Selecting The Best Logistics Partners In Global Trade

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AGENDA

• Importance of Logistics Strategy and Risk Assessment
• Criteria you should look for in the right partner
• How to negotiate for best rates/service
• Why you need a seasoned logistics manager or consultant
Logistics Management

- Logistics Management is that part of Supply Chain Management that plans, implements, and controls the efficient, effective forward and reverse flow and storage of goods, services and related information between the point of origin and the point of consumption in order to meet customers' requirements.
There is a lot more to logistics than just tactical decisions about transportation and warehousing........

You need a logistics strategy!
Logistics Is Not A
“One Size Fits All” Solution.
What would happen to the future of your firm if a competitor could:

- Deliver an equivalent value faster or more consistently to your customer
- Provide the same level of service with half of your inventory
- Provide the same level of service with a significantly lower asset investment
- Reduce transaction cost by 50% or more
- Provide customized product, shipments and transactions and turn on a dime
- Develop an off-shore customer growing their business and building strategic diversity and protection for uncertain times

What if your competitor could do all of these things???
The Supply Chain is constantly changing. Logistics must be agile and flexible to adapt and ensure service to customers.

Companies that SURVIVE and THRIVE are the one’s who have a LOGISTICS strategy and are able to pivot without causing the whole thing to fall apart.
Supply Chain/Logistics Risk Assessment

Do you have the ability to Pivot or are you at risk when crisis hits?

• Trade wars
• Pandemic
• Capacity Issues/Equipment availability
• Steamship line bankruptcies

When things go wrong, and they will, do you have a strategy and a partner to help you through?
Supply Chain Risk

- Need to understand your Supply Chain from a Risk Perspective
- Your Risk will be dependent on your partners’ ability to respond
- Visibility: We see it coming
- Capability: To react to it
- Resilience: Ability to see it through and create stability
“If the rate of change internally is less than the external rate of change, the end is in sight”

Jack Welch, CEO, General Electric
Logistics should not be thought of as a cost of doing business because it is not. It’s a competitive differentiation.

- The ability to deliver on time, to destination of choice, in a manner pleasing to the customer so that the experience is seamless to them and at competitive rates is central to the corporate strategy of business.

- Success in global trade is heavily dependent on choosing the right freight forwarder and logistics partners. Sales and a good product are important but if the delivery and service are not there, success will not be either.

- The wrong choice can derail your global growth efforts
- The right choice can propel your global growth efforts
Are you looking for a Provider? Or a Partner?

There is a difference!
What should you be looking for in Selecting the Best Logistics Partner?

• Network of global agents/offices
• Relationships with Carriers/Govt. Agencies
• Customer Service/Dedicated Person
• Financial Stability
• Reputation
• Services offered
• Technology/Tracking/Visibility
• Experience
• Consulting/Compliance Assistance
Network of Global Agents/Offices

- Do they have an office in the country you plan to export to/import from?
- Do they have offices in other countries you may plan to do business with, in the future?
- Are they a large corporate freight forwarder or a smaller company with an agent network?

Notice that I didn’t say are they located near you. Geographic location of your forwarder in the US isn’t important unless it is important to you and your strategy.
**Relationships with Carriers and Gov’t Agencies**

- Do they have relationships with a large carrier base or limited?
- Do they have strong contacts at government agencies globally?
- Do they have relationships with other providers of logistics for services they don’t directly offer such as warehousing, compliance, technology, trucking?
Customer Service

Do they have one way of doing things or will they tailor things to your needs and specifications with an SOP?

Do they offer a dedicated contact person (and a back up person trained on your account)?

Will they help to guide you on what you need to know, documents needed, regulations in various countries you may be subject to?

Will they keep you informed on critical changes in the market such as price fluctuations, capacity constraints?

Will they offer transparency in pricing and offer rate sheets regularly? Will they tell you when you should ship via another mode to save money?
Financial Stability

- Are they profitable?
- Have they had any credit issues?
- Are they growing?
- Do they have a plan to weather storms and shifts in market conditions?
Reputation

Will they provide References?

Do they have any complaints against them?

Do they have any violations with Government regulations?

How long have they been in business?

