



PLAN  
ADAPT  
MANEUVER

WORK AS A  
TEAM!!

**BEST  
PRACTICES  
PLAYBOOK**

Whether you're adding a new 3PL player to your team or improving your transit time to goal, our guide will coach you on game-winning logistics moves.

## PLANNING FOR THE TURNOVER:

# Strategies for Choosing Transportation Partners

- 1** Evaluate your transportation requirements to determine the following: your type of freight by mode; lead time with carriers; territories and lanes being served; frequency of volume in lanes; and unique requirements, such as pallet exchange or blanket wrap.
- 2** Implement a core carrier program – concentrate service to a select number of capable, high-performance carriers. Guarantee them a portion of your projected volume in return for better rates and service quality commitment.
- 3** Create an RFP that clearly states your requirements for bidding; for timing and response; and for the media to be used in carrier presentations. Also include schedule requirements, such as a time frame for solicitation and submission; carrier evaluation and selection; purchasing and contracting procedures; and rate and terms negotiation.
- 4** Select a group of carriers that most likely will meet your requirements. Access to a large group allows you to select carriers based on a set of filters.
- 5** Standardize contract terms and requirements. Create a template to harmonize rate structures and accessorial charges, and insist that carriers define rates and their context in common terms.
- 6** Clearly state your performance expectations. Determine which attributes you will measure, such as on-time performance, acceptance rate, and equipment type and availability.
- 7** Outline your business process and communication methods. State whether you will use a software system or manual processes; how you will perform tendering, acceptance, and timing; appointment scheduling; shipment status and the required event reporting and timing; and settlement.

## SPOTTING AN ALL-STAR: QUESTIONS FOR PROSPECTIVE CARRIERS

- ★ Does the carrier have sufficient **capacity** to serve all your transportation needs?
- ★ Is the carrier **financially stable** – not on the brink of insolvency – and willing to reinvest in its business and maintain the type of quality equipment necessary to service your needs?
- ★ Can the carrier supply **references** from businesses that are similar to yours?
- ★ Has the carrier made significant **technology** investments?
- ★ Can the carrier provide **real-time visibility** of shipment status and advance warning of service failures that will allow you to respond to your customers?
- ★ Does the carrier have a **centralized customer service** center with the tools necessary to quickly communicate your needs and/or problems to the proper location?
- ★ If you require **EDI** for load tendering, shipment status, delivery notification, billing and/or remittance, can the carrier support those needs?
- ★ Does the carrier have quality **billing** processes?
- ★ Can the carrier provide you with the **documentation** you require?
- ★ Can the carrier **respond quickly** to any special requests that you may have?
- ★ If your equipment **requirements change**, will the carrier be able to handle it?
- ★ If your customers need **special handling**, can the carrier accommodate them, too?



## Kicking Off a 3PL Relationship

### Drawing Up a Game Plan: How to Establish Expectations

- 1 Send a Request for Information (RFI) before a Request for Proposal (RFP).** The RFI will help you collect better data, define your true needs, and involve your 3PL candidates in developing a solution.
- 2 Be forthcoming about issues that could affect your logistics operation.** To get honest assessments, include issues that don't necessarily make you look good or that are proprietary.
- 3 Ask the 3PL for solutions in the RFP, leaving room for creativity.** Experienced 3PLs can add valuable consulting strengths, creativity, and innovations to the equation.
- 4 Be specific.** Give 3PL providers detailed information about what you want them to accomplish and be extremely careful about making sure the providers fully understand those expectations.
- 5 Train your 3PL employees as if they were your own.** Have personnel at your provider's fulfillment center attend your proprietary quality training course, and give them extra systems training when you upgrade.

