can economically and efficiently use their services.

Implementation of a Market Study

Due to confidentiality, we can't reveal the exact implementation strategy of IWS market study. However, we can share a general approach that has been successfully used and implemented by other waste companies.

Use the KISS Principle

After you complete a market study, you need to ask yourself what it means to you and, more importantly, your potential customers. By keeping it simple, ask yourself the first question your customer would ask of you, "What's in it for me?"

There isn't necessarily a pat answer to that question so it's up to you to conduct enough in-depth research to know where the value proposition is for your potential customer. Value propositions can be numerous but are generally classified as monetary savings, shift of downstream risk, and disposal site dependability and reliability.



Idaho Waste Systems: Examining the Value Propositions

Value Proposition #1: Save Money

Monetary savings seem relatively simple on the surface. When we looked at the 11 origin locations for IWS, we calculated anticipated origin costs based on experience to obtain an estimated trans-load cost and then coupled that with the rail transportation freight, used competitive railcar rental rates and cycle times also based on experience, and added the desired disposal costs to arrive at a comparative cost number in the landfill. Our next step was to compare geographically local landfill costs for near-term disposal. We also made an educated guess about when certain landfill closures may occur so that we could strategically position IWS marketing efforts to offer an alternative disposal site. This gave us two markets to pursue: the near-term market where we could offer competitive savings and the long-term market where we could offer an alternative to the early planning process for landfill closure timelines.

Value Proposition #2: Shift Risk

There are many reasons a municipality or waste generator will want to shift risk. It may be environmental/political where a municipality isn't sure they're going to receive the necessary permits for airspace when faced with environmental rules and regulations or local opposition. Consideration for current and future insurance requirements, worker compensation liabilities and the need to reinvest capital that's not readily available are also other factors that waste generators may want to transfer risk on to independently owned landfills.

There are also incidences where States will form compacts with other

States to take contaminated waste under a future fee basis. In these cases it's generally a State with high rainfall or ones that receive a significant amount of moisture partnering with a State that is relatively arid. These compacts are often for a specific type of waste classification that may or may not fit a specific landfill classification. Generally, these States pay for the right to dispose of certain types of waste in compact States. This is another method of shifting risk and is more applicable on waste streams that lean to the hazardous nature.

Value Proposition #3: Landfill Dependability and Reliability

Landfill design and operation processes, handling of bulk wrapped waste, truck wash and transfers, rail operations design and monitoring, and ability to receive and handle the waste all took on new meaning in something we called landfill dependability and reliability. The market study initially encompassed the logistics costs to our client not the entire cost of the risk. Be sure to fully understand the value proposition if you're working to earn business. It's not always as it seems.

We were working on a project several years ago that encompassed moving a hazardous classification of waste from a generator to a landfill. In this case, the generator retained the waste disposal risk due to the nature of a final ruling on the cleanup. We did our market study and identified several landfills that could take the waste stream. Our client reviewed the list and then gave us a second set of criteria that eventually took precedence over the apparent economics of the waste by rail transfer. The second set of criteria was a measure of the client's long-term risk obligations that needed to be addressed.

Look Beneath the Surface

A market study is important in pointing out the generally most evident value proposition—where you can save your customer money. However, it's also important to look beneath the surface and identify additional areas where you can create value for your potential client. If you follow the value creation template of saving money, shifting risk and creating dependability and reliability, you will find customers waiting. | [WWW](#)

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