



Small Package Freight Negotiation

Case Study

CHALLENGE

Reduce carrier pricing without tendering a multi-carrier bid.

SOLUTION

Understand current costs, benchmark them with industry, create leverage with carrier, deliver superior cost savings.

RESULTS

- ⇒ Build Cost Baseline
- ⇒ Benchmark Pricing
- ⇒ Analyze Proposals
- ⇒ Negotiate with Leverage
- ⇒ Reduce freight costs

For more
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Gaining negotiation leverage on FedEx nets \$21 million in freight savings

The Client

AstraZeneca is one of the top pharmaceutical companies in the world. This client was undertaking an extensive cost reduction program in its supply chain operation. With its largest freight spend in small package, this was an obvious area to start. AZ's service was exemplary in the industry and partially due to the carrier they used.

The Challenge

AstraZeneca has partnered with FedEx for many years because of their excellent service. Like all best in breed companies, AstraZeneca did not want to regress in service level, but wanted to ensure its pricing was excellent and market competitive. The challenge was renegotiating rates without a competitive bid from other carriers.

\$21,000,000+ saved

AstraZeneca knew the only way to get this answer was to utilize a third party with extensive transportation experience in the pharmaceutical industry. Knowing the rates of other top pharmaceutical companies that also use FedEx would be a competitive advantage few enjoy. In addition, knowing what concessions FedEx was offering at the time

The Solution

Trans-solutions saw great opportunities to reduce AstraZeneca's small package freight expense. Renegotiating FedEx rates was an obvious area to start. Because many of Trans-solutions' clients sole source small package freight, this was a familiar challenge. As with all negotiations, Trans-solutions built a baseline of cost from which to accurately compare each offer. With Trans-solutions' proprietary software, ©*Xact Negotiator*, actual, not estimated, savings was known as a result of new pricing. Benchmarking AstraZeneca's pricing with other shippers of similar freight profiles provided insights in pricing not available to shippers. By knowing what FedEx was offering other shippers and what incentives would benefit AstraZeneca, specific concessions were requested that brought immediate savings to the bottom line.

Trans-solutions negotiated savings of over \$21,000,000 for AZ.