

# Buyer's Guide

How to Successfully  
Navigate the  
Search for a  
New 3PL Partner



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# Introduction

When it comes to choosing a 3PL partner, it's so important to get it right.

The *right* partner will ensure you deliver an exceptional experience for your customer that keeps it coming back for more.

But, the process of finding the right partner is notoriously difficult. How do you weed through a list of potential vendors to find the perfect fit? And, how do you build confidence with the stakeholders on your team to help them toward the best decision for your business?

This guide will help you do just that: navigate the process of finding a 3PL successfully. That means:

- Knowing the stages of the process so that you don't skip a step or wind up unprepared
- Understanding who on your team should be looped in and when
- Monitoring and preparing data to back up your decision to revisit your partner list
- Recognizing common mistakes to avoid in order to find a long term partner

While this process might be tough, the reward of working with a partner that can unlock growth, increase efficiency, and treat your customers like their own is well worth it—and within reach.

Good luck on your journey!

P.S. As you go through the process, you may also find the following assets helpful, as well.

- [A checklist](#) for what to look for in your next 3PL partner
- An [RFP template](#) and [step-by-step guide](#) for how to create your own



# When to Switch Your Logistics Provider





# There are two common reasons why you might look for a new logistics provider:

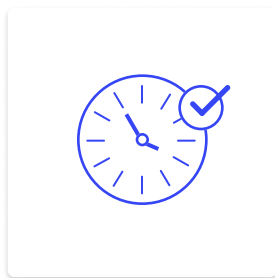
- 1) **Your current process is riddled with problems, and you want to improve your overall efficiency, affordability, and customer experience.**
- 2) **Your brand is growing larger than your current processes can support.**

If you've been working in supply chain long enough, you likely don't need beefy reports or charts to know that you need to make a change.

However, having data to back up your decision can be critical in winning over the hearts and minds of the other stakeholders at your company—the ones that will need to approve the decision. Here are a few metrics you can track in order to prove that your inventory and fulfillment process needs an overhaul.

## *Metrics: Measuring the Process Quality*

Track the following data points to ensure that your fulfillment processes are efficient and that you're enabling an exceptional customer experience.

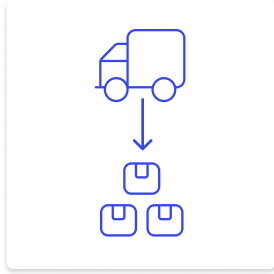


### **On-Time In-Full (OTIF) Percentage**

OTIF is the percentage of orders that were delivered within the agreed-upon delivery window with full quantities ordered. This is important to track, because it shows you how many of your orders are being completed and leaving the fulfillment center on time.

Generally, your OTIF should be above 99%. Not always, but it's common that your OTIF may dip a percentage or two due to a surprise marketing sale, and that's nothing to be concerned about.

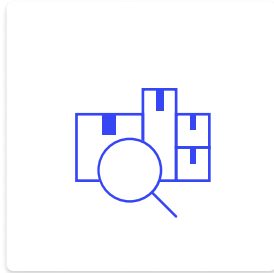
But, if your OTIF is hovering around 95% or less for multiple weeks in a row, it's time to start exploring other options.



## Dock-to-Stock Times

Another common problem: new inventory is collecting dust in the corner, waiting to be recorded into your 3PL's inventory system.

Especially if your products have high turnover or if you run a very lean inventory program (also known as just-in-time inventory), you'll want your 3PL provider to be diligent about unloading products within 24 hours of being received. Otherwise, you risk disappointing customers with late deliveries and/or unnecessary out-of-stock notices.



## Inventory Accuracy

Sure, every supply chain operator and manager has a PI (physical inventory count) horror story, but if inventory is regularly offbase, and you find your team or your vendor spending significant time and resources doing repeated inventory counts to get it right, it may be time to find a new partner.

Inventory accuracy can be improved by working with a tech-savvy partner. With the right OMS and WMS software, brands can get a true handle on their inventory and optimize its distribution across their network. Stord One Commerce, for example, is an order management software that helps brands access all the insights required to intelligently orchestrate and optimize their entire port-to-porch supply chain from a single platform.

