

5 CRITICAL QUESTIONS YOUR 3PL SHOULD BE ASKING YOU



HOW TO MEASURE THE QUALITY OF YOUR 3PL BY THE QUESTIONS THEY ASK

As with any relationship, business or personal, the measure of a good fit can be determined by how mutually beneficial the arrangement is for both parties. In a traditional approach, companies looking for a 3PL partner will shop around and interview candidates to review them for capability, capacity and competence within the market. If you are in the market for a 3PL, you may have asked these questions:

Have they invested in technology that automates processes and provides visibility?

Are they properly staffed?

What is the bottom line price they can offer for fulfillment?



Although these questions are prudent to consider, a truly ideal partnership would be better established if both parties were evaluating the arrangement. Your 3PL should be just as curious about your business as you are about theirs. They should be more than just hungry

for the profit your business represents to their bottom line; they should be asking serious questions to evaluate the viability of a long-term relationship. Instead of rushing to simply gain your business, they should be asking these 5 questions to gauge alignment and fit:

01

WHAT ARE YOUR SHORT TERM AND LONG TERM BUSINESS GOALS?

02

WHAT LOGISTICAL OPERATIONAL CHALLENGES ARE YOU CURRENTLY EXPERIENCING?

03

WHAT ARE YOUR VALUES AND COMPANY CULTURE?

04

WHAT DOES A LOW QUALITY BRAND EXPERIENCE COST YOUR ORGANIZATION?

05

WHAT DATA IS AVAILABLE FOR OPERATIONAL EVALUATION?

By asking these questions, your 3PL is demonstrating that they care about more than working up a competitive bid and checking the standard boxes. Let's take a deeper dive into the rationale behind each question and the ways it elevates the relationship from transactional to transformational.



01 WHAT ARE YOUR SHORT-TERM AND LONG-TERM BUSINESS GOALS?

Most 3PLs will consider only the necessities for creating a cost proposal: they'll ask about products, volume, capacity, shipping, etc. Because their considerations stay on the surface, they fail to fully integrate into your business and gain a deep understanding about the motivation behind the statistics.

Your 3PL should take the time to understand your business goals, both immediate and on the horizon, so they can coordinate their efforts on what matters most. By focusing on more than just unit pricing and the fees associated with a typical RFP, they will gain a deeper understanding of how they can become a part of your team and proactively provide strategic operational solutions.

During this conversation, your 3PL should determine ways to supplement and complement your team and provide judicious support that allows your team to focus on top line growth.



02

WHAT LOGISTICAL OPERATIONAL CHALLENGES ARE YOU CURRENTLY EXPERIENCING?

Your 3PL partner should investigate anything that is holding back your business, including any issues resulting from a bad fit with your current or most recent 3PL. By inquiring about specific challenges you face, your 3PL is demonstrating that they take an informed approach to problem solving and don't make assumptions about your business.

Many 3PLs fall into the trap of attempting to apply a single approach to all their clients. They tout about "our process" or "our unique approach" and become a one trick pony that doesn't take the unique challenges of each of their clients into consideration.

By asking for information on your company's challenges, your 3PL is letting you know that they have better intentions than to force your company to fit their model. Your 3PL should be willing to use every tool and technology at their disposal to create a solution that helps grow your business in a customized way. This allows them to move past a templated formula to creating unique methods that are based on experience and knowledge.



03 WHAT ARE YOUR VALUES AND COMPANY CULTURE?

A misalignment in values is a serious issue that is often observed long before it is remedied. Often the only way to deal with a conflict of values or culture is to part ways, which can be a costly mistake that would have been easy to avoid if it had been considered during the evaluation process.

Because a company's culture and values are such a deeply ingrained part of its identity, they affect every aspect of their business from the way they approach problem solving to the people they hire and retain.

An ideal 3PL partner will not only take the time to understand your company's culture and values, but also they will have a strong and defined sense of their own. For example, a company that values rock bottom prices above all else would not be well suited to partner with a 3PL that places consumer experience as their chief goal.



04 WHAT DOES A LOW-QUALITY BRAND EXPERIENCE COST YOUR ORGANIZATION?

For companies that focus on brand experience (e.g., unboxing for subscription services), business thrives on consumer loyalty created through added touches and exceptional service. When outsourcing pick, pack and ship to a 3PL company, any disconnect between the expectation and the reality can be a costly misalignment.

According to eMarketer, online retail sales hit \$2.304 trillion in 2017 and are estimated to reach \$4.878 trillion in 2021. As demand increases for online merchants, so does the expectation levels of customers.

Your 3PL should understand the importance of not only what you do for your customers, but also how you do it. They should ask questions to understand how any disappointing customer experiences have hurt your brand, and demonstrate their dedication to keeping standards high.

Because a low-quality brand experience can be so easily transmitted via social media, your 3PL should understand that the risk is greater than the loss of a single customer. They should understand that each shipment that is made represents the potential for thousands of people to see a positive—or negative—review of your product. By asking this question, your 3PL is letting you know that they understand the seriousness of their role in safeguarding your brand's reputation.



05

WHAT DATA IS AVAILABLE FOR OPERATIONAL EVALUATION?

Like every warehouse, the most successful 3PLs know how to leverage information to make data-driven decisions. In addition to knowing what reports are available to evaluate the efficiency of operations, your 3PL should be able to provide examples of how they have applied data to make adjustments and improvements in the past.

When your 3PL requests this sharing of knowledge, you can rest assured that they have their sights set on continuous improvement. Your 3PL should consider all the ways your company integrates people and technology and each step in the process of blending your efforts. From the onset, they will be able to consider what has worked in the past, how current operations are progressing and provide a more seamless integration with your organization. In this way, you will know you have found a true partner, not just a 3PL.



CON- CLU- SION

Because your 3PL will become so deeply ingrained in the success or failure of your company's efforts, it is critical to form a partnership with the right entity. What makes one 3PL "right" for your company over another can depend on a variety of things, but in all cases your 3PL should be asking questions to ensure they will be able to deliver on your expectations. Furthermore, your 3PL should be ever-vigilant of finding ways to improve your process, provide increased visibility to efficacy of your efforts and suggest new technologies to deliver greater results.

The inquisitive approach will help your 3PL to become an invaluable auxiliary member of your team. When both parties are asking the right questions, you can feel confident that your 3PL will continue to seek creative solutions that keep your goals, values, culture and customers in mind.



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