## How to Choose THE RIGHT LOGISTICS PROVIDER

If frequent late deliveries, damaged goods, or costly expedited shipments are becoming the norm, it may be time to find a new logistics provider.

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# INTRODUCTION

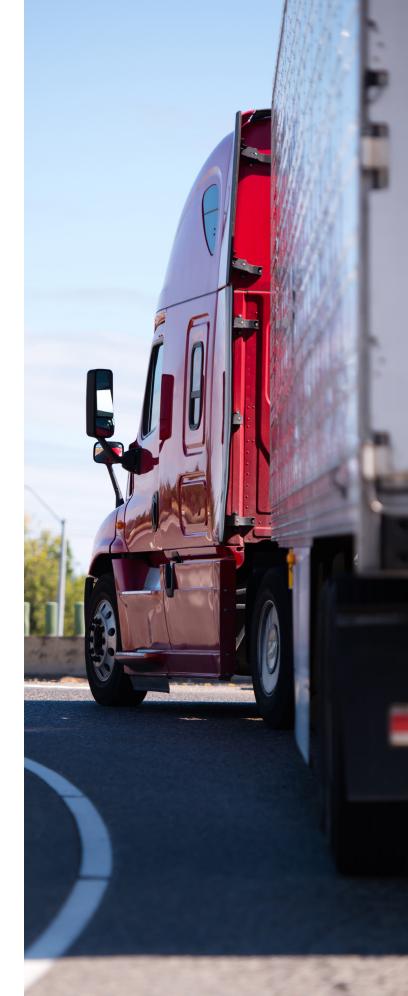
Logistics components are a significant contributor to any product's final cost. Those factors play an essential part in any company's competitiveness and profitability.

While supply chain managers work diligently to identify and eliminate all wasteful contributors in procurement, transport, warehousing, inventory management, and delivery, some of the less obvious elements can be contributing to their overall cost problems.

Consider the real cost of frequent late deliveries or damaged goods. For the customer, this can mean an out-of-stock situation resulting in lost business, or it may mean costly expedited shipments to replenish inventories.

One automatic protection against late deliveries may mean carrying extra inventory to compensate for variable delivery arrivals. These create expenses and occupy space that could be used for something else.

If these and other circumstances are becoming the norm at your company, it may be time to find a new logistics provider.



### IS IT TIME FOR A NEW LOGISTICS PROVIDER?

Supply chain managers are charged with overseeing the movement of products through their systems.

#### They value:

- On-time deliveries
- Clean and undamaged goods
- Safety
- Low costs

Continually measuring and refining their network are principal activities to achieving these four simple goals. When these conditions are not met, the time is right to find a new logistics provider.



### 8 Reasons to Make a Change

### 01

### **Poor Communication**

Successful business relations begin with positive and timely communications. Delayed responses, disrespect, and being more reactive than proactive are the type of interactions that do not support success. Proactive, supportive, and continual communications are needed in the universe of fast-moving, just-in-time inventory movement. Firmly maintaining a philosophy of helping customers achieve their goals is essential to success at any level.

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### Questionable Cost Competitiveness

If, after measuring all functions your logistics supplier provides, you find that competing companies can do the same amount of work for less money, the time to change may be now. Either your provider is operating inefficiently, is over-confident in retaining your business, or their profit objective is simply too high. However, make sure that all the services with the new logistics provider are what you expect and the cost of service is not merely a low bid to get your business.



### **Frequent Late Deliveries**

A correctly-operating supply chain requires timeliness at every step. Inbound freight, loading, transport, and delivery must be performed on time. Otherwise, continuity is disrupted with out-of-stock conditions, interrupted production scheduling, and more at the customer location. If a lack of timeliness cannot be resolved, finding a new logistics provider is the only answer.

#### Too Many Conflicting Businesses

Sometimes overzealous third-party logistics providers (3PLs) are willing to take on more businesses without having the necessary capacity, equipment, or employees to manage. If your deliveries seem to be taking a backseat to other customers (by arriving late with feeble excuses and incomplete service), find a new logistics provider that is ready and willing to meet your needs.

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#### Inaccurate Billing

Inaccurate billing creates confusion and extra cost. Intoday's world of automated information exchange and accounting, a company that doesn't bill properly or in a timely fashion is practically asking to be replaced.



#### Shortage of Drivers

In our current economic environment, it is no secret that a lack of qualified drivers exists. A May 28, 2018, Washington Post article highlights a dire need for more qualified drivers to accommodate rising demand. As a result, some companies are experiencing shortages and overtaxing existing staff. Over the past 60 years, BR Williams of Oxford AL has created a professional team of loyal, properly compensated drivers with proven track records for safety, timeliness, and customer focus. Logistics companies that have been in business for over a half-century like BR Williams know the importance of qualified staff in each position and have a track record that has successfully weathered the many economic ups and downs. If a company cites a shortage of drivers for their poor performance, immediately find a new logistics provider.

