**Executive Summary**

Burlington Northern is made of four different railroads that merged together. For the railroad industry to stay relevant in the current years, and for the railroads to be able to survive they needed to adapt. Within this case, Burlington Northern figures out the development and implementation of newer technologies. The following analysis will go over Burlington Northern’s potential courses of action when it comes to business improvements, show a full organizational image, and offer a recommendation based off the analysis.

**Mission**

Burlington Northern’s mission is to provide transportation for several different markets including (“coal, agricultural commodities, industrial products, intermodal, forest products, food and consumer products, and automotive products”) through their Cost Leadership Strategy and Value Chain.

**Five Forces Analysis**

According to Porter there are five forces of industry driving the overall business strategy of a successful organization including, “threat of new entrants, competitive rivalry, threat of substitutes, bargaining power of suppliers, and bargaining power of customers.”

Burlington Northern follows this just like any other firm. There aren’t too many different competitors for them, but two of them would be trucking companies and Union Pacific. As the case states, they all compete based on time, consistency, and reliability. The chances of a new railroad coming up are extremely low since it would cost a huge amount of money to get started in the business. When it comes to their largest product, coal, Burlington Northern has control of the market over trucks due to the sheer volume they ship and the long-term contracts they have that creates stability for the company. Grain is significantly less profitable and predictable due to int instability and growing seasons. Burlington northerner’s trying to fix this through a Certificate of Transportation, this allows Burlington Northern to go in contract with the grain suppliers and kwon when a shipment will be ready. This also helps them approximate their revenue off grain and adjust accordingly.

**Organizational Structure**

Burlington Northern has operations headquartered in three cities: Fort Worth, Overland Park, and St Paul. During the timer period in the case they have experienced restructuring, large turnover, and leadership changes. Each time they hire someone new they have new ideas and that can create even more problems.

**Stakeholders**

There are several different stakeholders that are needed for the company’s success and survival. The largest group of stakeholders drive the company due to their significant investment in the company. The suppliers are also another important group of stakeholders. Especially the ones in the Powder River Basin due to Burlington Northern’s investments there. Since there aren’t any competitors in the area, if Burlington Northern fails, then there will be no bargaining power and the products that need to be shipped will be considered useless. The employees are also another important stakeholder, without them, the company would not be able to function, and without Burlington Northern, then the employees wouldn’t have any income.

**Problem Areas**

Some of the main issues that Burlington Northern is facing include malfunctions, location tracking, dispatching, and scheduling. Their trains must be on time due to the “complex network of dynamic, independent train and car movements.” One of the reasons for this problem is that they are still using some technologies that were developed in the 1920’s. The old technology also works employees more than they would need to be if the technology was updated. The dispatchers can only focus on “5-7 trains at a time” but on most cases they are responsible for at least 20. The locations of the trains can be wrong as well due to things being written on paper and passed from one person to another. Burlington Northern has identifies the issues above and they know that changes must be made in order to stay competitive. All in all, Burlington Northern wants to increase volume and improve the utilization of assets. These all depend on having low operating expenses and high inventory turn around. (Goldratt).

**Courses of Action**

One of the courses of action they could take would be to implement the Advanced Railroad Electronics System completely. This would have significant impact on internal and external stakeholders. If it was successful, both suppliers and stakeholders would see increased profits after the changes have been paid for. Also, the employees would have a safer work environment due to the upgraded systems. Virtually every part of the company would be affected from these changes. Burlington Northern has already spent millions on research in the system and it wouldn’t make since to stop now with so much money invested in the project.

Another course of action Burlington Northern could take would be to do nothing. If they choose to do this then they will have to forgo the research, they have done in the Advanced Railroad Electronics System and accept the identified problems and continue operations how they are. Overtime their profits may decrease a bit but that could be offset for a while due to the money they wouldn’t spend on other fixes. Stakeholders would not like Burlington Northern to do nothing though, this would make them look like a company that doesn’t like change and the market is constantly changing.

The best option for Burlington Northern at this time would be to pay off all their current debts and align their scope with infrastructure improvements. This will allow them to compete with other firms without spending too much money on systems that may have issues, spending money on an Advanced Railroad Electronics System will have a high risk and high cost. As stated by Tanwar, the intense learning curve needed to learn a new technology that outdates past learning is a common risk in a cost leadership strategy. ARES would put too much risk on Burlington Northern. The state that they are in, they are not ready for ARES.

**Conclusion**

The main goals identified in the case for Burlington Northern are to improve asset utilization and increase volume. As it is now, improving existing infrastructure is the best way to meet the demands in the case and allows Burlington Northern to complete their mission, create long term growth, and increase profitability.