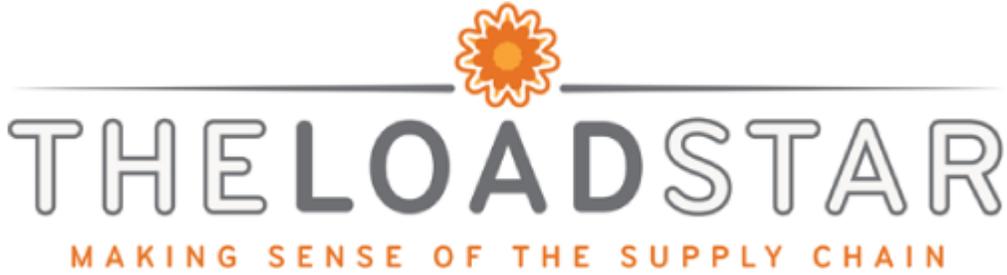




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The right strategic relationships are key to optimising successfu

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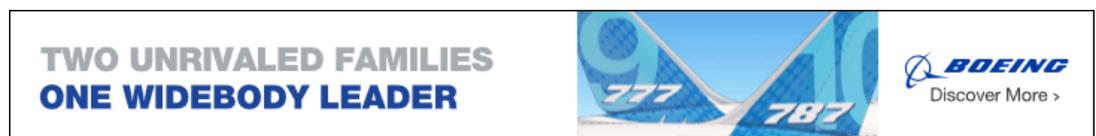
By [Jon Slangerup](#) 08/10/2018

As the needs of supply chain managers change, many are also finding their supply chain relationships very different from those of a few years ago.

Between shrinking delivery timelines, the demands of omnichannel fulfilment and global trade uncertainties, managing a modern supply chain is more complex than ever.

Recent US-Chinese tariffs have many supply chain professionals scrambling to import goods before the duties take effect, leading to [record-breaking cargo volumes](#) this summer at west coast ports. Organisations are also bracing for the peak shipping season to take effect this autumn, while wondering if 2018 will bring a repeat of [2017's destructive hurricanes](#) and resulting supply chain disruptions. Amid all this activity, the importance of an agile supply chain is clear.

Businesses have long relied on external supply chain partners to help manage these complexities, and for good reason. One Gartner study found that strategic supply chain outsourcing can help companies [save up to 20% on supply chain costs](#) over five years. The right partner can help organisations stay competitive by pivoting quickly when supply chain conditions change, providing visibility into freight movements, and offering insights to improve productivity and efficiency.



As businesses face growing supply chain pressures, however, their expectations of and relationships with these partners are also undergoing a transformation. From the emerging 4PL model to increased digitisation among 3PL providers, businesses have more options than ever to get their goods from point A to B.

3PL vs 4PL

For most supply chain-driven businesses, tasking 3PLs with functions like shipping, packing and warehousing is nothing new. What is changing, however, is the delivery of those 3PL services. Many 3PLs looking to stay ahead of the game are developing their own technology platforms, giving their customers greater access to timely data about their shipments.

A 2017 *Logistics Trends and Insights* survey found that 58% of respondents believe **digitisation among all freight forwarders** will be the most common industry improvement over the next five years. That combination of technology and logistics support is driving more businesses to leverage 3PL services, with the global 3PL market **expected to reach \$1.24trn by 2025**.

While partnering with a 3PL can help companies optimise shipping costs and improve operating efficiencies, businesses that rely on multiple 3PLs for different parts of the supply chain still need a single source of truth for all supply chain activity. While some businesses provide that oversight in-house, others are looking to fourth-party logistics providers, or 4PLs, to deliver.

Also known as supply-chain-as-a-service (SCaaS), a 4PL oversees all aspects of supply chain operations. For companies that use several 3PLs to move their cargo, a 4PL can help enhance end-to-end visibility by bringing disparate supply chain information under one roof. This model relies on a centralised platform that offers data on all providers, modes and steps in the supply chain journey.

The keys to a successful partnership

For companies looking to optimise their supply chains, choosing the right type of external support can be daunting. Regardless of whether you rely on a 3PL, 4PL or both, your provider should function as a true extension of your business, providing clear and constant communication to keep your shipments moving seamlessly. Whether you're choosing a new partner or evaluating your current mix, here are three areas to consider:

- **Who is your day-to-day contact?** Successful supply chain partnerships are built on strong relationships and service. With 70% of businesses experiencing a supply

chain disruption over the past year, a knowledgeable partner makes all the difference when you need to source capacity or encounter a customs snag. Look for a partner who establishes a single point of contact for your business, takes the time to learn your business processes and goals, and has the industry expertise and relationships to find creative solutions quickly when needed.

- **Is the provider's technology agile and secure?** Technology is the backbone of the modern supply chain. Your provider's platform should be agile enough to accommodate your organisation's unique processes, and provide web-based access so factories, suppliers, carriers and others can access information around the globe. Whether you oversee supply chain management internally or use a 4PL, establishing a centralised platform that pulls various data into one spot is also key for visibility.
- **How will you measure supply chain success?** Every supply chain partner should be prepared to provide KPIs that are meaningful and actionable to your business. For example, if a certain ocean carrier says it takes 25 days to travel from South China but your last 10 shipments took 30 days, you can adjust your timelines – or your carrier allocations – accordingly.

With pressure seemingly coming from all sides, businesses need a solid plan to enhance supply chain efficiency and mitigate risk. No matter how you approach supply chain management, the right partnerships can significantly improve your planning, execution and overall competitiveness.

*This is a guest post by Jon Slangerup (pictured above) is chairman and chief executive of **American Global Logistics**, one of the fastest-growing international supply chain and logistics solutions companies in the world. Previously, Jon was chief executive of Port of Long Beach, and prior to that was president of FedEx Canada.*