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### Damaged Products Often Delivered

Products that arrive damaged might as well not have arrived at all. Frequent occurrences of this mean the company has employees who are reckless in warehousing, loading, driving, unloading, or all of the above. After only a few of these incidents, its likely time to find a new logistics provider.

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### Lack of Visibility of Information

A harmonized supply chain involves transparency at several levels. In real-time, the customer should be able to monitor inventory levels in warehouses, view the ETA of delivery vehicles, track customized services, and more. Any professional logistics company should have the automated ability for easy access so that all parties can monitor progress.



## TYPES OF LOGISTICS COMPANIES

Few companies can afford to invest their assets to manage the entire logistical process of moving their products from their facility to each end user.

There's a prohibitive cost to the equipment, labor, and infrastructure it takes to warehouse, transport, and deliver products to many locations at variable frequencies while keeping production schedules on pace.

In our era of just-in-time inventory management and overnight deliveries, the art and science of logistics management is an industry itself. Several types of logistics companies have evolved to meet demand, some specializing in one phase of the supply chain while others do more. The lack of seamlessness often results in disjointed efforts that end in delays, extra handling, and confusion.

The essential strategy for a shipper is to ensure the products reach the right destination on time, undamaged, and at the lowest cost.



### **MOVING FREIGHT**

There are several types of operations in the field of freight movement. Some play only a single role, while others handle several functions.

Companies that play a role in product movement include:

- Freight companies
- Freight forwarders
- Carriers
- 3rd Party Logistics (3PL) Providers

### **4 Common Types of Logistics Companies**

## What are the functions of companies that play a role in product movement?

### **Freight Companies**

Freight companies concentrate mostly on cargo movement from Point A to Point B. Although limited in services provided, truckers are considered freight companies since the shipper hires them merely to pick up and deliver.

### **Freight Forwarders**

Freight forwarders, both domestic and international, are in the business of finding the best and least expensive methods for moving products. These companies may take the role of an agent on the shipper's behalf or as the principal who handles all documentation and freight management from the source to the customer. Freight forwarders negotiate pricing with land, rail, ocean, and air carriers and award freight contracts on the shipper's behalf. Other essential functions include customs clearance, duty negotiation, consolidation, and documentation.

### Carriers

Carriers are companies that generate revenue by moving products around the country and the globe. These include trucking companies, rail services, as well as ocean and air freight. Many times, shipments require more than one carrier type tocomplete the transport (they're multimodal or intermodal).

### **3rd Party Logistics Companies (3PLs)**

A comprehensive <u>3rd Party Logistics partner</u> can act as a dedicated in-house logistics department, freeing up resources to focus on the company's core competencies. 3PLs offer all of the functions of freight management, freight forwarding, carrier services, and more to move your products to their destination.

A 3PL partner incorporates full-service freight management, warehousing, forwarding, and documentation, thereby reducing storage, transport, and delivery costs by bundling the services into a single contract. The 3PL is aware of the shipper's needs and can schedule inbound and outbound deliveries, handle all documentation, provide warehousing, and take full responsibility for timely and trouble-free deliveries.

### TAKE A LOOK AT THIS SCENARIO...

## Suppose you own a *high-quality, high-volume* specialty glassware factory.

Because of your reputation for elegant, beautifully crafted products, the demand has expanded from regional to national and beyond. In fact, you have received containerload orders from retailers in China and Singapore to be delivered before the beginning of Chinese New Year.

Because over 60% of your sales occur in the last quarter of the year, it is clear that you must ramp up production early in the year to produce the inventory needed to meet the extra demand.

#### Your questions may include:

- 1. Since the demand is most substantial at the end of the year, we will need to produce ahead. Where will I *store the excess products* until they are shipped?
- My reputation depends on timely and damage-free delivery, so how can I be sure of 100% performance?
- 3. Who *handles the documentation, bills of lading, and compliance issues* with national and international shipping?

## A professional 3PL, answers all of the questions posed in the scenario above.

**Storage:** Provide warehousing, as needed, to overcome demand surges.

**Timely, Safe Deliveries:** Accountable for the entire freight and delivery function from your dock to the end-customer's location, with a commitment to 100% performance.

**Documentation and Compliance:** Generate the required documentation for all shipments with a real-time CRM system.

By removing the uncertainties of shipping, a professional 3PL, like <u>BR Williams</u>, provides fullservice logistics management at a reasonable cost and delivers peace-of-mind to customers. You will never lose sight of where your inventory and shipments are with BR Williams' load and inventory tracking systems.

