

10 Things to Ask When Choosing a 3PL to Manage Your Food Supply Chain

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The practice of outsourcing your food logistics operations by partnering with one or several third party logistics (3PL) providers in order to concentrate on core business activities is increasingly popular. It has resulted in the growth of 3PL companies and has increased their importance in the food supply chain. Choosing the right 3PL provider is an important task which requires both an organized plan for evaluation and a list of comparison criteria to compare potential 3PLs to one another.

#1 Customer Service – Good service should be considered above all other criteria. Service failures affect everyone down the supply chain. Does the 3PL provider value their customers and have an ethical foundation in place to support treating their customers with respect during every business transaction? Will they offer 24/7 access to their customer service staff and treat you like a valued business partner? They should strive to exceed your expectations every day. A good 3PL will constantly be looking for ways to improve your efficiencies and control operating costs. If volume justifies it, ask if they will they assign a dedicated customer service agent to your account.

#2 Experience – Do they have a track record of achievement in the food and beverage industry? When handling perishable or high-value commodities, reliability is critical. Do they understand FDA requirements and best practices for transporting food? Will they support your seal policy? Look at the longevity of the company. 3PL companies which have successfully provided transportation solutions for the food industry for many

decades with the same leadership are going to be more reliable.

#3 Credibility – What are their ratings with Blue Book Services and Red Book Credit Services? Do they belong to the associations allied to your industry? Look for a 3PL provider that networks with and attends events in your industry. Ask which trade associations they are involved with. Make sure they are financially sound. Ask to see their insurance coverage. Look at their industry certifications, awards and ratings.

#4 Customers – Ask them who their existing customers are, and ask for client references. Do they know the business requirements in your industry? How many customers do they have in your food specialty area? How long have they maintained those customer relationships?

#5 Technology – Some 3PLs are more invested in technology than others. Greater technology offerings translate to time savings, efficiency and reduced cost. A 3PL with a commitment to technology investments and ability to integrate and customize to meet your business requirements is important. Can they receive and send orders, changes and confirmations via EDI? Can they customize forms to meet your needs? Does their system allow for automated invoicing, document capture, report generation based on load volumes, on-time performance, driver and other key metrics? Do they have a Transportation Management System? Does it allow you to do freight routing which saves money by using the lowest cost and best service option? Track shipments and send notifications? Alert you to delays? TMS also generates invoices, aging reports, billing documents and auditing reports. Can you

assign different security levels to various individuals on your staff?

#6 Carrier Monitoring Process – What is their internal system for monitoring carrier ratings and CSA Basic Scores? How often is that system updated? (Describe what it should be...a 3PL with a dedicated Carrier Relations team can verify only qualified carriers are used, protecting your interests.

#7 Customization – Does the 3PL have a wide variety of solutions to customize a solution to meet your needs? Do they always recommend the same transportation modes or work to combine a variety of methods to both keep your load safe and get it there on time? Do they have transportation solutions for dry and temperature-controlled TL, LTL, Rail/Intermodal, Air and Ocean Freight? A good 3PL will also have the flexibility to make changes and come up with a solution that works. Can they provide labor, manage your logistics operation, and locate warehousing space?

#8 Visibility into your shipments – Whether it's via phone, fax, or online, having access and visibility into your shipments at any time is crucial. Your 3PL should allow you real-time access to your freight loads and systems to support seamless communications. Ask what system they have in place to allow you visibility into your shipment status at any time.

#9 Value – With transportation costs rising, your 3PL provider can help you negotiate the best rates possible. Will they offer ideas to scale down costs? Are they flexible in their pricing approach? Will they hold pricing and for how long? Using a 3PL is particularly beneficial for smaller shipments because a 3PL has buying power and can

consolidate your shipment by the best means possible to save you money, also handling all billing and tracing on your behalf.

#10 Measurements – Trusting a 3PL provider's promise to deliver should be based upon more than their word. Can they back up their promise to perform reliably over time with measurable results? Ask to review their performance reports for on time pickups, deliveries, accepted and rejected shipments.

Conclusion – The main benefits of using a 3PL are time savings, potential for streamlined supply chain operations and cost savings. Your selection process should be reviewed on many factors. Some intangibles can be more important than going with the lowest cost option. The selection process can be lengthy, but when you take all of these factors in consideration you will be setting your company up for the most successful relationship possible.