

Outsourcing Transportation Management: What's in it for You?

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Outsourcing Transportation Management



Transportation is often one of the largest expenditures on the balance sheet. Consequently, proper management of this expense is a top priority for most organizations and can lead to pointed questions about outsourcing. "Will we be better off in terms of service and cost by outsourcing management to the experts?" This is not to insinuate that the in-house transportation team is not proficient; it's simply a matter of evaluating non-core services.

Outsourcing transportation management involves hiring a third-party provider to manage some or all of a company's transportation operations, even the company's own trucks and drivers. Tasks handed off include carrier selection, shipment optimization, rate negotiation, scheduling, cost reduction strategies, consolidation, final mile delivery, and other aspects of transportation and distribution.

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How do you work toward outsourcing?

Outsourcing transportation management can bring many benefits, including access to specialized expertise, reduced transportation costs, improved delivery times, and increased operational efficiency. Outsourcing is not for everyone, but once the decision is made, it's important to carefully evaluate providers, negotiate contracts, and monitor the solution over time to ensure that you are getting the best results for your business. You need to 'manage the managers', so to speak.

- ▶ **Assess your transportation needs:** Determine the specific areas of your transportation operations that you want to outsource and what outcomes you hope to achieve.
- ▶ **Research providers:** Identify transportation management providers that specialize in your industry and have a proven track record of success. Research their capabilities, customer references, and pricing.
- ▶ **Evaluate proposals:** Request proposals from a shortlist of providers and evaluate their offerings based on their experience, service offerings, pricing, and overall fit with your company's needs.
- ▶ **Negotiate contracts:** Work with the chosen provider to negotiate the terms of the contract, including the scope of services, pricing, and any performance guarantees.
- ▶ **Implement and monitor:** Work closely with the provider to implement the transportation management solution and monitor its performance over time. Make adjustments as needed to ensure that you are achieving the desired outcomes.

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What do you gain by using a managed transportation provider?

Using a managed transportation provider can offer several benefits, including:

- ▶ **Cost savings:** A managed transportation provider can often negotiate better rates with carriers and pass those savings on to the customer.
- ▶ **Increased efficiency:** Managed transportation providers have the resources and technology to streamline shipping processes, reducing the time and effort required for transportation management.
- ▶ **Improved visibility:** Real-time tracking and shipment visibility, allowing for better planning and decision-making.
- ▶ **Reduced risk:** Mitigate shipping risks through their experience and expertise in navigating complex regulations and potential shipping disruptions.
- ▶ **Scalability:** Quickly adjust to changing shipping needs, providing scalability for businesses experiencing growth or fluctuations in demand.

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How do you assess a new managed transportation provider? What do you look for?

Consider the following factors to ensure that they are a good fit for your business:

- ▶ **Experience:** Look for a provider with a proven track record of success in managing transportation operations, especially in industries and shipping lanes relevant to your business.
- ▶ **Carrier relationships:** Evaluate the provider's relationships with carriers and their ability to secure favorable rates and service levels.
- ▶ **Technology:** Assess the provider's technology capabilities, including shipment tracking, route optimization, and other tools that can improve efficiency and visibility.
- ▶ **Customer service:** Look for a provider with a strong commitment to customer service, including responsive communication and the ability to resolve issues quickly.
- ▶ **Pricing:** Consider the provider's pricing structure and the overall cost of their services compared to the value they offer.
- ▶ **Flexibility:** Assess the provider's ability to adapt to changing shipping needs and provide scalable solutions as your business grows.
- ▶ **References:** Ask for references from other companies that have used the provider and assess their experiences, including satisfaction with the services provided, customer service, and cost savings.

Considering these factors, you can make an informed decision and choose a managed transportation provider that can add value to your business and support your supply chain operations.

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How does a managed transportation provider add value?

