

The OneRail Industry Insights Blog

4 Tips for Managing 3PL Performance

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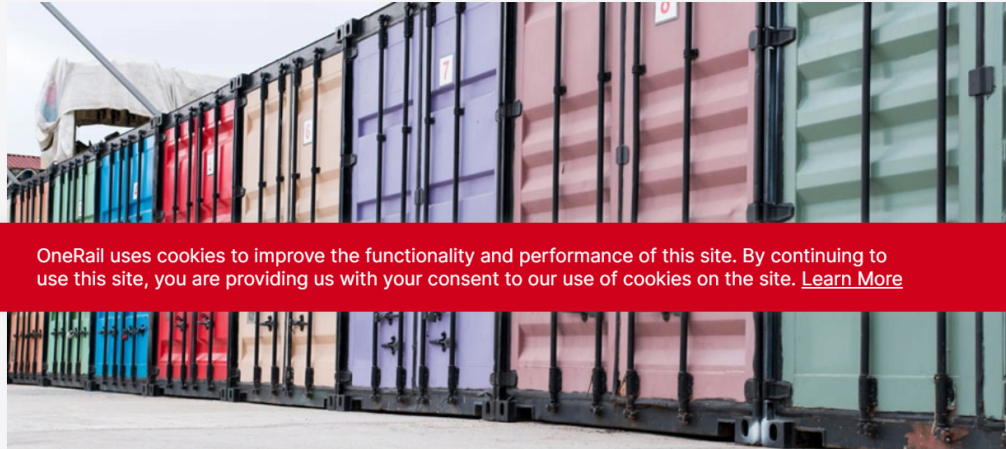
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In 2021, disruptions to the supply chain [cost the U.S. \\$228 million](#). Of the companies who experienced supply chain issues, 36% reported lost revenue. At the same time, lingering Covid-19 concerns kept demand for faster online ordering and fulfillment high.

If you're struggling to get products into customers' hands as quickly as they'd like, building or expanding your 3PL network can make your life easier. Using the below tips for managing 3PL performance will help cut costs and improve customer satisfaction — *if* you manage your third-party carrier network wisely.

Outsourcing your [last mile delivery](#) can ease your shipping burden — but it also comes with some loss of direct involvement with the fulfillment process. If you take too much of a hands-off approach to your 3PL network, you can lose the benefits it should provide.

To mitigate the risk of losing control over your last mile, keep in mind these 4 tips for managing 3PL performance:

1. Communicate effectively with 3PL providers

Effective communication with a 3PL provider is [more than just scheduling and tracking deliveries](#). Transparency between you and your carrier network about your shared goals and expectations can prevent and/or solve a lot of problems.

Decide which KPIs (key performance indicators) you'll monitor — more on that in a moment — and then set a regular meeting time (daily, weekly, or whatever schedule makes sense for you) to keep your 3PL provider in the loop. You'll also need to make them aware of potential high-volume times, like new product launches, product recalls or sale events. This helps ensure your carriers can plan for added capacity and you won't have to scramble to find available truck space at the last minute.

2. Track the right KPIs for managing 3PL performance

Monitoring [the right metrics](#) is crucial to analyzing your 3PL network performance and making improvements as necessary. Which 3PL performance metrics you choose to track depends on your goals, but here are some important numbers to consider:

- **On-time shipping percentage.** Oracle's 2021 retail trends report found that 83% of customers consider estimated delivery time an important factor when ordering, and 74% expect a 1-5 day delivery window. If you're promising those fast delivery speeds and then not meeting those promises most of the time, your customer loyalty is going to take a big hit. You need to know exactly how many on-time deliveries your 3PL carriers are making.
- **Order time-to-fill.** The time it takes from your customer placing an order to the package leaving the warehouse can make or break that on-time shipping number above.
- **Cost per unit shipped.** The appropriate cost per unit will vary depending on what you're shipping, but if it's steadily increasing, it may be an indicator that errors and other issues are causing higher expenses.

3. Use the right 3PL logistics software

Any last mile logistics platform can track a truck, but you need more than that if you're managing a complex 3PL network. A good software solution provides real-time visibility with [dynamic routing and rerouting to avoid potential exceptions](#) on the fly. It should also integrate with the systems you and your carrier use, so you don't have to log into a dozen different web portals to get shipping updates.

And your 3PL logistics software gets bonus points if it offers your branding on a customer portal, so your customers get a seamless experience from ordering to delivery.

4. Choose a proven partner

Managing your 3PL network on your own can eat up a lot of time you could spend on other business goals. Choosing a partner to automate deliveries, find the best rates, and keep track of the data can eliminate a lot of headaches.

At OneRail, we do all of that for you – and more. First, we will [smart-match your shipment to the best courier and mode](#) from our [network](#) of 270 carrier companies, 65 3PLs and 8.2 million drivers. We'll even [rate shop on your behalf](#), so you can choose the right carrier and price without having to call around. Easy-peasy.

Once your customer's order is on the road, our [Exceptions Assist™](#) team collaborates with you, with the courier and with the customer. Our API pulls in data to predict and avoid exceptions before they happen, and delivers branded notifications and alerts to keep your customers informed.

With smart automation that spots inefficiencies and [optimizes your last mile](#), you can lower your operational costs by 40-70% — and we speed up fulfillment by an average of 35%.

Take control of your last mile. To learn more about last mile delivery solutions for 3PL and see how your network can run smoothly, [get in touch today](#).

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