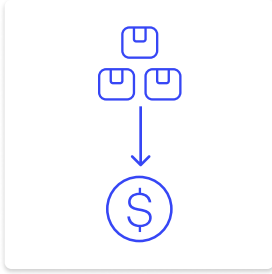
## *Metrics: Determine if You're Outgrowing Your Processes*

Next, you'll want to identify whether your current processes are keeping up with your company's growth.

Operators tend to take two approaches:

- 1) Talk to the Customer Support and Sales teams. Is Customer Support getting an increase in queries around late or missing orders? Alternatively, are there products that do not stay on the shelves?
- 2) Work with your Finance and Analytics teams to understand how your company is expected to scale in the coming years and whether your planned inventory levels can support that growth.

Ultimately, you want to monitor how much inventory you have on hand and how quickly it flows through your supply chain. These ratios can fluctuate as you grow, so you'll want to work with your team to determine an ideal ratio for your products and what ratio you would have to reach in order to consider expanding into larger or additional facilities - and whether your current 3PL partner, or your own capacity can handle it. Potential data points to watch include:

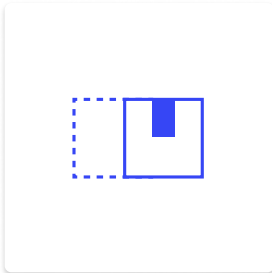


## Stock-to-Sales Ratio

This measure wether inventory on hand can meet demand. It is calculated as: beginning of month unit inventory / unit sales for the month. If your company did not adjust inventory numbers but started selling more products each month, the ratio would decrease.

What constitutes a healthy stock-to-sales ratio varies by industry. Jewelry, for example, is a product with an exceptionally long shelf life and low storage costs, so it can have a really high ratio and do well.

By monitoring stock-to-sales, you can decide how much inventory you need now, and use it as a barometer to determine when you need to start holding more inventory on site.



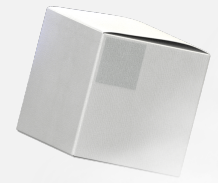
## Inventory Turnover Ratio

Another metric to track is Inventory turnover ratio which measures how efficiently a company uses its inventory. It is calculated by dividing the cost of goods sold by the average inventory value during the same period.

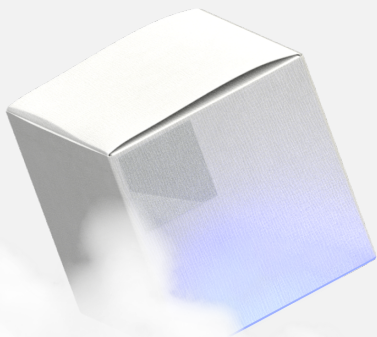
High inventory turnover ratios can indicate that a product is moving quickly or that there is not enough inventory on hand, while low ratios can indicate weak sales or too much inventory.

Again, identify a target inventory turnover ratio with your team, and then monitor it to help determine if and when you need to stock more or less product.

Finally, the efficiency metrics we listed earlier will likely suffer if you've outgrown your systems, so be sure to watch those, as well, if you're concerned about scaling.



# Timeline for Finding Your Next Partner







Once you've decided you're ready to find your next (or first) 3PL partner, you'll want to start planning the key milestones of your search, such as:

### Step 1: Research and Planning

- Have an initial meeting with stakeholders (explain the process, identify objectives, uncover any deal breakers, determine what constitutes a successful new partnership, etc.)
- Identify the companies you'd like to participate in your RFP
- Draft your RFP based on the specific needs you have for a partner
- (Consider whether you'd like to hire an agency to lead your search for you)

### Step 2: Kickstart the RFP Process

- Send the RFP to all desired participants
- Carve out time to meet with each of them to go over the request, answer any questions, etc.
- Participants will begin qualifying the opportunity, designing and pricing a potential solution

For more details about how to create an RFP, check out [our guide](#) and [template](#) here.

