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Opinion: 7 Questions to Reveal a True Logistics Pro

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By now, most of us have seen those TV commercials shown during the buildup to April 15 in which consumers realize their tax “professional” is actually a store clerk or a plumber. While humorous, the message was clear: Important jobs are better left to “true professionals.”

A similar question can be asked about logistics services: How do you know that a particular third-party logistics provider is a true professional, i.e., one that can effectively, efficiently and safely manage your specific freight activity and requirements?

It's not uncommon for nonlogistics personnel to assume all transportation services, modes and capabilities are basically the same. The equipment looks similar. The trucks travel on the same roads. A load is a load, isn't it? More important, some 3PLs claim to do it all. Accept that assurance at your own peril.

Here are seven fundamental questions to ask when assessing 3PLs as transportation service providers — especially if you are a shipper of products that are hazardous or require special handling:

- Is the provider's core capability primarily in transportation or is it in another logistics discipline?

Supply chains are multifaceted. Not every link in the chain needs the same type of expertise, support and systems. A 3PL that is strong in warehousing cannot be assumed to be equally strong in transportation. Obtain verifiable proof that the 3PL is active and effective as a transportation provider in the areas where you need support.

- Does the provider have specific expertise with your commodities and, for non-asset 3PLs, strong carrier relationships in your particular modes?

Just as supply chains are intricate, so are demands inside their transportation component. A 3PL whose forte is transporting consumer packaged goods may not understand the complexities of transporting bulk commodities or hazardous materials. Non-asset 3PLs must have healthy relationships with the best carriers in your particular modes. Confirm that the provider is well-versed in your particular product — and modal requirements — and ask the non-asset 3PLs about their carrier relationships.

- Is the provider offering the latest technological capabilities, and is it ideally suited to your market?

With the right transportation-management system, today's shipper can gain substantial control over its logistics network — as well as a significant competitive advantage. A 3PL offering best-of-breed software can provide that edge in a manner more cost-effective — and with faster results — than if the shipper purchases its own TMS.

But not all software products offer the same capabilities, and not all 3PLs have a TMS that can accommodate the functionality and integration needs of every shipper. Ask for a demonstration and customer references to confirm that the provider's TMS is up-to-date, flexible and fits your specific needs.

- Does the provider's operational staff possess significant experience and training in the proper and safe management of your type of commodities, especially if there is a hazardous component?

George Bernard Shaw wrote, "Everything happens to everybody sooner or later, if there is time enough." But today's shippers don't have time for a 3PL to learn on the fly and cannot risk the exposure in the meantime. They need a 3PL with experienced resources who can make an immediate positive impact. While technology has had a major impact on transportation, a significant "people" component remains. Inquire about the experience level of a 3PL's operations team, including training and certification programs in key areas such as hazardous materials or specialized requirements.

- Can the provider offer insights into market conditions, rates, carriers and other critical aspects of transportation, both for your market segment and for the broader transportation marketplace?

The competitive environment, the carrier market and the regulatory landscape are just a few of the dynamic elements of the supply chain. In order for a shipper to keep current, a 3PL is needed with access to up-to-date industry data, a keen understanding of the critical areas of the market and the ability to respond quickly to changes. Ask a potential provider to demonstrate how it stays informed and keeps customers informed.

- Is the provider's solution flexible, responsive and adaptable to your specific needs?

A key value of engaging a 3PL is the opportunity to leverage "best practices" the provider develops by serving many customers. But a "best practice" and a "canned solution" are very different animals. The 3PL's solution should take advantage of best lessons learned and its overall size and scope yet still be flexible enough to accommodate your specific needs and expectations. A "one-size-fits-all" approach is a recipe for disappointment.

- Does the provider demonstrate an appetite for being fully engaged in your business for continuous improvement, challenging the status quo and finding new and better ways to address your evolving needs?

One of the most vital elements of a healthy customer/3PL relationship is a robust key performance measurement program that includes a service-level agreement. Providers should be able to tell you how they track and report key data and what levels of service and response you can expect. In addition, explore how they conduct regular business reviews with customers to assess service and cost performance, identify areas for improvement and understand upcoming issues or events of their customer.

While there are many good 3PLs, not all are primarily transportation experts, offer state-of-the-art technology, and hire, train and retain operations staff with significant industry experience. Virtually no 3PL is expert in every industry, and only the very best are ready — or willing — to adjust and adapt their solution to fit customers' needs, with an eye toward doing it even better tomorrow.

If a 3PL can't answer at least five or six of these questions satisfactorily, you may be asking a grocery clerk or plumber to do your taxes. The very best of the 3PL breed will effectively address all seven items.

ChemLogix, Blue Bell, Pa., is a provider of chemical industry consulting services, TMS technology and comprehensive transportation-management services.