

Can Your 3PL Partner Grow with You?

Five Questions to Ask

With new 3PL providers and consultants emerging constantly, pharmaceutical manufacturers are faced with an influx of options to address their supply chain challenges. It can be difficult to determine which type of provider will serve your needs best or choose the one that's right for your product. But the implications of making the wrong choice include knowledge gaps that can lead to compromised product integrity and affect patient safety and product reach, as well as process shortcomings that can jeopardize your customer relationships and brand reputation — a particularly important consideration for manufacturers during their first product launches.

Over the next few weeks, we'll explore the five questions manufacturers should ask to uncover whether your 3PL provider is the right choice for your business, now and in the future.

Question 4: What does success look like?

AS A PHARMACEUTICAL MANUFACTURER, YOU KNOW THE VALUE OF VALUE. It's something you have to prove relative to your product's performance every day. It's only logical, then, that you demand value out of your partners as well. And when you invest in a partnership for the distribution of your product, it is essential to know what success will look like — where the value is and how your logistics partner defines it.

While it's important to select a [logistics partner that has the right experience](#), as well as one that can [scale to meet your business goals](#) and [product profile](#), measuring those qualities is often as much qualitative as it is quantitative. But there are a number of numbers you can look at to measure your 3PL partner's success — not just for you, but also across the 3PL company's business and customer base.

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How do you evaluate a 3PL by the numbers?

What are the important success metrics (on your end and theirs) to keep in mind?

The Investment

The lowest cost provider is not always the best choice. In the same vein, the most expensive isn't always the most robust service provider. When you're looking at metrics like price versus performance, think about the savings a qualified 3PL can win you in terms of the infrastructure you won't have to construct. Consider the staff you won't have to hire and look at the licensure you won't have to obtain. The cost of these quickly adds up, and those numbers can be a great "tell" for the value of a 3PL partnership.

It's also important to measure the more intangible aspects of your investment, such as the time a great 3PL can save you — and the advantage it can offer you — when it lends industry expertise to your distribution management functions. For example, what consultative guidance does your 3PL offer when it comes to channel strategy or supply chain optimization? How much time and money are you able to save by having this trusted voice also be able to execute on all recommendations and be accountable for them?

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The Data

Data should be table stakes for any 3PL provider. If you're not getting a useful set of even the most general reporting from your provider on a regular basis, something valuable is missing from your relationship. At a minimum, you should know your revenue, accounts receivable status and delivery

metrics. That means your 3PL should, at any time, be able to report on how much of your product has been ordered, paid for and/or received.

You should also know your 3PL's benchmarks and service level standards. Does your 3PL keep A/R 96 percent current or better? Is on-time delivery and inventory accuracy at or above 99.9 percent? If not, why?

Your customers demand data from you — whether it's efficacy info, outcomes data or shortage reporting. It's one important way you prove that your product not only works, but also that it's available. That's how your customers define value. Why should you expect less from a partner that is dedicated to demonstrating value to your supply chain operations?

How your 3PL measures success — and how you measure a partner's value to your business — should be something you continually evaluate and refine as your business grows. In the final installment of our five-part series, we'll look beyond distribution to see what else the best 3PLs can offer to their customers. We'll also recap our series with a checklist for evaluating your 3PL.

About ICS

ICS, a business unit of AmerisourceBergen, has provided outsourced logistics and distribution services since 1997. We partner with pharmaceutical manufacturers to deliver third-party logistics services that improve the quality and efficiency of their supply chains — especially for products that require special handling.

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