

3PL Checklist

Choosing and qualifying a Third Party Logistics Provider

Location:

1. Size of building
2. Number of bay doors (enough to ship and receive x amount of containers or trailers per day)
3. Close to ports, airports, railways
4. Close to major highways
5. Available space
6. Available space for busy / heavy shipping periods
7. Available space for expansion
8. Product mix: Complementary to yours? Same busy seasons or alternating busy seasons?

Equipment:

1. Pallet racks
2. Conveyors
3. Flow rack (for pick and pack)
4. Scanning stations
5. Packing tables
6. Carton sealing machines
7. Label printers
8. UPS/FedEx shipping stations with scales
9. Value-added department – specialized equipment for your product

Staffing:

1. Testing of employees for reading, writing, comprehension, basic language and dyslexia
2. Union or non-union staff
3. Temp agency staff or company workers
4. Turnover rate
5. Education, language and skill level of administrative support staff
6. Education and professional level of middle and senior management
7. Training procedures for new employees
8. Probation periods for new employees
9. Background checks of new employees
10. Disciplinary procedures for employees found making errors or stealing
11. Motivation methods for employees (merit based awards, raises and promotions or seniority based?)



Computer systems:

1. Reporting capabilities
2. Integration capabilities
3. File transfer capabilities
4. Modification possibilities
5. What are the shortcomings of their systems?
6. What are the shortcomings of your systems?
7. EDI and RFID capabilities?
8. Strong Inventory control capabilities
9. Strong location management capabilities

Flexibility:

1. Do they provide the necessary range of services?
2. Do they have partners or trusted suppliers for services they don't supply but you will need?
3. Shift times
4. Overtime when necessary, and cost of overtime
5. Weekend work
6. Ability to add staff – labor pool
7. Ability to handle rush or emergency orders – what is the lead time necessary?

Communication:

1. Who provides what information to whom – both ways?
2. What is the time frame for the information provided?
3. What is the method of transferring information? (Should always be in written/email form)
4. In what format is the information being passed along?
5. What information does the 3PL require from you?
6. What information will they provide you?
7. Review and define jargon and terms to be used.

Qualifications:

1. What is the 3PL's experience? How long in business?
2. Can they provide references?
3. Do they have experience shipping the same product as your company ships?
4. Do they have experience shipping to the same customers/consignees as your company?
5. What size customers do they handle?
6. What kind (corporate types) of customers do they handle?



Expectations of performance:

1. Timetables and deadlines for receiving and providing information
2. Timetables for receiving new merchandise
3. Timetables for shipping orders
4. Expected quantities of inbound and outbound merchandise.
5. Expected number of orders and units picked or shipped daily/weekly/monthly.
6. What is the division of duties? Review all aspects of information management and flow to determine who is responsible for what (for example: routing, backorders, invoicing, returns, POD tracking, QC inspections)
7. What are the shipping priorities?

Compliance:

1. Who is responsible for routing, packaging, and shipping guidelines?
2. Who is responsible for charge-backs? Under what circumstances? What is the 3PL legal limit of liability? What does their insurance and your insurance cover and under what circumstances?
3. Create quantifiable standards and measurements of performance.
4. Does the 3PL subscribe to the VCF Clearinghouse and do they use it?

Pricing:

1. Price structure that is easy to understand and easy to check
2. Invoices formatted to your specifications with proper backup documentation.
3. Comprehensive price quote. Include all possible services you may require.
4. Payment terms

Finding a true partner:

1. Do you feel they are honest, trustworthy and sincere?
2. Do you feel they have a passion for the business and a commitment to customer service?
3. Do they have the experience, education, and professionalism you require?
4. Do you feel you have found a 3PL that will truly partner with you?