

## OUTSOURCING TRANSPORTATION

As with any other significant undertaking, it is absolutely critical that the outsourcing project have senior management support. When all or part of the logistics function is turned over to an outside party, the normal knee-jerk reaction from some transportation managers will be totally opposed to the concept. If they view outsourcing as a threat to their careers, they must be convinced not only of the benefits to the corporation but to themselves. It will enhance the transportation manager's position with the company by allowing his/her managerial experience and knowledge lead and manage a new and improved entity of the corporation.

One of the first tasks of the study should be to determine what your company is attempting to accomplish through outsourcing. Objectives must be set, and many questions must be dealt with. It's suggested that you should go beyond "What will it cost?"

### SUGGESTIONS ON OUTSOURCING OBJECTIVES:

#### QUESTIONS YOU SHOULD ASK YOURSELF

- Do we understand what we are trying to outsource well enough to know what we should look for in a 3PL (third-party provider of logistics)?
- Have we identified and do we understand the risks involved in doing it ourselves and are they acceptable.
- Are there risks in outsourcing and are they acceptable.
- What is the competition doing and is it working for them?
- Will outsourcing enable us to concentrate better on the companies core competencies?
- Have we identified our customer services and delivery requirements?
- Have we listed how outsourcing may affect the organization? Positive or negative.
- Is outsourcing consistent with the overall corporate strategy and mission of the corporation?
- What results should we expect and how soon should we expect them?
- What delivery controls will we lose if we outsource and are they acceptable?

For some companies, assessing current operations may be the most difficult part of the outsourcing process. However, in order to make an intelligent decision it will be necessary to conduct an audit to “Assess Current Operations.”

The manager or team leader must have a clear picture of current logistics operations, their capabilities, limitations, and costs, as well as future needs.

It is important to remember that all costs must be captured, fixed & variable, and direct & indirect. It's quite possible that some expenditure, such as those for order processing or management's time may be difficult to quantify, but they cannot be ignored if valid comparisons are to be made.

The planning, analysis, and other preparation activity will be tedious and in some cases, downright unpleasant. Collecting data will require valuable time and resources, and the entire process will require perseverance, patience, and persuasion in dealing with internal and external others. However, as difficult as it may be, it simply is not optional if an effective outsourcing relationship is to be realized.