



Contract Optimization Case Study

Subject: **Torque King**

Torque King 4x4 hands the reigns to Ship Science for a COVID era contract negotiation and is left stunned after a 30% cost reduction is achieved.



About Torque King 4x4

Torque King 4x4 is an online retailer of off-road vehicle parts based in Billings, Montana. They are an OEM parts distributor and exporter of a large selection of 4x4 special tools, genuine original equipment parts, quality aftermarket parts, and service kits for 4x4 vehicles from 1941 to today's latest models.

Problem

With shipping volume on the rise, customer expectations were becoming increasingly more important. Like most businesses, the Torque King team assumed they had a good handle on their shipping spend. "With UPS & FedEx, we never had any idea of what to ask for, or what to expect. We didn't know there was discount potential in a number of areas, especially surcharges." Torque King offers customers free shipping on all

orders over \$300, which means they incur the cost of most large shipments. When they noticed costs going up, they reached out to their rep. “Our rep told us there wasn’t much room for improvement, but ShipScience proved otherwise.”

Results

Through thorough analysis and negotiation, ShipScience was able to obtain a 30% savings for Torque King simply through contract negotiation. Only a fraction of these savings were obtained by boosting service discounts. The majority of savings were uncovered by negotiating terms that were not part of the original contract that was used as a starting point. This is typical when a company brings in a subject matter expert to handle their contract improvement. UPS & FedEx make it nearly impossible for customers to understand where their rates should be.

“I’m amazed. I didn’t think these rates were achievable. I had no idea there were so many negotiable terms that we had left on the table. There’s no way this would have been possible without you guys (Ship Science).”

Looking Forward

Torque King’s renegotiation occurred during the time of COVID. They were also an oddity in that their business actually increased as people began working from home. They predict that this trend will continue as the world moves forward with new norms. Aside from lowering their overhead by reducing shipping spend by 30%, the Torque King team predicts that these cheaper shipping costs will result in a lower instance of cart abandonment. In fact, they’ve already seen this come to light. When asked if other businesses should attack their UPS & FedEx contracts by bringing in an outside expert, Torque King’s responded by saying, “Definitely do it. You never know what you’re going to get. There’s so much to learn. Next time you can either tackle it yourself, or bring in an expert again. But at least you’ll be in a great spot already when that time comes.”