Are there any reviews/testimonials and can you verify them?
Services Offered

• Do they have any specialty markets/niche markets they serve?
• Are they an NVOCC?
• What modes of transport do they provide (Ocean, Air, Rail, Truck, Intermodal)?
• Do they provide consolidation services?
• Do they offer Warehousing? And Distribution Services?
• Do they offer Domestic services?
• Are they a customs broker?
• Do they provide any consulting or compliance training/assistance?
• What value-ad services do they offer?
Technology

Are they investing in technology systems and equipment? Are they innovating?

Can they offer online tracking services?

Do they offer electronic documents in their tracking system?

Can they provide custom reports?

Is their technology connected to their agents offices with seamless transfer of information?
Experience

- How many years have they been in business?
- Are they growing? Do they have continuous improvement goals?
- How do they handle problems with shipments?
- Are they prepared to deal with strikes and port shutdowns?
- Do they have knowledge and experience with customs issues?
- How did they handle the Hanjin bankruptcy situation?
- How are they dealing with Covid-19?
Consulting/Compliance Assistance

- Do they offer any consulting services to help you grow your business and international logistics strategy?
- Do they have any training programs or seminars?
- Do they have a compliance consulting division?
What About Price?
When you are interviewing for a new job, you typically don’t ask for salary up front. Employer wants to make sure you are the right FIT for the job and you need to make sure it is the right company for you. It is after that the money negotiations take place.

Finding a logistics partner is the same thing! It’s a job interview. You SHOULD interview them. They already know what price they are looking for and you already know what you are willing to pay. Money negotiations should only happen AFTER you have determined they are the right partner.

*Price should not be first criteria! Partnership has value!*
Bids Don’t Work!

Partnership Works!

**BIDS**

- Bids are price driven – hoping that the lowest priced provider will meet your needs.
- Bids are Time Consuming for you and the logistics provider.
- Implementation of new providers takes time and often is riddled with problems and service failures.
- Cheap does not mean LOW COST. What is the service cost to you if you lose a customer?
- Bids are NOT about partnership and do not take the value equation into consideration.

**PARTNERSHIP**

- Partnership isn’t about the lowest price as first criteria. It’s about Value, on Time Delivery, Consistent Customer Service and finding someone who will represent your company well.
- Partnership is about finding a company that will be there when things go wrong – and they will. It is not an IF in logistics........It’s a WHEN.
Q: Should you select the freight provider and pay the freight or your Supplier/Customer?

A: You should control as much of the freight process as possible.

WHY?
• Volume buying with your partners will help you get the better rates
• Visibility of your shipments
• Avoid situation with diversion possibility and export compliance issues
• Freight can be a profit center for you. Perfectly legal, acceptable and normal to mark up the freight.
• Your supplier is likely marking up the freight and making a profit if they route the shipment which is why you should route your imports.

NOTE: Having your Supplier or Customer handle all the freight and arrangements does NOT eliminate your compliance obligations with government import and export regulations.
Logistics Manager/Logistics Consultant

• Critically important that a company engaging in International Trade has a seasoned Logistics Manager on their staff or an outside consultant knowledgeable in International Logistics and Global Trade.

• Finding the right partners globally and dealing with international regulatory compliance requirements is not something a company can do effectively with no internal expertise or a partner consultant to assist them. The risks of failure and compliance violations are very high without the right staff.

• The international consultant is a critical part of the logistics strategy and team for SME’s with limited internal knowledge.
Innovative Global Logistics Strategies, LLC

• Full Service Global Logistics Consulting Company
• Partnerships with other consulting firms specializing in Lean, Production and Operations, Distribution, Global Trade and Compliance
• Offer outsourced logistics management solutions for small and medium sized companies
• Offer seminars and training courses – soon to be launched an online portal of webinars

www.iglsconsult.com
Summary

• Focus on finding the right logistics partners first, price second.
• Treat this like a job interview and ask the tough questions and do your research to find the right fit.
• Evaluate your partners in light of Supply Chain Risk.
• Develop a logistics strategy to give you a competitive advantage.
• Make sure you have a seasoned global logistics manager and/or global logistics consultant.
• Any weak link in the chain will cause the system to fail.
• All parts of the logistics chain must work together.
• Logistics Strategy needs to be just as good as the product being sold.
Thank you for your attention
Questions??????

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