



CRITICAL SUCCESS FACTORS OF TRANSITIONING TO A 3PL: PART 2 – IMPLEMENTATION & TRANSITION

Whitepaper written by:

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In Part One of this White Paper, we examined Terminus Apparel, a fictional company that was hasty in selecting a 3PL provider, which led to the company's demise. Part Two addresses the implementation and transition to a 3PL provider after a proper assessment and selection process has been completed.

Now that you have selected which provider you are going to use, it is time to organize. A Project Management team should be organized consisting of key members of your organization, the consultant, and the 3PL's leadership. Responsibilities need to be designated and enforced. A project schedule needs to be established with a set date to go-live. Having a set date provides motivation to get tasks finished on time. Key documents (i.e. current standard operating procedures, customer routing guides, etc.) should be shared with the 3PL team for them to review.

No different than any other project that one might participate in, communication amongst the project management team is vital to create a successful implementation and transition to a 3PL provider. Check-in meetings and calls to discuss the project's progress should be frequent and should facilitate the team to answer any open questions.

Next, a company should review their internal processes and work with the 3PL provider to ensure that the transition to new systems will be without issue. It is critical to ensure that any IT systems that the two groups utilize in daily operations are compatible and can communicate with one another. An example of this crosscompany communication would be the generation of orders from your company's ERP system being sent via EDI to the 3PL's warehouse management system. If the hiring of an IT consultant to assist in any required EDI development is needed, do not hesitate to take on the expense as this communication is

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essential for normal business operations. If old standard operating procedures need to be changed to allow for the integration of the two companies, work with the 3PL to ensure that new procedures work perfect with what they need on their end.

Once all IT systems are integrated, material handling equipment systems are installed, and the 3PL is ready to receive product, it is time to start the physical move from the internal DC to the new 3PL facility. A useful first step, if practical, is to do a full inventory of all stock on-hand and to make sure that the old WMS reflects accurate totals. This will assist the project management team in planning the move, as a more accurate on-hand inventory report will allow for a more accurate projection of the total number of loads it will take to move all the inventory. In order to move the stock as cost-effective as possible, it is important to put out a Request for Quote to several transportation carriers so that you can get the best cost possible. You can also utilize the consultant or the 3PL's transportation or brokerage departments to assist with the search as well if they operate in this area of logistics. If the move is going to be long distance, it might be more practical to choose an intermodal option to reduce costs.

On the operational side of the physical move, there are many things that you can do to ensure the move goes a smoothly as possible. To reduce the total number of loads, it is important to cube out the trailers with product as efficiently as possible. Empty space on a transfer to the new location is a costly waste and that cost can add up over the course of a move. You might find it easier on the front and the back end to begin with moving all full pallets at the beginning of the move, while saving the partial pallets and forward picking areas to the end. It is also recommended to supervise and inspect the loading of the product at the old warehouse and the receipt of the product at the new location. This direct supervision can reduce the amount of damage that might occur while in transit (due to faulty trailer loading techniques) or while it is being received off the trailer.

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Once all inventory has settled into its new home, it is time to go-live with operations out of the 3PL provider's warehouse. The first couple of days of a go-live will have hiccups, but it is important not to let those small issues snowball quickly into larger problems. Daily calls between the project management team are a must. These calls will allow the team to work through any problems that may pop up. It is recommended that a representative of the customer and the consultant be on-site for a go-live to cut down on any communication delays and ensure success.

When the go-live has been successful and operations out of the new location are stable, communication with the 3PL is still a necessity. While micromanaging your own account from off-site is not beneficial (and can also sour your relationship with your provider), it is important to stay connected with your provider so that you can assist the 3PL with any questions that might arise. Once all wrinkles have been ironed out and operations are succeeding at the 3PL, it is now time for your company to concentrate on the core competencies at which you excel.

Moving your company's warehousing and distribution operations to a third-party logistics provider is a decision that, when needed, can make or break the company's future. If done correctly, the selection and move to the right 3PL can provide a company with the opportunity to concentrate on the aspects of its business that it is best at, while outsourcing the logistics to a group that has the experience and skill set to handle your product as efficiently as possible. With the help of skilled, experienced supply chain consultant, your business can confidently make the decision to move to a 3PL that best meets your needs and continue to grow your business as much as possible.

Contact us at info@hy-tek.com or call us at 678.842.9114, if you want to learn more about 3PL Selection and Implementation.