### HOW TO CHOOSE A LOGISTICS PROVIDER

# Selecting the right logistics service provider can be a frustrating experience for companies.

Because the reputation and success of your company may soon depend on your logistics provider's reliability, don't shortcut the process of finding the right 3PL.



### **6 FACTORS TO CONSIDER**

Avoid a potential logistics nightmare by using these 6 elements when selecting your perfect logistics provider:

- Capabilities
- Customer Service
- Safety Record
- Company Stability
- Company Reputation
- Cost



# 01 Capabilities

A prospective logistics provider must be competent in the specific service areas that meet your company's needs. Just because a provider is a rock star in one area, doesn't necessarily mean that they can service your firm properly.

Also, they should have a set of abilities that can satisfy your short-term (and likely future) requirements. For instance, EDI-capability may not be a requirement for you today, but what if it does become a require in 12-24 months? Do you really want to unwind all the onboarding and integration work that you've invested in a new relationship?

### Dig a little deeper and ask:

- Are truckload lanes repetitive (originating from a limited number of shipping points and terminating to a relatively limited number of consignees)?
- Are shipments time-sensitive and/or do they require drop trailers? A mid-sized, assetbased carrier would meet these needs without getting sidetracked by their exceedingly large list of clients.
- Are truckload lanes sporadic? Is there live loading/unloading or do shipments come from a high number of origins that terminate to a high number of receivers? If so, a 3PL provider or broker might be a better fit.
- Do you require access to dedicated trucking assets and logistics services? A provider that
  possesses both transportation and trucking assets and a 3PL division, like <u>BR Williams</u>,
  may be able to offer optimal solutions.

If a provider claims to possess all the capabilities under the sun, but your organization requires only a few core services, you should be wary that the company might be a "jack-of-all-trades", but master of none.

# 02 Customer Service

Does the logistics provider prioritize customer service, responsiveness, fluid lines of communication, and effective problem solving?



These elements can be difficult to ascertain early on, but do your homework.

Virtually all companies claim to have excellent customer service, but how do you know? **You ask their customers.** Ask for references, preferably from companies in similar industries and needs.

Good customer service is no accident. If the customer service is consistently excellent, it's likely a result of a well-documented and repeated process that will continue over the years.

Another yield of good process execution is safety.

It is uncommon for a logistics provider to achieve excellent results in customer service and poor results in safety, or vice versa. It can be deduced that a safe logistics provider, probably provides good customer service.

# 03 Safety Record

Due to the ever-changing landscape of safety regulations, it is imperative that you select a carrier with a strong safety record.

A review of safety ratings and statistics is available to the public here: <u>https://ai.fmcsa.dot.gov/SMS</u>



# 04 Company Stability

## Whether your supply chain is simple or complex, select a logistics provider with overall company stability.

Top suppliers are consistent suppliers, while quality can be jeopardized as companies experience rapid change.

Furthermore, if one high-liability event occurs and your provider cannot withstand the fallout, the liability often shifts, in effect, to you the shipper. This concern can be eased if the provider's "word", name, and reputation has remained intact <u>through decades</u> of market turbulence and economic uncertainly.



# 05 **Company Reputation**



### In a new business arrangement, you can rest assured that at some point, the relationship will be tested.

Often it's at this juncture that the character of the service provider's leadership will be revealed.

Before it is too late, investigate whether the provider is likely to respond with integrity and honor. Research will reveal whether the firm has a good, bad, or ugly reputation with customers, suppliers and employees.

- How do they treat their suppliers and employees?
- Are they an active and positive force within their community?
- What type of reviews do they have online?
- What are the consistent themes that appear again and again in their marketing material?

The answers will go a long way to determining how the provider will be as a supplier and partner.

# 06 Cost

# Double-check all elements if a supplier's price is significantly lower than the market.

What good is a cheap price if a provider doesn't deliver consistently or provide an adequate response in the event of mishap?

What good is a cheap price if service failures cause you to lose revenue?

What good is a cheap price if your team spends countless hours resolving claims and problems?

Think about the total cost associated with selecting a long-term solution provider. Is the provider that offers you the overall lowest cost of working together is the partner you want around for years to come?

As we've discussed, finding the right logistics provider can be a daunting task. Use these 6 elements to narrow the field of applicants.



### HOW TO IDENTIFY GAPS IN YOUR LOGISTICS PROCESS

While many supply chains can benefit from improved processes, logistics managers should be careful to identify the real causes and effects that impact the efficiencies of their product movement.

