



Contract Optimization Case Study

Subject: **Read's Uniforms**

Read's Uniforms lowers overall shipping spend by **29%** after Ship Science takes the wheel.



About Read's Uniforms

Read's Uniforms is a regional retail and business-to-business company based in Asheville, NC, with retail stores throughout the region. Co-owners Eric and Shannon Hutzler are passionate about providing attentive customer service and a superb shopping experience for the medical, hospitality, education, public safety and industrial fields.

Husband and wife team Eric and Shannon Hutzler are the owners of Read's Uniforms. Driven by a passion for customer service and dedicated to consistently delivering the highest standards, this team has grown the company across the Carolinas and into Tennessee and Florida.

"Every day there are new challenges and opportunities. I love the customer feedback we get, especially when we exceed expectations, and I love knowing that as we grow we create more jobs and opportunity for our employees" - Eric Hutzler

Problem

Read's Uniforms owner, Eric Hutzler, was sitting in a typical position. Shipping was his third highest business expense behind labor and rent, and was quickly climbing to overtake rent on the balance sheet. "I didn't understand how complex UPS' billing is. I didn't understand how many layers of the pricing matrix there are. Nobody from UPS ever went into any detail with me.", said Hutzler.

The company was not aware of any potential improvements until ShipScience flagged Eric's account as having a significant savings opportunity based on their shipping data. When ShipScience reached about the savings opportunity, Hutzler said, "I knew this type of optimization existed in other areas of operational overhead, so when the opportunity for shipping optimization came along it was a no brainer."

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Results

In the past, Read's Uniforms would sign a new pricing agreement with UPS about every 2 years. The old negotiation process was as follows; When Read experienced a material amount of growth, the UPS rep would come into the office with a

new pricing agreement with better discounts to align with Read's higher shipping volume. Not understanding the complexity of UPS' pricing, Hutzler and his team were unable to identify exactly how the new contract would benefit them. They would generally accept what was presented to them. When ShipScience took the wheel of their 2020 negotiation, this is how Read's Uniforms fared:

- a. Reduced air spend by 66% overall**
- b. Reduced surcharges by 39% overall**
- c. Lowered overall spend by 29% annually from \$316k to \$224k**
- d. Widened the volume incentive tiers to account for fluctuations**
- e. Removed trap doors in the form of expiring discount tiers, etc.**

Looking Forward

Read's Uniforms is in a pivotal position when it comes to their future. They expect significant growth in the coming years as they expand their eCommerce offerings and begin making acquisitions to accelerate their growth. Their new UPS contract was designed with that growth in mind. Carriers are notorious for offering businesses contracts with constrictive revenue bands, meaning you pay more per package if your volume goes down. Part of the ShipScience negotiation strategy is to expand the contractual revenue bands. This helps account for natural revenue fluctuation and rewards growth.

“Ship Science allowed us to capitalize on a massive savings opportunity from the biggest line item on my P & L. All without taking on ANY risk.”

About ShipScience

UPS and FedEx have complex rate structures and limited reporting systems which makes vendor accountability and operational insight difficult. ShipScience was founded in 2017 based on the principle that businesses need better data related to shipping and logistics in order to understand their true shipping costs and to improve operations.

At ShipScience, we parse the seemingly endless streams of data to help customers understand their shipping operations & spend categories, and help hold carriers accountable for the terms of their contracts.

The ShipScience management team blends executives from the parcel industry with executives from ecommerce, manufacturing and technology – engineered to foster a client centered, solutions-oriented culture, focused on the pulse of the shipper and the ever changing carrier landscape.