



Transportation industry experts work with current supplier to save \$400,000

Consultants improve terms of client's established relationship with 3PL



Company's nine-year relationship with logistics provider is critical to success

A \$50 million wholesale distributor of hoses, belts and custom fabrications has five service centers in the Midwest. Its products are used in applications in the agricultural, construction, mining manufacturing and milling industries. The company also offers industrial services and retail products.

Industry expertise and proprietary benchmark data lead to better pricing with tiered rates

The distributor had been using the same third-party logistics (3PL) provider for nine years. The working relationship was integral to the business and critical to its continued success. To foster this connection, the 3PL had a full-time manager and shipping clerk working on-site at the company's production facility.

The client did not know if its fees were competitive with current industry pricing

Given the number of years it worked with the same third-party provider, the distributor no longer knew whether the fees it paid were competitive. Company executives asked transportation experts from Expense Reduction Analysts (ERA) for assistance.

Consultants analyzed contracts and current invoices, which they compared with ERA's proprietary benchmark pricing data from thousands of successful transportation projects in the United States.

ERA negotiated a tiered rate structure for improved pricing with the incumbent supplier, while preserving the excellent working relationship between the client and the third-party provider.

Results

- Cost Category — **Transportation**
- Client Spend — **\$2.1 million**
- Annual Savings — **23%**
- Hidden Profit — **\$400,000 a year**
- Supplier — **Incumbent**

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