### Leveling the Playing Field: Getting the Most From an RFP

- 1 Be selective.** If you send out RFPs in a cattle call, your candidates may not participate or respond with their "A" game. Nor will your internal team be able to dedicate the proper time to evaluating each response.
- 2 Do your homework first.** Issue an RFI, which is less time-consuming to construct and respond to than an RFP. Use the data you collect to create a short list of five or fewer candidates for your RFP.
- 3 Know your performance objectives.** Solicit input from all the key players in your supply chain about the performance, pricing, and productivity levels they hope to achieve through outsourcing.
- 4 Don't ask the same old tired RFP questions.** Weed out the weak ones, refine the keepers, and add some new ones to inspire insightful answers.
- 5 Keep it real.** Be realistic about how long you give candidates to prepare a response. It takes time for 3PLs to run optimizations and simulations, particularly if they're creating multiple iterations.

### Surveying the Huddle: How to Choose a 3PL Without an RFP

- 1 Institute an internal 3PL evaluation team.** Include representation from the supply chain/logistics, information technology, sales/marketing, purchasing, and finance departments to ensure corporate-wide buy-in for your ultimate decision.
- 2 Create an enforceable, mutual non-disclosure agreement.** Ask your legal department for help with this document before starting formal meetings with your 3PL candidates.
- 3 Consider a maximum of three 3PLs.** Trying to thoroughly evaluate more than three service providers could prove extremely demanding.
- 4 Identify technology issues between your company and the 3PLs.** You may need to invest in technology to fully appreciate the benefits available from a 3PL. Investigate what technology benefits the 3PLs possess that can work to your advantage.
- 5 Define a timetable for handing off responsibilities to the 3PL, and document the responsibilities you will retain in-house.** The relationship should not be initiated until this process is in place.

## Freight Management Strategies

### Calling the Play: Initiating an Effective Inbound Program

- 1 Create an inbound logistics project team.** Call on the expertise of your procurement and logistics representatives, and draw on each department's need for specific cost information to better manage the process.
- 2 Define the project goals.** Decide what you expect to accomplish when the inbound program is completed.
- 3 Determine key performance indicators (KPI).** Create a baseline or benchmark of current performance, and determine KPI.
- 4 Classify and quantify current inbound operations.** Evaluate your current inbound shipments and classify by who controls the freight (prepaid or collect), where the freight costs lie, and whether the carrier is selected via a routing guide.
- 5 Evaluate best landed cost by supplier.** To calculate best landed cost, you must be able to allocate freight charges plus fuel surcharges plus assessorials to get the true picture of your costs.

### The Heat is On: Shipping Temperature-Sensitive Products

- 1 Communicate your needs clearly.** Spell out every detail, even ones that may seem insignificant. Specify the acceptable temperature range in degrees plus or minus the set point to ensure the proper parameters are used, and indicate Fahrenheit or Celsius.
- 2 Maintain the temperature before and after transit.** Shippers often stage temperature-sensitive freight on a dock that is not temperature-controlled. To ensure product quality, make sure your shipments remain in a temperature-controlled environment until the truck is ready to be loaded. The drivers should also keep the truck doors closed until the last possible moment to minimize any effect to the temperature inside the cargo box.
- 3 Plan for less capacity.** Temperature-controlled trucks have less capacity. Cubic feet are reduced due to added insulation in the walls of the truck, and the added weight of temperature-control equipment affects payload capability. Review packaging diagrams, dimensions, and weight requirements to avoid last-minute surprises at the loading dock.

### TWO-MINUTE WARNING MANAGING EXPEDITED SHIPMENTS

- ★ **Hire the right people.** Your logistics team should be able to effortlessly evaluate a shipment and convert it to the most cost-effective—but expeditious—mode.
- ★ **Ensure visibility.** To successfully manage expedited shipments it is imperative that your system link shippers, suppliers, and carriers. Customers need to see where their freight is every step of the way.
- ★ **Operate 24/7/365.** Have an expedited logistics specialist available at all times to identify and resolve any potential problems that may arise.
- ★ **Know your customers' supply chain.** Not all expedited shipments are critical shipments. Understanding your customers' supply chain enables you to provide flexible solutions.
- ★ **Build a comprehensive coverage network.** Many expedited shipments originate outside common carrier lanes.

Sources and Contributors: 3PD Inc., APL Logistics, FedEx Custom Critical, Franzetta Assoc., Insight Inc., LeanLogistics, NLM, Deborah Catalano Ruriani, Sterling Commerce, UPS