

# Growing Your Business: How A 3PL Can Help

As businesses become more laser focused on growth, corporate leaders look to develop strategic vision to reach their company's desired future state and expansion goals.

Even if companies can develop a vision for their future state, the larger challenge is to execute against that vision to achieve long-term value creation. With commodity costs up, many organizations say they have done all they know to do. Their operations run as well as can be expected. It's a challenge for them to hit their numbers. Headcount is tight. Acquisition may not be an option.

So how do North American companies grow into their desired future state and increase economic profit? Executives increasingly are recognizing supply chain holds the key, as the heartbeat of their business. Research shows supply chain excellence increases economic profit, helps the bottom line and improves the overall financial health of an organization.

Third-party logistics (3PL) providers can help with shipping, but can they actually help a company grow? Yes. Outstanding 3PLs will understand the current state of a client's entire operation from when a client receives an order until that order delivers. A strategic partner will help the client create additional value over the long term. This is achieved by creating efficient transportation and distribution networks focused on reducing cost and risk in the supply chain and across the entire enterprise.

Just as the road to value creation for any business begins with evaluation, so does the road to supply chain optimization. Prior to developing a comprehensive supply chain strategy, supply chain evaluation should begin with a thorough assessment of the entire order-to-cash cycle that places emphasis on understanding key departmental metrics in Purchasing, Finance, Customer Service, Production and Shipping, among others.

Understanding the current state can eliminate failed expectations and is paramount in the development of a strategy that emphasizes long-term value creation across all areas of the company, rather than simply reducing logistics costs. More importantly, clients will also achieve and sustain value by fostering continuous improvement across the supply chain and throughout the organization. The end result of the synergy between the 3PL and the client is long-term growth that the client may never have achieved alone.

In the interest of providing innovative solutions, it is the job of the 3PL to think of strategies that clients haven't thought of yet. Or maybe they've thought about them but have no resources or bandwidth to execute those ideas.

For example, perhaps a client is regionally focused but has eyes on new, potentially lucrative geographic markets. But, their ability to service the new market is hampered by the location of their current distribution points. Knowing the client's current state and future growth plans, the 3PL should be able to build a strategy to quickly and easily move the client into the new market by providing connections to full-service warehouses that the client would not have had otherwise.

Rather than forcing solutions upon a client, the 3PL should capitalize on the client's knowledge to best serve the client's needs, making astute recommendations while keeping the ultimate execution decision in the hands of the client. This co-managed approach creates synergies, driving the long-term growth necessary to achieve market dominance.

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