

## Transportation Contract Negotiation (Rates and associated charges) Spend Reductions

Reductions ranges from 8 to 30 percent of the identified spend and can range up to 50 percent in some instances. The following table shows our more recent successes by industry classification and transportation mode, with the realized savings in actual dollars and as a percent.

Company Description	Spend (Million USD)	Reduction (Million USD)	Percent Reduction*
Pharmaceutical Manufacturer			
LTL	\$12.0	\$1.9	16%
TL	\$9.0	\$2.7	30%
Marketer of Consumer Products			
LTL/TL	\$12.3	\$3.69	30%
Manufacturer of Safety Products			
All Modes	\$10.4	\$1.8	17%
Manufacturer of Material Handling Products			
LTL	\$10.3	\$1.4	14%
Manufacturer/Marketer of Consumer Products			
LTL	\$10.0	\$1.1	11%
Global Technology Manufacturer			
Ocean	\$25.0	\$3.8	15%
Educational Publisher			
Parcel (3 year agreement)	\$25.0	\$6.7	20%

\* Reductions have been validated by actual contracts/agreements and/or the re-rating of carrier billings

## A Fresh Approach to Transportation Negotiations

Our approach to the transportation service provider Request for Proposal (RFP) process is somewhat unique. As a result of our industry experience, we suggest to the service providers exactly what we are expecting in relation to the freight classifications, base rates, fuel surcharges and schedules, other assessorial charges, the percent discount, and other related expenses. The overall client cost reductions using this methodology range from 8 to 33 percent and have reached 50 percent in some cases. This methodology is also applicable to transportation service providers (audit/freight payment organizations, etc.).

The process begins with the analysis of a representative sample of data from all of the client's divisions/locations that are participating in the transportation RFP. After analyzing the various lanes, frequencies, freight classifications, tendering and payment methods, etc., the targets for the RFP are developed and the overall savings potential is identified.

## Example Data Requirements and Reduction Potential

**Data Elements to Build Freight Profile Model**  
Less-than-Truckload/Truckload

- Carrier/CAC (ROW)
- Ship Date (month/year)
- Tracking Number/Pro Number
- Mode of Delivery (LTL, TL, etc.)
- Shipment Weight
- Freight Class
- Description of Product
- Shipper Name
- Shipper City
- Shipper State
- Shipper ZIP Code (5 digit)
- Consignee Name
- Consignee City
- Consignee State
- Consignee ZIP Code (5 digit)
- Total Revenue Paid
- Fuel Surcharge
- Other Accessorial

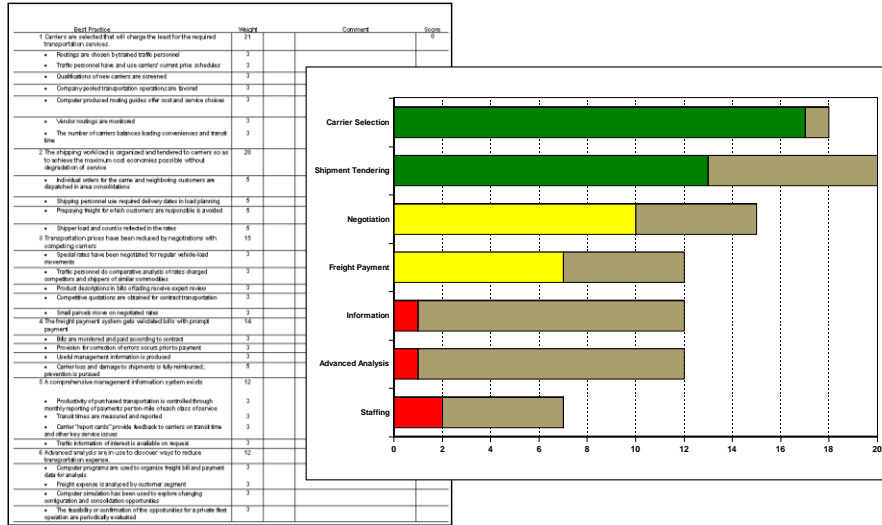
We receive most types of files (flat, CSV, EXCEL, ACCESS, etc.).

We prefer:

- Representative sample of freight activity (2 weeks, 2 months, etc.)
- The total annual expenditure, number of shipments, weight and cost by carrier/service provider, as appropriate
- Copies of current carrier/service provider agreements and/or contracts including fuel surcharge agreements.

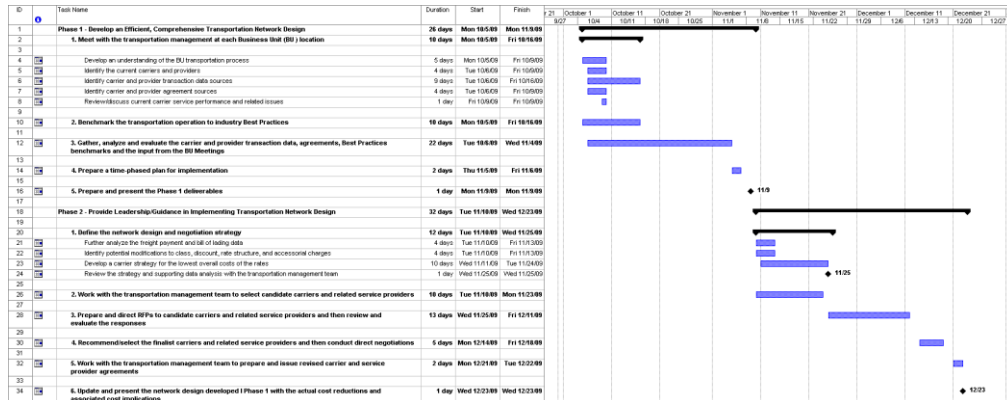
Opportunities for cost reductions and improvements of the client's internal process are also identified to reduce internal and improve procedures, which also help when selling the freight to transportation providers.

### Example Transportation Best Practices



We then develop the strategy for contacting the transportation providers and selling them on the benefits of handling the freight in the RFP, and why the cost reductions are reasonable/agreeable to all parties. Often this entire process can be completed with the contracts signed and implemented in less than three months (often in one month). The achieved savings finance the project many times over in the first few months and set up the client for future negotiations in the coming years.

### Example Project Plan



The developed RFP consists of a letter of authorization, the suggested pricing, classifications, surcharges, etc., along with a representative sample of volume data.