A managed transportation provider adds value by offering a wide range of services that can improve a company's supply chain operations. Some ways they can add value include:

- ▶ **Expertise:** Offers a deep understanding of the transportation industry and can provide valuable insights and recommendations to help optimize shipping operations.
- ▶ **Technology:** Offers access to advanced technology solutions to provide real-time shipment tracking, route optimization, and other tools that can improve efficiency and visibility.
- ▶ **Carrier relationships:** Have established relationships with carriers and can negotiate better rates and service levels on behalf of their clients.
- ▶ **Risk management:** Helps manage risks such as cargo loss or damage, shipping disruptions, and regulatory compliance, which can reduce costs and improve the overall reliability of the supply chain.
- ▶ **Time and resource savings:** Handle all aspects of transportation management, freeing up valuable time and resources for the company to focus on other core business activities.
- ▶ **Market knowledge:** Provide valuable knowledge about which carriers are best suited for specific lanes. They can leverage their industry expertise and carrier relationships to match shipping needs with the most appropriate carriers, considering factors such as cost, transit times, service levels, and reliability. This can result in more efficient and cost-effective shipping, as well as improved delivery performance and customer satisfaction. The managed transportation provider can also monitor carrier performance and adjust as needed to ensure the best results for their clients.

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Does a transportation management firm usually have relationships with carriers?

Typically yes, and these relationships can be beneficial to the management firm and the shipper when the management firm is able to:

- ▶ **Access to a wider range of carriers:** Work with multiple carriers to offer the shipper a wider range of options for shipping their goods, including different modes of transportation and carrier types, such as truckload, less-than-truckload, air freight, or ocean freight.
- ▶ **Improved negotiating power:** Leverage the volume of shipments and relationships with carriers to negotiate better rates and services for the shipper.
- ▶ **Improved reliability:** Work with multiple carriers to ensure consistent and reliable delivery times, reducing the risk of supply chain disruptions and helping to ensure business continuity.
- ▶ **Improved communication:** As a liaison between the shipper and the carrier, helping to resolve any issues that may arise during the shipping process and ensuring that the shipper's needs are met.

Strong relationships with carriers are an important part of the transportation management firm's value proposition and can help ensure the shipper's operations run smoothly and cost-effectively.

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"Outsourcing transportation management to a third-party provider can help shippers to focus on their core competencies while freeing up valuable time and resources to be invested in other areas of the business."
Supply & Demand Chain Executive





How about managing backhauls or inbound shipments?

Transportation management firms typically offer services to manage outbound and inbound shipments, including backhauls. Managing backhauls is an important aspect of transportation management, as it can help to optimize carrier utilization, reduce empty miles, and lower shipping costs. This is especially beneficial if the shipper deploys its own trucks or is under contract with a dedicated fleet.

A transportation management firm can help to manage backhauls by:

- ▶ **Identifying opportunities:** Can use its network and data analytics tools to identify opportunities for backhauls, including matching incoming and outgoing shipments on the same route.
- ▶ **Coordinating shipments:** Can work with carriers to coordinate shipments, ensuring that backhauls are efficiently utilized and that the shipper's needs are met.
- ▶ **Managing costs:** Can negotiate rates for backhauls and monitor shipping costs to ensure that the shipper is getting the best possible value for their shipping spend.
- ▶ **Improving visibility:** Can provide real-time visibility into backhaul shipments, helping the shipper to track the status of their shipments and make informed decisions about their shipping operations.

Inbound shipments, including backhauls, are an important part of a shipper's overall transportation strategy, and working with a transportation management firm can help to ensure that inbound shipments are managed effectively and efficiently.

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What makes **Wavepoint 3PL** a better solution?

If you're looking for ways to reduce your shipping and logistics costs, working with a 3PL can be the ideal solution. Choosing the right 3PL provider is essential to ensuring that your supply chain needs are well-handled and that they represent an asset to your business. Ask a supply chain professional at Wavepoint 3PL how our engineered approach to structuring 3PL services will assure your outsourcing success.

Wavepoint 3PL will help you develop a metrics-based analysis of current supply chain operations to evaluate performance as it relates to:

- ▶ **Bottom-line efficiencies**
- ▶ **Corporate objectives**
- ▶ **KPIs measured against best practices**

Our optimization and modeling tools support supply chain evaluations, facility network appraisals, transportation assessments, and warehousing and inventory analysis.

Wavepoint 3PL is your flexible logistic services provider for streamlined solutions from LTL and truckload services through an asset-based fleet; warehouse and inventory management in food grade facilities; and technology-enabled omnichannel fulfillment services, among other value-added offerings.

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Ready for change? Connect with the Wavepoint 3PL team today.

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