CASE STUDY:

PARCEL –

MEDICAL DEVICE MANUFACTURER

Introduction:

CLIENT was operating a dual carrier parcel program utilizing both FedEx and UPS. The shipments were split almost evenly. The dual carrier program allowed the various CLIENT divisions the opportunity to select their primary carrier and each division had responsibility for parcel cost allocations.

Problem:

Although there was a central negotiation team, the CLIENT divisions were operating under the premise that they should continue using the same routing they had been. The individual locations did not have motivation to seek cost cutting alternatives.

Solution:

MCG was able to evaluate each of the divisions and analyze their spend and shipping characteristics. We paid attention to the specific needs of each division and their carrier preferences. Utilizing that information, we were able to negotiate competitive pricing contracts with both UPS and FedEx. The volume continues to be spread evenly but now the divisions feel their needs have been addressed and they can more effectively route shipments according to least cost routing.

Results:

MCG was successful in reducing the shipping costs with FedEx by 19% and by 20% for UPS.

How MCG can help in your situation:

The MCG process works most effectively with organizations that have a need to reduce costs and are open to the evaluation and detailed analysis we provide. In the case of CLIENT, the executive team welcomed MCG and was very optimistic with the results we could provide. The day to day personnel that had the relationships with the carriers needed a bit of time to understand that our role was to assist them and improve the company's overall bottom line not threaten their jobs.