

7

Things to Consider When Choosing Your Third-Party Logistics Supplier



Choosing the right third-party logistics provider can be challenging. With today's business environment becoming increasingly innovative and fast-paced, the challenge of finding your perfect match is harder than ever before.

You've worked on your product development, your business strategies are in place, but a highly-effective supply chain solution is often the missing piece of the puzzle. If your product isn't in front of your customers on time and on budget, your distribution channels can become a cost drain rather than a value-adding process, meaning your choice of supplier is a key strategic decision.

Effectively vetting your 3PL provider can help establish what is being offered above and beyond price by expanding your selection criteria. 'Value-for-money' should take priority over direct cost-savings; your decision should be about the whole package.

RCS Logistics Ltd. presents the following 7 factors for consideration when choosing your 3PL provider to ensure seamless execution along your supply chain.

1 Do they have a proven track record & reliable industry references?

Good 3PL providers get the job done. But the best execute it in the most effective way possible, be that through cost-savings or time-to-market improvements. The industry referrals for your chosen provider should go above-and-beyond your expectations. Their current clients should be singing their praises and raving about the times that they've gone that extra mile and reacted effectively to unexpected changes.

Their existing client-base will speak volumes. If your chosen supplier has had clients that have been loyal to them for years, you know they must be doing something right. When it's so easy to change suppliers, why would they stay if the service wasn't exceptional?

Further indication of a quality 3PL are its affiliates. Do they belong to any networks or associations? What criteria must they meet in order to become members? An organisation that takes the time to assure their practices are of the highest quality will be recognised and acknowledged for it. Would you rather have a provider who's endorsed by the industry or who you're just hoping will work out in the long run?

Some of the key accreditations to consider when selecting your 3PL are:

ISO 9001 - A certified quality management system (QMS) for organisations who can prove their ability to consistently provide products and services that meet the needs of their customers and other relevant stakeholders.

UKWA - To become a full member of UKWA, all applicants must undergo a rigorous inspection by an UKWA Board Member to ensure that they operate to the highest standard in 11 critical areas of warehousing.

The Chartered Institute of Logistics and Transport - The leading professional body for those organisations involved in all aspects of logistics, transport and supply-chain. Those involved actively seek continuous improvement and engage in innovative practices.

Road Haulage Association - The RHA is committed to accelerating sector performance, steering the political agenda and inspiring the next generation of recruits. They aim to be the pioneering force behind the future of the transport and logistics industry.



2 Scalability: are they able to support you as you grow?

You've either decided to engage a 3PL provider in order to expand, or you're changing your current provider in order to become more efficient. Either way, one of the most important things about choosing your 3PL provider should be their ability to support you as you grow.

When choosing your provider, it's important to look to the future. They'll help you reach your business objectives, but what happens beyond that, what's the next step?

When the effects of this come full circle and your business has grown and your requirements have changed, you will want a provider who will have the ability to continue to be able to meet your needs in an efficient and cost-effective way. You'll need a supplier that will not only be able to cope with increased demand, but also with the inevitable changes that come with growth. Flexibility is key.

Will your chosen 3PL provider be able to support you in the long run?



3 IT capabilities: are their systems fully integrable with your own?

Third party logistics companies are measured on the efficiencies that they can provide for their clients, so it should come as no surprise that a company that places innovation and technology at the forefront of its business is an indication of a strong contender. A leading 3PL will actively invest in the latest technologies and be able to provide both real-time data and feedback on all aspects of their clients' operations.

Nearly all businesses are built on a foundation of data. A huge part of your distribution operations will be undertaken by your 3PL, but you are still be entitled to receive all the data surrounding the activities they carry out on your behalf. When evaluating your potential providers, ask questions about which systems are used, how the data is fed back to you in a format that is accessible, how fast can your 3PL respond to a query and do they have a dedicated systems team?

It's worth discussing whether your own systems are compatible with your providers'. For that seamless transition that you're looking for, you need your systems to work together flawlessly and to mimic the well-established communication channels you will also be seeking. You need to be confident that you're all working towards that one common goal, and data is at the heart of it all.

Remember, you're looking for the best 3PL solution for your organisation, not just someone that gets the job done. If your systems don't communicate with each other, are they really your best solution?



4 Are you being sold a generic package or a truly bespoke solution?

Your 3PL provider shouldn't just offer you a service; they should offer you a solution, and one that is fully-tailored and unique to your requirements. Every organisation is different and that's why you should steer clear of any provider that offers you generic package.

Your provider should be an extension of your team, providing the service you want and desire in the most effective and efficient way possible. Solutions should be flexible and bespoke and as defined by you, because let's face it, no one knows your requirements better than you. Whether that's in the services that are offered or the way that your account is handled, your 3PL solution doesn't have to, and shouldn't, be based on someone else's requirements.

A bespoke solution is about how far a 3PL will go to align their services with your own requirements. But even if their offering is flexible, how can you guarantee it's your best solution? An effective way to evaluate this is to talk to your 3PL's existing client-base. Ask about how the 3PL met their needs, from the basics of placing an order, right down to the KPIs they send through at the end of each month.

5 Communication channels & cultural alignment: are your priorities the same?

Choosing a 3PL is a huge responsibility and your communication channels need to be defined from the outset. You're ultimately handing over a key operational part of your business to an outside supplier, so it's important to get it right from the start.

You want a 3PL which will provide the resources and people to do the job effectively, but also one whose philosophy is 'our people, your team'. Your 3PL should be complimentary to your business, an extension of your operations and what you stand for. Which channels will be implemented outside of day-to-day operations to ensure that everything is going to plan and adhering to the bigger picture?

Matching your business culture and ethics with your suppliers is crucial - if you find the same things important, everything will run a lot smoother without having to explain what you see as a priority because, well, they'll already think so too.



6 Location: Are they strategically located, for now as well as the future?

There are two different considerations when evaluating the location of your provider, and it's mainly determined by your target distribution area.

If your headquarters is located close to your 3PL and your distribution area is regional, it makes sense to choose a provider that is local.

However, if you're operating on a national or international scale, where is the best place for them to be located?

Your choice of 3PL provider is as much about preparing for the future as it is about finding a 'right-now' solution. Where would be a strategic location for your provider to be in 5 or 10 years time?

A central location with access to all the major road networks is highly desirable. The East Midlands is the heart of UK logistics for this very reason. With access to both the North and South, as well as direct routes through to Wales and East Anglia, it means you'll have UK distribution, and access to all major ports, covered.



7 How will you measure the value that your chosen 3PL provider adds to your operations?

Every business decision is ultimately driven by cost. Like any investment, the service received has to be efficient as well as the best solution for your requirements. When unexpected changes occur, will you wish that you'd taken the bigger picture into consideration?

Now that's not to say that you have to pay through the nose for outstanding service. Just make sure that you define everything that is important to your organisation, be it cost-savings or otherwise, and ask yourself: who will provide the best solution in the long run and how well do they meet our priorities?

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RCS Logistics is a leading third party logistics company, head-quartered in Corby in the heart of the Midlands. Our hub location provides excellent transport links throughout the UK mainland and Europe, meaning that we are the ideal 3PL partner for pallet storage, warehousing, logistics and transport.

Whether your consignment is large or small, RCS Logistics affords all its customers the same professional service, operating on a 24-hour, 365 -days-a-year basis, we are dedicated to delivering consistently excellent operations, understanding our customer's business' and providing best-fit and bespoke solutions.

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