



# Contract Optimization Services



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# Contract Optimization

## Renegotiating your agreement: How prepared are you?

It's in the carrier's best interest to negotiate a deal that protects their margins. How are you prepared to improve yours? Having the confidence of being a good negotiator is not enough. Do you know what to focus on and where there are hidden areas of cost built into every agreement?

## What if you had an upper hand during the negotiation?

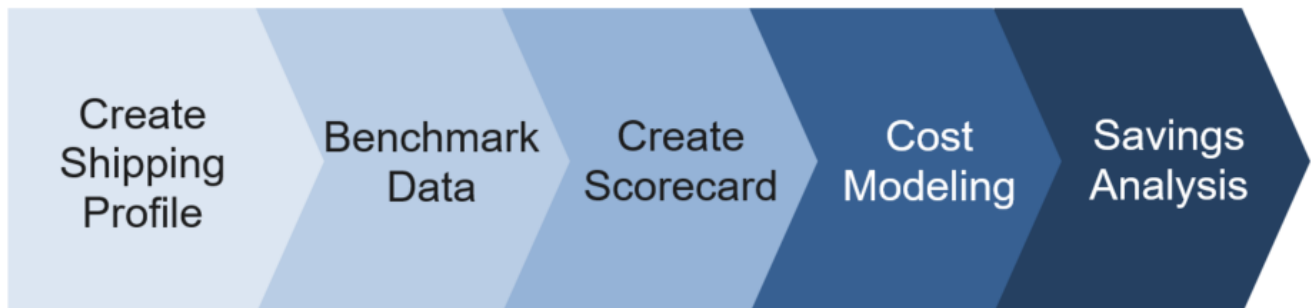
MCG's extensive industry experience coupled with our proprietary cost modeling technologies have proven to consistently deliver savings in excess of 10%. Our team will quickly be able to analyze your current agreement and point out areas of improvement opportunities.

## The MCG Difference

Our team of negotiators held senior level positions within the pricing departments for some of the world's largest carriers. We know carrier price points, preferred margins, and understand carrier pricing strategies.

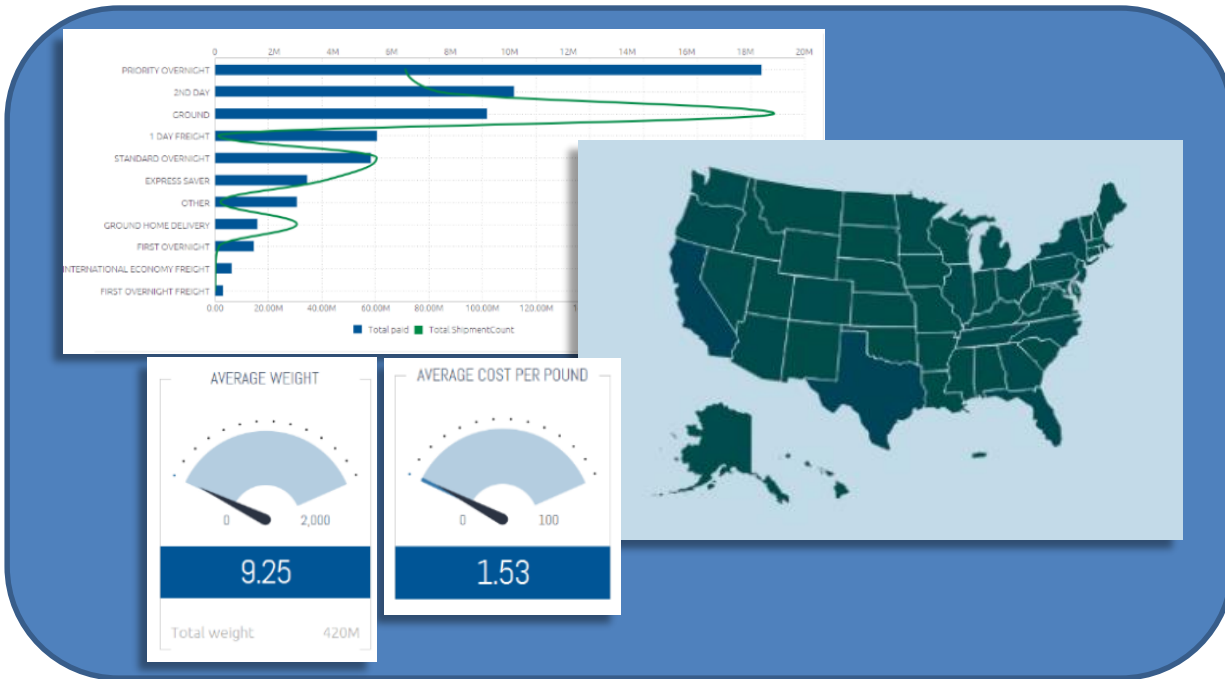
MCG utilizes a proprietary shipment database that includes over 500 million shipment transactions to leverage additional market intelligence. MCG compares your profile against the market by utilizing algorithms created by our Data Scientists. The output is a client scorecard that provides detailed analytics on areas for improvement.