### Step 3: Review Proposals

- Loop in all stakeholders to meet with RFP participants and review their submission together
- Identify your short list of top candidates and notify them of their status

### Step 4: Facility Walkthroughs

- Coordinate site visits for the short list of final candidates
- Choose your new partner and notify them verbally

### Step 5: Contract Finalization and Execution

- Review and finalize the contract
- Agree on the timeline and plan to operationalize the program
- Start shipping

# Getting Stakeholder Buy-In





**Take a moment to consider the folks on your team that will need to approve the decision to partner with a new vendor, and make sure you're looping them in at the appropriate times.**

Buyer committees can include representatives from the following teams.

### OPERATIONS AND/OR SUPPLY CHAIN



**INVOLVEMENT LEVEL:** High



**PARTICIPATION:** Beginning to end



Direct contact and project lead

Naturally, ops and supply chain will play a primary role in the search for a new partner. This person should have information such as: how much inventory is currently on hand, where this inventory is located today, how many orders come in each day, and what channels those orders come from.

### E-COMMERCE AND/OR B2B



**INVOLVEMENT LEVEL:** High



**PARTICIPATION:** Beginning to end



Plays a significant role in the buyer committee

Make sure your e-commerce and/or B2B team members understand how your new partner will integrate with all sales channels and whether this partner can support your forecasted growth. These colleagues also usually have a basic understanding of the sales tech stack and can speak at a high level about the integrations required (e.g., sales channels) for this partnership to be successful.

### CUSTOMER EXPERIENCE



**INVOLVEMENT LEVEL:** Medium



**PARTICIPATION:** Middle of the process



Small to moderate role in the buyer committee

The Customer Experience team especially needs to know how this partner will improve your brand's relationship with your customer and streamline their responses to customer tickets. For example, how will they access order and tracking information to respond to WISMO (Where is My Order?) inquiries with this new platform?



## C-SUITE



**INVOLVEMENT LEVEL:** Medium to high (depending on company size)



**PARTICIPATION:** Middle to end



Key decision maker

Most C-suite executives, like the CEO, COO, CSCO, and/or CFO want to be closely involved in the decision making process. Make sure they're told early and often about what's going on, so there are no surprises at the finish line.

## IT AND SECURITY



**INVOLVEMENT LEVEL:** Medium



**PARTICIPATION:** Beginning to end



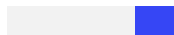
Small to moderate role in the buyer committee

Your IT team will be crucial in making sure your existing tech stack can integrate with the new partner's. While they may not need to join initial meetings, make sure they review RFP submissions to understand integration requirements and identify dealbreakers early on.

## LEGAL



**INVOLVEMENT LEVEL:** Medium

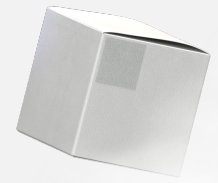


**PARTICIPATION:** End

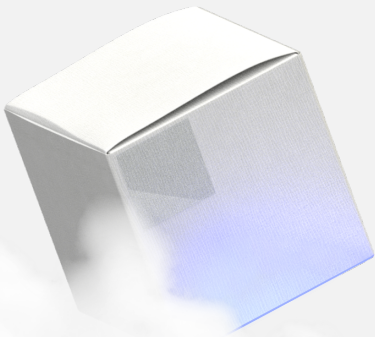


Small to moderate role in the buyer committee

Your Legal team will be critical in reviewing the contract and ensuring the terms meet your needs. While they likely won't need to participate towards the end of the process, it is considerate to give them a heads up that you're conducting this search so that they carve out some time to support you.



# Common Mistakes to Avoid





It's always disappointing when a brand <> 3PL relationship doesn't work out.

However, there are things you can ask and look for during the purchasing process to avoid and choosing the wrong 3PL partner.

Here's some advice from the operators and experts at Stord.

### *Shun Anything That Smells Generic*

“We see many brands fall for providers that don't spend any time getting to know the brand and what they uniquely need to be successful. Don't fall for an impressive logo wall, and the promise of getting the same plan as another customer. You want a partner that has the expertise but then customizes a plan for your business based on that expertise.”

