

Are Conditions Right to Outsource Your Transportation Management?

With regular technological advancements, supply chain constraints, and rapidly changing consumer marketplaces, many shippers may consider outsourcing the management of their transportation to the expertise of a third-party logistics (3PL) provider. But handing over control can be scary, despite the potential efficiency gains from partnering with an experienced 3PL. We asked Paul Jensen, Ruan's Senior Vice President of Supply Chain Solutions, how shippers can decide if conditions are right to outsource their transportation management.



Q: How might shippers know that they're not performing as efficiently as they could be in their transportation solution?

That's a good question because typically they don't. It's difficult to know that information if you don't have external benchmarks that show how others in similar industries are operating their transportation network. This might include cost per unit (piece, pound, or case), on-time pickup and delivery rates, the claims ratio, and utilization. One of the benefits of having a large 3PL as your transportation partner is their visibility to several data points across industry verticals and into the entire domestic transportation network. Transportation service providers like Ruan have access to benchmarks that tell us what "good" looks like. That's one of the challenges for shippers as they go through the outsourcing process—to allow a partner to determine if they're performing well or not, based on their current performance against industry benchmarks, and then to trust the partner to execute improvements.

Q: What kinds of companies are good candidates for outsourcing?

First, if a shipper doesn't have great tools for visibility, optimization, post-activity analysis, and reporting, they should consider outsourcing to a 3PL who has advanced transportation management system (TMS) technology and the expertise to operate it. Some companies buy technology and think it will solve their problems. The reality is that the TMS platform is just the foundation. You must also have great people to operate the platform, as well as configure, support, and maintain it on an ongoing basis. A mid-sized shipper would find it difficult to justify the cost of acquiring, implementing, and maintaining that technical tool set and team.

Second, if a shipper has a dispersed shipping environment, they are a prime candidate to benefit from outsourcing transportation management. Often, a shipper will operate multiple sites—whether they be plants or distribution centers—where transportation functions are planned at each of those locations individually rather than centrally. These shippers can gain full network visibility and realize efficiency improvements by partnering with a 3PL who can consolidate transportation planning and execution in a centralized environment.

Q: What makes Ruan unique as a 3PL partner of choice in transportation management?

Most 3PL operations specializing in transportation execution come from a carrier background. As a result, they think like a carrier. Ruan has been able to turn that on its head with the technology we use and the people we've built the organization around. Simply put, we approach transportation and logistics with a shipper mindset; our teams think like our customer would in terms of executing transportation. That involves not just the optimization of a given set of orders, but also in determining what great performance looks like in the transportation process—from the shipper's perspective. Ruan can do this because we use a TMS platform that was designed and built for shippers, which allows us to collect data as if we're the shipper and use that data to inform shipper-like decisions. The way we support this platform is also dramatically different from our competitors. Our technology support team is unrivaled in the industry in experience with the platform and experience in transportation. Moreover, our support team sits in the same physical space as our operations team. They're supporting our operators to allow the configuration of the platform to deliver the right product for our customers as their businesses evolve. Truly, it's our goal to act as a natural extension of our shipper partner.

Want to learn more about how Ruan can enhance your transportation management process?
Contact us today for a free analysis by emailing Solutions@ruan.com or calling (866) 782-6669.



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