

Case Study

Contract Management Reconciliation, Standardization, and Data Visibility Improvement Transportation & Logistics Services

Situation

The client, an asset-light transportation and logistics services company which serves the US energy exploration and production industry, also provides logistics services to the general commodities industry through its truck brokerage operation.

In addition to managing the transport of equipment, goods, and supplies, the company is responsible for complying with safety standards and practices throughout the transportation process. At the time of the engagement, the company represented more than 3000 owner-operator vehicles on the road, worked with approximately 80 independent trucking terminals, and serviced major oil producers and companies that supported the oil industry. Numerous agreements and contracts that include multiple schedules and addendums facilitated all company operations.

The organization was formed through a private equity-led roll-up of four competing transportation and logistics services companies. One year after the roll-up was completed, the business lacked an integration strategy. The troubled company, facing billing and settlement issues along with other financial and operational challenges, needed to reconcile its contract portfolio, standardize the language, provisions, and terms used in its contract documents, and ensure the right people had access to appropriate contract data to support a variety of business actions and activities.

This initiative included:

- Gathering the operative set of customer agreements, independent owner-operator agreements, and independent terminal operator agreements for each company;
- Identifying any overlaps and understanding how each agreement affected billing, driver and terminal settlements (compensation), and operational processes;
- Determining any non-standard language within all three types of agreements, specifically to identify inconsistencies in pricing and settlement methodology;
- Verifying contract compliance and performance requirements and resolve any related issues;
- Improving visibility into information contained in contract documents to improve operational efficiency and insight.

T/F (203) 479-9408
info@extendresources.com
extendresources.com

Copyright 2018 Extend Resources LLC. All Rights Reserved.
1127 High Ridge Road, Suite 170, Stamford, CT 06905
V180404

EXTEND
RESOURCES

Case Study: Contract Management - Transportation & Logistics

Solution

EXTEND Resources' contract management experts worked closely with the client team to take a holistic view of the existing contract environment. The EXTEND team:

- Gathered contract documents and housed them in a single repository, improving accessibility and enabling teams to identify the operative, executed versions of contracts;
- Reviewed the contracts to pinpoint any overlapping agreements associated with the four legacy companies;
- Identified contracts with non-standard pricing and settlement provisions and worked with the general counsel and operations managers to standardize the provisions and renegotiate as appropriate;
- Rewrote the company's contract management operating procedures, giving the client a blueprint for standard pricing and settlement mechanisms and discounting processes that provided consistent guidance to the combined organization; and
- Integrated contract pricing, settlement data, and expiration dates into the company's transportation management platform and designed a system of triggers to improve operational control.

Results

Working with experts from EXTEND to craft solutions that improved accessibility and insight, the client gained control over their contracts and the information they needed to improve business performance.

- Highly accessible contract library: Assembling and organizing documents in one place enabled the client to improve accessibility to all contracts, streamline access to the operative documents, and identify any overlapping agreements to facilitate the integration of the four acquired companies.
- Visibility and insight into key contract provisions: Making contract data available within the company's transportation management system gave client team members the visibility into information they needed, such as pricing, settlement mechanisms, and expiration dates, to greatly improve billing and settlement accuracy. Links to contract documents also enabled the company to improve enforcement of contracts, meet performance and regulatory compliance requirements, and better understand and manage any liabilities and risks.
- Significantly enhanced operational control: Rapid insight into important contract data drives better operational response and decision making. For example, triggers built into the platform helped the company improve operational control, such as requiring contracts to be in good standing before agreeing to accept a transport load.
- A contract playbook designed for consistency and efficiency: Crafting comprehensive contract management policies, including a standardized pricing and discounting structure and an interactive change management strategy, allowed the company to establish disciplined contract management processes that were used consistently across the combined entity to foster efficiency and compliance.

Through its relationship with EXTEND Resources, the client organized its contract portfolio, ascertained valuable contract data to support the resolution of pricing and settlement issues that were impacting financial performance as well as internal and external client relationships, and created a culture that promoted long-term operational efficiency.