



## Case Study: Leveraging Your Relationships

enVista recently had the good fortune to assist a prestigious group of shippers with a Contract Analysis and Negotiation (CAN) project. These shippers shared a common ownership interest through a private equity group. The project was initiated by the private equity group, who assembled the participating portfolio companies and secured the buy-in from the supply chain executives within each company. In essence, the equity company had recognized one of the key principles enVista advocates: all other factors being equal, consolidating transportation portfolios can drive negotiating leverage.

Because of the number of stakeholders, operational requirements, commodities, etc. these engagements are always challenging. However, they also represent some of the best opportunities to attain unrealized savings. In this particular instance enVista managed the parcel and truckload/intermodal projects. Technical expertise, project management experience, and negotiation experience are prerequisites. No project will be successful without these items. Besides these fundamentals there are a number of factors which are especially important in multi-stakeholder projects:

- Communications - Clear, concise, and persistent communications are absolutely necessary for a successful project. There is a great deal of information passing back and forth in these projects, from project manager to stakeholder, project manager to carrier, carrier to project manager, etc. In the absence of a well defined communications plan, critical elements can be overlooked.
- Coordination - It is the project manager's responsibility to coordinate the various events and milestones in a CAN project. While a certain amount of flexibility is required, a strong project plan is invaluable. The best plans are built on experience. This is where a third party can provide a lot of value. Because most third party logistics consultants manage several CAN projects per year (the larger consultant companies like enVista manage dozens), they have the specific experience necessary to know the process better than the carriers themselves.
- Shared Vision - Of the items listed here this may be the most important to the ultimate success of the project. Even one key stakeholder who is unable or unwilling to row the boat in the same direction can cause havoc. Because of this it is important to poll each of the stakeholders to ensure that the team as a whole is aware of the goals, concerns, and limitations of each team member. A shared vision can also help to ensure full involvement of all of the stakeholders

Sense of Urgency- Because of the complexity of multiple-shipper CAN projects, there is a tendency toward paralysis by analysis. What must be kept foremost in mind, assuming savings are negotiated, is every week that passes without a new, executed agreement represents savings lost. At some point these lost savings outweigh the additional savings potential of further negotiations. Only experience and analysis can determine when this point is reached, but the message should be that the project manager cannot allow the process to take over the management of the project.

Information Sharing - In most cases the combined experience of the project team outweighs the total experience of any single shipper's supply chain group. What's more, the dynamic of having intelligent, capable people actively involved in creative problem solving can be both valuable and motivating. Because of this enVista typically recommends at least one team summit meeting. This meeting is typically centrally located and held in a neutral location. We have seen incredibly unique solutions grow out of these meetings. In this instance enVista held a total of three project summits. One example of a group-produced solution was a shipper utilizing their dedicated fleet to serve as a carrier for another shipper; both realizing benefits as a result.

The value of leveraging the total group-spend as a negotiation tool is self-evident. A group of five shippers controlling a total transportation spend of \$100M can command deeper discounts and more favorable terms than can five individual shippers controlling \$20M each. Recognizing this fact, and being conscious of it as you go through the negotiation process, should be the goal of every negotiator / project manager.

At the end of this project enVista had negotiated an achievable savings projection of over \$10M. While the savings were not consistent across the shippers; all shippers did realize savings. Through teamwork we were able to craft a solution under which all of the shippers realized savings, all of their operational and administrative requirements were met, and obtained a high level of satisfaction among the shippers.