



Working for Peanuts

Two years ago, GE Rail's Aftermarket team began providing a Texas company with older trailers for conversion into containers that dry, store and ship peanuts. Now it's helping that innovative customer, Advanced Trailer, position itself for some serious growth.

We all know that when life hands you lemons you make lemonade. But what do you do when it hands you peanuts?

Well, if you're Advanced Trailer founder and president Randy Hill you figure out a way to convert aging trailers into 3-in-1 systems for drying, warehousing and transporting peanuts. Then you make money. And if you're part of the GE Rail Services' Aftermarket Services team charged with finding a second home for those same trailers? Then you darn well figure out a way to make Hill's continued success your business.

Everything's Bigger in Texas

The tale begins in Dallas, Texas, circa 1995, with the establishment of Advanced Trailer. Interestingly enough Hill, then 27, decided to establish his business after doing an eight-month stint with GE's Dallas TIP (now Trailer Fleet Services) office. He gratefully recalls the experience of "immersion training" that GE gave him in virtually every functional aspect of TIP operations. But he soon felt himself being pulled in a different career direction than GE/TIP was headed.

Within a year of starting Advanced, he began to explore what seemed to him a promising niche-market opportunity. He learned that peanut farmers in nearby Lubbock were participating in a Texas Tech study designed to scrutinize the current process of procuring (harvesting, drying and transporting) peanuts. Believe it or not, for decades, field hands loaded the peanut crop into "little red wagons." As vessels for drying, temporarily storing and ultimately transporting peanuts, these very small (16- to 21-foot) brakeless wagons, were not an especially convenient or safe means of moving the crop from field to warehouse and warehouse to market, the Texas Tech study found.

Building a Better Mousetrap

Texas researchers also concluded that a newly introduced process of taking old trailers, removing their roofs and installing drying vents within a false floor, yielded a product that allowed for faster drying, significantly more storage capacity and safer transport of peanuts. In short, the little red wagon was about to get left in the dust by new product that would be a game changer. Hill, recognizing this, decided Advanced was just the company to rewrite the rules of the game.

By 1996, Advanced had completed its first open-top trailer conversion deal, satisfying an order for 100 units to a local peanut company. Hill and his management team would spend the next several years scouring a network of aftermarket trailer resellers—many of who were brokering older GE units.

By early 2002, word that Advanced was building a better mousetrap had national peanut farmers beating a path to its door. Now 32, Hill—or the "Peanut Man," as many were calling him—was pleased at the local reputation and early legacy his young company had built. "You're taking something old and making something entirely new from it, and you're creating a new business model for the next 50 years in the process," he says proudly of the effort.

But as well as these advancements were being received within the local marketplace, Hill knew that West Texas, while representing a young, expanding market for his product, accounted for just 15 percent of the peanut-growing business. Ground zero for peanut farming was Georgia, followed by the Carolinas. "I knew that to keep growing the way we wanted to, sooner or later, we needed to move closer to where the peanuts were," he says.

A Cure for Growing Pains

In addition to the long-term challenges of limited geographic reach, Advanced was confronted by a more immediate problem. Namely, a tight supply of the older trailers needed for conversions.

The 2000 recession—combined with the free-floating economic anxieties produced by 9-11—led to a contraction in the number of new 53-foot intermodal containers being ordered and built. As American business drew a collective wait-and-see breath on virtually all manner of major capital equipment purchases, demand for 45-foot “pigs” in rail shipment improved. That, in turn, made it the harder for Advanced to source the trailers it need for conversion.

It was in the midst of these growing pains that Hill made the acquaintance of John Adams, a GE Rail Services Aftermarket regional account manager in the Southeast. Working out of Atlanta, Adams, too, had been watching with interest the caterpillar-to-butterfly metamorphosis that 45-foot “pigs” had been enjoying with peanut farmers and distributors. Over the course of '02 and '03, the Aftermarket team would sell Advanced more than 500 trailers through 18 transactions involving from 20- to 100 units.

Understanding the ‘Perfect Customer’

There was plenty of reason to show appreciation to a company that Adams describes as “the perfect customer.” For starters, Adams notes, once a trailer is converted for open-top peanut drying and hauling, it’s out of circulation for good as a marketable vehicle for transporting other goods.

That may help explain why GE Aftermarket has worked so hard to cultivate Advanced into its largest customer. The company has gone from purchasing 500 GE trailers in '03/'04 combined to where it now plans to take 1,000 units from GE this year. And with Advanced now beginning to market open-top trailers for other uses like hauling watermelons, cotton and carrots, its future need for GE trailers should only grow.

All told, Hill projects Advance will need some 10,000 to 12,000 units over the next 10 years. It’s a demand that GE—with some 15,000 45-foot “pigs” in its intermodal trailer fleet—is uniquely qualified to address.

To that end, GE and Advanced are engaging in a highly coordinated effort to more actively manage the pre- and post-conversion trailer supply chain. For GE’s part, the Aftermarket team now has weekly conference calls with Hill to discuss logistical matters such as how to expedite the sale and availability of trailers from Rail’s Chicago hub or elsewhere in the U.S. The Aftermarket team is also developing plans for coordination of intermodal trailer delivery into places like Dallas, Atlanta and Jacksonville, Fla. And finally, the team is exploring how it might provide maintenance and repair services that Advanced can then offer to customers who purchase its converted trailers.

“For us, it’s about providing a value-added, cost-efficient level of service to Advanced that earns a better price,” says Aftermarket Leader Jim Kachidurian adds: “What Hill has done is nothing less than revolutionize an entire industry. We’re excited about helping him continue to transform the peanut business and other agriculture industry sectors along the way.”

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