Benchmarking is just one tool within our process. Our cost modeling technologies allow us to weigh your shipping characteristics against the carriers' cost to ship your packages. Coupled with our deep understanding of carrier price points we can identify specific areas within your agreement where we can reduce costs.



# Shipment Profile

MCG will evaluate shipping patterns to establish routing compliance, transit analysis, and established delivery network. With this data MCG creates a **Client shipping profile** that identifies key data points related to your current Supply Chain Network.



MCG **benchmarks** your shipping profile against our proprietary database and will assign a score to your agreement.

MCG will perform a **45-point cost modeling analysis** detailing each aspect of your existing contracts. We compare your contract to carrier price points to identify areas of opportunity.

In addition, MCG will evaluate **Alternative Carrier Networks** to identify opportunities for improved service and reduced costs.

## Overall Grade: (F to A+)

General description of the grade. For example, A "Rates are excellent. Most aggressive discounts are reflected on high volume lanes. Customer falls within the 95<sup>th</sup> percentile against the market. Example 2, C- "Portions of the rate agreement are strong however gaps exist in key areas. When compared to the market the rates fall within the 35<sup>th</sup> percentile. Definitely opportunities for improvements."

### Contract Breakdown

Description	Grade	Weighted Percentile
Ground Discount	C+	45
2 <sup>nd</sup> Day Air Discount	A	90
3 <sup>rd</sup> Day Discount	B	78
Next Day Air Discount	B	80
Ground Minimum	B+	86
2 <sup>nd</sup> Day Air Minimum	A	92
3 <sup>rd</sup> Day Minimum	C	40
Next Day Air Minimum	C	38
Fuel Surcharge	A	90
Accessorial Charges	B	82
Dim Weight	D	35
Rate Cap	D	32

# Spend Management

Transportation accounts for almost 50 percent of an average company's logistics costs, and transportation costs, as a percent of sales, are rising for many companies. Chief Financial Officers (CFOs) are aware of these trends and they're asking important questions: What factors influence our transportation costs? Are we leveraging our transportation spend effectively? How are we performing relative to our competition? How can we better manage and control these costs? Transportation Spend Management (TSM) is about answering these questions and implementing the right processes and technologies to achieve ongoing operational and financial success in transportation management.

Businesses cannot manage and control their transportation spend without having timely, accurate, and complete visibility to their shipping costs and activities. Investing in transportation spend management systems can help reduce these costs, ensuring a competitive position in the global marketplace. MCG's suite of enterprise supply chain solutions is designed to provide businesses with visibility and control over all transportation processes, from purchase to payment. MCG helps businesses manage transportation spend, reduce regulatory compliance risks, and streamline shipment processes.