- DAN KLENKAR, VP OF SALES

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### *Look for a Partner With Similar Values and Growth Trajectory as You*

“It's important to find a partner that's at a similar stage of their lifecycle to you. If you are growing rapidly and introducing new products and sales channels all the time, you want a partner that's also executing on their features and functionality at a high velocity and growing just as fast. Otherwise, you'll eventually outgrow your chosen partner.”

- GREG BICKSLER, HEAD OF SUPPLY CHAIN AT GOODR

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### *Don't Get Distracted By What's Cheapest*

“I've had potential customers choose another provider and then come back to me after a few months telling me they made the wrong decision. Why? Usually, it's related to price and promises. Don't fall for the cheapest option out there without first ensuring that they will treat you and your customers like a priority. And, if they make promises that seem too good to be true, make sure to validate their claims with references, historical reports, etc.”

- ALEX KENT, DIRECTOR OF SALES



# About Stord

**Stord offers freight, fulfillment, warehousing, packaging, and parcel / last mile delivery for B2C and B2B with the integrated software you need to orchestrate, scale, and optimize your entire supply chain.**

For companies moving physical goods, Stord is the **cloud supply chain platform** that combines the **speed and flexibility of the cloud** with the **physical supply chain infrastructure** required to compete. Stord's cloud software connects to your existing systems with a single integration, providing an unmatched ability to analyze and optimize your entire supply chain, including inventory.

Stord's platform is backed by a first-party warehouse network that reaches 99% of the U.S. in 2 days or less, augmented by a premier partner network of thousands of facilities and transportation carriers available when and where you need capacity, ensuring orders are delivered on time and to the right place.

DATE  
FOUNDED

**2015**

FUNDING  
RAISED

**\$300MM+**

ACTIVE  
WAREHOUSES

**1,000+**

CARRIER  
NETWORK

**20,000+**

## Who We Are

Stord is the pioneer of Cloud Supply Chain, enabling companies to compete and grow with world-class logistics – including warehousing, freight, fulfillment, packaging, and parcel / last mile delivery – in a single, integrated platform that's available exactly when and where they need it. Hundreds of B2B and B2C companies like Body Armor, Advanced AutoParts, and Dollar General use Stord to make their supply chains perform with the speed, flexibility, and ease of the cloud.

Led by former operators from Amazon, XPO, and Manhattan Associates, Stord is backed by Kleiner Perkins, BOND, Franklin Templeton, Founders Fund, Lux Capital, D1 Capital, Salesforce Ventures, Susa Ventures, and Lineage Logistics.

mindbodygreen

**BOOM!**  
BY CINDY JOSEPH

**NATIVE**

**it** COSMETICS



**ECOLAB**

**DYPER**

**Coca-Cola**  
BOTTLING COMPANY

**THRASIO**

**fur**

**TULA**

**beam**

**BODYARMOR**

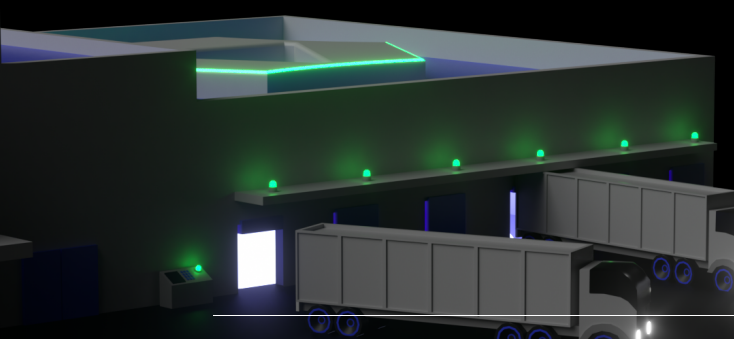
**Advance**  
Auto Parts

**GROOVE LIFE**

**CRYSTAL GEYSER**  
NATURAL

**ipg** intertape  
polymer  
group

**DOLLAR GENERAL**





MAKE YOUR SUPPLY CHAIN A COMPETITIVE ADVANTAGE - [STORD.COM](https://stord.com)

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