

World's Best Guitar Store Negotiates Better Parcel Shipping Contracts

For over 30 years, Chicago Music Exchange has been serving musicians and collectors as a premier authority on vintage, new, and used music equipment. CME sends more than 140,000 packages each year, from bubble envelope mailers, to guitars and amps, to customers across the country and around the world. In the first year alone, VeriShip Contract Engineering analysis and advisory services have helped CME save more than \$350,000 in shipping fees and positioned the company for even more savings in the future.



Musicians take their gear seriously. Very seriously. And when it comes to making great music, they need straight answers, first-hand knowledge, and the best products – delivered fast.

Whether it's a vintage Gibson Les Paul gold top guitar, new Gretsch drum kit, or a favorite accessory, the Chicago Music Exchange (CME) team – all of whom love music – has its customers covered.

CME serves tens of thousands each year through its traditional storefront in Chicago's Lakeview neighborhood and, online at ChicagoMusicExchange.com where musicians can browse a comprehensive collection of guitars, drums, synthesizers, amps, and accessories.

Brian Robertson leads the shipping department at CME where he and his staff send out 500 to 1,000 packages each day. VeriShip is CME's audit partner for UPS.

Robertson said he's been happy with the VeriShip service and savings through its Parcel Audit solution, but he challenged them about a year ago to help him find new ways to better control and reduce unnecessary shipping expenses. VeriShip stepped up with its Contract Engineering service.

CLIENT AND INDUSTRY

- > Chicago Music Exchange
- > Vintage, new and used music equipment

CHALLENGES

- > Knowing as much as possible about its parcel contract and its impact on expenses.
- > Designing parcel contracts that reflect the right terms and rates for its business and shipping patterns.
- > Communicating and negotiating with carriers on complicated terms and conditions.

SOLUTIONS

- > VeriShip Contract Engineering

RESULTS

- > VeriShip has brought contract intelligence and experience to Chicago Music Exchange to enable more productive contract negotiations.
- > CME now designs contracts with terms and service rates that are tailored for its business and unique shipping patterns.
- > CME has saved over \$350,000 in shipping fees in the first year alone.



“
We've saved more than \$350,000 in shipping costs working with VeriShip and we know how to set ourselves up for success in the future and minimize the impact of the General Rate Increase.
”

- BRIAN ROBERTSON, Shipping and Receiving Team Leader

“When you’re spending over a million dollars on shipping each year, there’s always an opportunity to spend less and I asked VeriShip to help us analyze our spend and make recommendations,” Robertson said. “They mined every line of shipping data, reviewed every service term in our contracts, and came back with recommendations for six-figure savings.”

Action: The Deep Tracks of Shipping Data

Robertson said the Contract Engineering contract analysis and advisory engagement with VeriShip started with one simple question: How do we develop a deeper understanding of shipping agreements?

“VeriShip started by looking for odd patterns of charges and surcharges, geographical

“*When you’re spending over a million dollars on shipping each year, there’s always an opportunity to spend less and I asked VeriShip to analyze our spend and make recommendations. They mined every line of shipping data, reviewed every service term in our contracts, and came back with recommendations for six-figure savings.*”



- BRIAN ROBERTSON

concentrations, transit times, and service levels,” Robertson said. “They found some things that looked weird and that’s what got us started. VeriShip investigated and quantified the possibilities for us.”

Air and ground shipping transit times were analyzed. Package dimensions were calculated. The data points were compared to the contract terms.

“VeriShip gave us their findings and recommendations and showed us step-by-step what to ask for,” Robertson said. “They gave us

Gaining an Edge in Parcel Carrier Contract Negotiations

- 1. CME ships 140,000 parcels each year but was spending unnecessarily on 2nd day air and dimension surcharges.**
- 2. VeriShip Contract Engineering analyses and advisory services provided pinpoint recommendations for getting more favorable rates and terms from UPS and USPS.**
- 3. VeriShip Contract Engineering has delivered more than \$350,000 in savings and better prepared CME to negotiate future General Rate Increases.**

negotiation and communication tips that allowed us to have productive conversations with our shippers and get better rates where they matter the most for our business.”

Outcomes: Negotiating - And Saving - Like a Pro

Robertson said VeriShip Contract Engineering has not only enabled contract savings in the near term but has also prepared CME for General Rate Increases in the future.

“We’ve saved more than \$350,000 in shipping costs working with VeriShip,” Robertson said. “And we know how to set ourselves up for success in the future and minimize the impact of the General Rate Increase.”

The VeriShip Contract Engineering service agreement covers GRI modeling, as well. VeriShip plugs CME shipping data into a GRI impact algorithm that highlights the biggest expense drivers. The process also compares CME shipping data and expenses to industry-wide benchmarks that give realistic guidance on terms that should be negotiated, and what to expect in return.

“VeriShip has been an excellent business partner for us,” Robertson said. “They’ve learned our business and personalized their services to meet our unique needs, plus we’ve developed relationships with them that make it feel like they’re an extension of our team. This is how successful business partnerships are supposed to work, and we’ve got the financial results to prove it, too.”