

# CONTRACT OPTIMIZATION

## A CASE STUDY



### **FORTUNE 500 COMPANY SAVES \$6 MILLION**

#### **Overview**

Client is a Fortune500 company based in St. Paul, MN and provides cleaning and sanitation solutions worldwide. Its global transportation includes all modes—parcel, LTL, ocean and air freight. In the U.S., most of Client’s distribution moves through parcel and less-than-truckload (LTL) carriers. Business is driven by customer satisfaction where the most important factors for high customer satisfaction are carrier relationships combined with quality of carriers used.



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### **Challenge**

1. Optimize parcel and LTL carrier agreements to find additional savings on annual transportation spend of \$20 million.
2. Help client maintain a strong relationship with each carrier to ensure high levels of service quality throughout negotiations and moving forward.

### **Solutions**

iDrive Logistics performed a detailed analysis of Client's historical parcel and LTL distribution data, including carrier agreements. Using iDrive's inside knowledge of carrier cost models and by drilling down on the elements of each agreement, iDrive provided detailed, strategic recommendations for improving and optimizing the agreements. To help Client maintain strong relationships with its carriers, iDrive consulted with Client's team to outline strategies, including specific coaching on all areas that impacted overall bottom line cost.

The focus was not limited to discount percentages. iDrive provided direction as to surcharges, agreement structure, agreement language and more. Client's team then worked directly with the carriers to implement iDrive's recommended strategy. After each round of negotiations, iDrive evaluated the impact of any proposed agreement and made necessary strategy adjustments and recommendations to Client's team.

### **Results**

Despite Client's strong, existing carrier agreements, iDrive helped Client negotiate a 3-year savings of over \$6 million while maintaining—and even improving—carrier relationships, which was an area critical to Client.

**Thank you for viewing this case study. For more information about how iDrive Logistics can optimize carrier agreements, please visit our website or contact us at 888.797.0929.**

