

CASE STUDY

HOW SUMMIT LED THEIR CLIENT TO THE RIGHT 3PL

WINS

-  Identified a cost benefit to replace their 3PL
-  Expert-led process with focused RFP
-  Identified the best 3PL for the company based on performance and location
-  20% reduction in operating costs
-  Faster delivery speeds and improved customer experience

CLIENT AT A GLANCE

-  Founded in 1985
-  One of the largest public companies in the U.S.
-  Headquarters in NYC
-  Direct to Consumer (DTC), Wholesale and Special Event fulfillment operations

BACKGROUND

One of the largest public companies in the U.S. reached out to Summit Advisory Team with a problem: They were experiencing friction and customer experience challenges with their DTC 3PL provider and suspected they would benefit from making a switch. However, the client didn't have the bandwidth or the procurement team to perform the in-depth analysis needed to justify the change and find a new provider. They knew the team at Summit had the expertise needed to partner with them through the process.

OBJECTIVE

The client knew that switching to a different 3PL would be a major undertaking that could cause operational disruption, implementation challenges, and unexpected costs. They wanted to first validate the performance with their existing provider, understand their demand and speed profile, and then validate that making a change would create value within their supply chain and customer experience. The client also wanted to minimize the disruption within their supply chain and core business operations throughout the process. They met with the experts at Summit Advisory and developed a three-phase plan.

METHODS

Phase 1: Assessment

Summit conducted an eight-week assessment of the client's DTC supply chain that included the fulfillment provider's performance, costs, and speed. The Summit team analyzed the contract and the agreement with the client's current 3PL and conducted workshops to determine internal pain points. Results, partially derived using EasyPost Analytics data, showed that the 3PL was underperforming and did not meet expectations of their SLAs (Service Level Agreements). In addition, there were material financial benefits on the table if the client moved to a new more mature 3PL with fulfillment nodes in the central U.S. The Summit team advised that it would be in their client's best interest to find a new 3PL in order to better align with their complex needs and serve customers and shareholders more effectively.

Phase 2: Proposals

The team at Summit developed a thorough RFP (Request for Proposal) based on the client's specific business requirements. Leveraging their extensive experience in omnichannel and supply chain, Summit Advisory developed a focused RFP that addressed all critical



WINS



Identified a cost benefit to replace their 3PL



Expert-led process with focused RFP



Identified the best 3PL for the company based on performance and location



20% reduction in operating costs



Faster delivery speeds and improved customer experience

operational details. By curating a deep understanding of the client's goals and business requirements, Summit provided RFP participants a comprehensive 3PL RFP that included all the relevant and critical operational details necessary to foster a strong and aligned 3PL partnership. Creating a detailed and client-specific RFP was critical and led to more accurate responses from the participants, ensuring a more fine-tuned alignment.

Summit conducted initial screening calls with twelve potential 3PLs to determine if they were, at a high level, a good fit for the client. Working together, the client and Summit Advisory Team identified eight of the twelve that would potentially be a fit, and then through collaborative workshops, narrowed the RFP pool down to five final participants. The experts at Summit Advisory Team fielded questions from the five potential 3PLs and scored each participant based on their responses and their ability to meet the client's complex needs. The needs of the client were quantified by the team at Summit and included, in part, the following:

- Ability to scale, fulfillment performance & cost
- Preferred locations based on center of gravity analysis
- Experience with similar merchandise
- Business characteristics such as the ability to handle volume spikes
- Ability to meet ESG requirements

With responses in hand, they compiled the results and created a side-by-side comparison of responses to the proposal, conducted a cost assessment, and scored each response. Recommendations were made according to how the participants met each requirement. Summit then narrowed the list down to the top three and then took the time to vet each candidate. The vetting process included site visits, focused calls, Q&As, demos, and a focused assessment of the OMS (order management system) in order to determine which 3PL was the best fit for their client.

RESULTS

In the Phase 1 assessment, the Summit team identified a cost and service benefit to replacing the company's 3PL with one more tailored to their needs. As they moved to Phase 2, the team created a RFP that reflected the needs of the company in a very focused and precise way. Barrett A. Ilic, Director of Business Development at Ryder Systems, one of the potential 3PLs, had this to say about that process: "Working with Summit was an absolute pleasure. With their extensive experience on the brand and retail side of the supply chain industry, they possess a remarkable understanding of their clients' specific needs and the pain points that require addressing. Their process was seamless, effectively bridging the gap between all parties while consistently prioritizing their clients' best interests. It's rare to find consultants with such a creative, outside-the-box approach, which really helped us in crafting the most relevant and competitive solution possible."

By narrowing the field down from twelve to five and then thoroughly vetting the top three, the Summit team presented the best possible options to their client, highlighting the pros and cons of each. Summit was able to quantify the cost benefit of partnering with the right 3PL in both annual operating and transportation costs. The move to a new provider will give the client faster speed to the customer, improved customer experience, and a 20% reduction in operating costs, at minimum.

Working with the Summit team as an extension of their procurement or Supply Chain team, the client had absolute confidence in the recommendations in order to move forward with a change.