Warehouse operations, order management, technology utilization, outsourcing functions, and freight management all include processes related to logistics that can impact the final outcome and cost.

Charged with the mission of eliminating the gaps in the logistics process, an effective supply chain manager must first examine, measure, review, and then revise the individual logistics processes to eliminate inefficiencies.

The following are ways to identify opportunities for making your logistics process more efficient:

- Benchmark Highly Effective Supply Chain Operators
- Develop a Roadmap
- Forecasting Tailored to Marketing
- Outsourcing Decisions
- Training and Orientation
- Upgrade Information Systems

### Benchmark Highly-Effective Supply Chain Operators

Before diving headfirst into the project, it's a great idea to see how others create an efficient logistics process.

Some companies have been designing and improving their own logistics processes for decades.

Applying measurements to critical control points in the logistics process, successful companies continually develop their processes, lower costs, and improve efficiencies.



### THE KEY IS TO:

- Benchmark with the appropriate, non-competitor whose product type matches yours in important aspects.
- Apply the measurements that relate to your business and avoid those that are either redundant or not applicable.
- Use fresh knowledge and better measurements, to identify the gaps and create a plan to improve your existing logistics process.

Armed with new ideas (and perhaps some breakthrough concepts), an effective benchmarker can return to the company to coordinate the implementation with the various department heads.

### **Develop a Roadmap**



### To fully understand your new strategies, the logistics team must have an actionable plan that conforms to the company's business plan.

Once measurements have revealed the gaps in the current supply chain, the responsible managers can begin to conform their operations to the new program.

#### Each element of the new logistics plan must:

- Have 100% support of top management
- Have the ability to be managed by company staff
- Be clearly communicated, with proper education provided to all participants.

### FORECASTING TAILORED TO MARKETING

According to <u>Supply Chain Leaders Insights</u>, an efficient supply chain requires that accurate sales forecasting is transferred to each level of the logistics process. In order to reduce inventory levels to a workable minimum and support timely deliveries, all raw-material sourcing, manufacturing, freight management, warehousing, and delivery components must have real-time inventory projections.

Right-sizing inventories at each level, smoothing out production schedules, and eliminating emergency deliveries will improve customer satisfaction, streamline the logistics process, and reduce costs.

### **Outsourcing Decisions**

Outsourcing to professional logistics companies does not have to mean a loss of control. Actually, many companies find they have much better oversight into the process than before.

With proper communication and builtin logistics processes and measures, the right third-party logistics provider can save your company money and vastly improve performance.

In order to reduce capital expenditures, staffing, and training costs and to maintain focus on core competencies, many services are best left to outside companies.

Outsourcing warehousing to a reliable logistics partner with multiple clients (like <u>BR Williams</u> in the southeastern US) can eliminate the need for investing funds in internal storage space and staff.

Outsourcing delivery services to a proven and reliable freight company can free up capital and reduce the headaches involved in managing timely deliveries.



### **Training and Orientation**



### UPGRADE INFORMATION SYSTEMS

Linking the various departments and outsourced logistics partners with the same real-time information is essential for eliminating gaps in the supply chain.

Knowing when, where, and how much inventory resides at each link of the chain is a key performance element.

Plus, these real-time systems can measure the performance and efficiency of each link of the logistics process. As your plan to measure and improve logistic processes evolves, developing a training and orientation program for all key internal and external participants is essential.

#### The purposes of this training should be to:

- Explain gaps in the current logistics process and what the strategy is to improve them
- Create a universal awareness of the program with all parties
- Present the measurements for each phase and set attainable objectives
- Open lines of communication among participants
- Demonstrate newly-implemented technology and real-time information capability
- Obtain complete buy-in for the program from all parties



### ABOUT BR WILLIAMS TRUCKING, INC.

With humble beginnings back in 1958, <u>BR Williams</u> has grown into an award-winning supply chain management company servicing all 48 contiguous states and Canada. With facilities in <u>Mobile AL</u>; <u>Piedmont, AL</u>; <u>Tallahassee</u>, <u>FL</u>; <u>Anniston, AL (two facilities)</u>; <u>Eastaboga, AL</u>; and <u>Oxford, AL</u>, B.R. Williams' distribution network supports over 50 customers and another 2,550 in the <u>Trucking</u> and <u>Logistics</u> divisions. Industries served include the following: automotive, defense, home improvement, education, food raw materials, textiles, chemical, industrial packaging, metals (finished goods), highway safety and more.

*To discuss your Distribution, Logistics, or Transportation Services options, please contact Matt Nelson at* <u>matt.nelson@brwilliams.com</u> or (800)-523-7963.

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