

Outsourcing Case study

Cosmetics manufacturer

Apprise Consulting Ltd were approached by a cosmetics company which was worried about the potential effects of a “no deal Brexit” on their business.

The company delivered throughout Europe from an outsourced warehouse in the Netherlands. In order to safeguard their UK on-line business, they decided to operate with a two-centre system by utilising a third-party warehouse in the UK.

The client provided a comprehensive data pack which included sales data for the previous 12 months, storage requirement, product dimensions, delivery addresses together with specific logistics requirements including a video of the value adding services required.

Apprise was asked to find a suitable 3PL in the UK who could partner with the cosmetics company.

Apprise researched the market and found seventeen 3PLs who had experience within the e-fulfilment and cosmetics sector.

Interestingly, of those 17 companies, three companies had a ‘sales@’ e-mail address and an enquiry form rather than a direct line to a sales person. All three failed to register interest.

Each of the remaining companies was sent a Request for Information (RFI).

The companies were provided with the company background, headline data and timescale. They were also asked for the following information:

1. Experience in e-fulfilment of cosmetics and skin care products or similar
2. Current relevant customer base
3. Services carried out within the warehouse including Value adding services
4. WMS system used and experience of interfacing with the company’s ERP system
5. Ability of the WMS to allow clients full visibility of stock and real-time stock updates
6. Does your warehouse have bonded status (if not, are you likely to apply for it in the near future?) – Important if duty becomes payable on these items in the future.
7. Latest order cut-off time for next day delivery to mainland UK
8. Proposed location based on the above data and size of warehouse
9. Is there space for expansion?
10. Which courier companies do you have agreements with?
11. Do you have any agreements/arrangements with any click and collect companies?
12. KPI currently being achieved with clients
13. Warehouse operating times
14. Number of years in business and ultimate owner

These were all areas which were very important to the client.

Based on the responses eight companies were shortlisted and sent a Non-disclosure agreement (NDA). On receipt of the NDA the full Request for Proposal (RFP) was sent.

The RFP included all the relevant data together with the timetable and video of the current pick and pack process.

The 3PLs were encouraged to send in questions and all responses were copied to each participant ensuring that everyone was working with the same data and information.

The 3PLs were not given a rate schedule template. They were allowed to produce their own schedule of rates and were encouraged to be innovative.

A decision table was produced in anticipation of the replies.

Criteria	Weight
Existing cosmetics customers	25
IT capability – WMS and online portal	25
ERP integration experience	25
Cost and innovation	20
Implementation plan and timing	20
Order cut off time for next day delivery	20
Warehouse operating days and times	15
Lot no. expiry date management	15
Comprehensive Value Adding Services (VAS)	10
Bonded warehouse?	5
Location	5
Payment terms	5
Contract length	5
Company turnover	5

On receipt of the completed RFPs each response was examined thoroughly and marked against the decision table.

Based on the rate schedules produced by the 3PLs Apprise Consulting calculated the total cost for each 3PL. These costs were sent back to the 3PLs for verification.

Based on the results of the Decision table, four companies were short-listed and arrangements made to visit the sites over a two day period.

A second decision table was produced based on the visit which took into account the above together with the following:

- Quality of management
- Timely response to queries
- Company culture
- Warehouse environment and cleanliness

The successful company ensured that two of their directors were present at the meeting, they responded quickly to all additional questions and the warehouse was seen to be clean and efficient.

One of the warehouses visited was very untidy with damaged products at the pick face. First impressions are very important at this stage.

Two companies were short-listed and references were taken up from existing clients.

A letter of intent was sent to the successful company.

The process began on the 17th October 2018 and the letter of intent was sent out on the 21st December.

The process ran smoothly because of the comprehensive data produced by the client and the communication between the 3PLs, the consultant and the client.

About the Author

Gwynne Richards is a logistics consultant and trainer with over 35 years' experience in logistics outsourcing. He is the co-author, alongside Jo Godsmark from Big Change of The Logistics Outsourcing Handbook, a comprehensive guide to outsourcing logistics services.

ESSENTIAL READING FOR SUPPLY CHAIN AND WAREHOUSE MANAGERS.



Gwynne Richards has over thirty years' experience in warehouse management and logistics. As well as running his own successful logistics consultancy, he provides a number of courses on warehouse and transport management for practitioners.

