



## Case Study: Know the Numbers

Recently, a current enVista client approached us for help. His parcel carrier had approached him with an unsolicited proposal for a USPS last-mile program. FedEx calls the service “Smartpost” and UPS calls the service “UPS Basic”. The services are not homogenous, but the basic concept is the same: for low-weight, residential Ground packages, the parcel carrier performs the pickup and the linehaul and either drops the packages in the USPS’ DDU closest to the consignee for final delivery by the USPS, or delivers the packages in-network. Due to the avoidance of residential delivery costs, the carrier is able to provide savings over normal Ground service through lower transportation costs and the avoidance of residential surcharges, delivery area surcharges, etc. Or at least that’s the concept. Our client needed our help. He knew the carrier was singing the praises of the proposal, but he had no way to perform a quantitative review of the cost impacts. However, he did know who he could trust to give him the answers he needed. As enVista has performed a contract analysis and negotiation project for him just over a year ago, the client was familiar with our tools and methodologies and knew the value they could provide. After performing an in-depth analysis of the proposed program, we were able to determine that not only did the proposal represent a minimal savings opportunity, but the proposed rates fell significantly short of those enjoyed by other shippers with similar attributes. The carrier was saving significant costs by avoiding the residential deliveries, but was offering to pass on only a small fraction of those savings to the shipper. We recommended that the client approach the carrier with a counter proposal with targeted rate requests. While the outcome is still pending, the client is now able to discuss the proposal with his carrier from a position of knowledge and with a full understanding of the cost and service implications. As the client put it, “We were pleased that we contracted enVista to do the analysis. Without them, it was impossible to tell if we were making the right decision.”

Look for a full review of the parcel carriers’ USPS-last mile programs coming soon from enVista.