

AFMS CASE STUDY

Multinational Retail Corporation

Background: In 2016 a Multinational Retail Corporation's B to C business was booming! Ecommerce year over Year revenue growth was up substantially every quarter with realized growth in the United States market headquartered in Montreal, Quebec, & Canada. Our client faced challenges operationally, equipping their supply chain to service their US customers (now their largest global segment). At the same time, our clients parcel costs were increasing as they searched for ways to provide service through an omnichannel model with their US footprint of nearly 250 stores. Our clients \$30 million net spend annually was big business for UPS, but something seemed off to them about how their account was managed.

UPS had aligned local representation in Canada to our clients "global account", who never seemed to engage with the other markets that our client had growth in Operationally. Changing carriers from UPS was not a desire of our client, UPS service met their customer metrics, completing a Full RFP was not what our client was looking for.

In October 2016, our client attempted to negotiate a better contract with UPS. UPS quickly turned around a new proposal. Something felt off to our client and their team reached out to AFMS to help conduct a thorough review.

How we won together: AFMS interviewed with our client's team to understand the challenges in their transportation spend and their future goals servicing their clients. Our analysis found several overlooked discounts not offered by UPS that would have cost our client \$600k. In fact, our client was already paying over market by \$20 million a year, particularly in low weight shipments. AFMS went to work for Aldo by creating a Market Pricing analysis and a negotiation playbook to engage again with UPS but this time with confidence in their target pricing. Through this strategy our client was able to engage directly with UPS leadership in the U S who became very responsive to their needs and better support to their B to C growth. Our client signed a new contract with UPS which achieved \$20 million in annual savings. More importantly, our client made zero operational changes and the UPS relationship is seen today as a partnership. Our client expanded their AFMS partnership by adding continued Auditing Compliance Reporting Services.



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