

The Advantages of Using a 3PL Freight Partner

In the multifaceted world of transportation and logistics, the business of moving freight can be a confusing and costly venture. Which carrier is the best for your desired shipping route? Which carrier is the most cost-effective, and offers the customer service level that you need? Are you getting a good discounted rate? Many companies turn to a third-party logistics provider (3PL) to help navigate the maze of carriers, rates, routes, and freight classifications. Creating and maintaining a good relationship with a reputable 3PL freight partner can result in increased efficiencies throughout your entire operations department, saving your company significant staff time and money.

How Does a 3PL Freight Partner Work?

Most 3PL freight partners have formed direct relationships with a multitude of regional and national carriers. By aggregating the freight volume of many small-to-medium sized businesses, they are able to negotiate better discount rates and terms than some businesses may be able to establish on their own. In addition to providing deep discounts off of the carriers' base rates, a 3PL freight partner can provide additional value-added services, sometimes at no additional cost, that are designed to lower your overall logistics expenses. Some of these operational features may include:

- **Routing management:** Once you've determined the origin and destination of your shipment(s), many 3PL freight partners will conduct a routing analysis for each shipment, and then advise you as to whom they consider to be the best carrier for that particular route. This is based on the carrier's cost-effectiveness, customer service, and the ability to meet your shipping needs.

For retailers, whose primary freight costs involve shipments coming in from suppliers, the 3PL freight partner may offer to contact your vendor with specific routing instructions, letting them know what carriers to use, and providing all of the pertinent bill-of-lading information. For suppliers, whose primary freight costs are attributed to outbound shipping, a 3PL freight partner can assist with bills of lading and freight scheduling.

- **Auditing of freight bills:** With most 3PL freight partners, the freight invoice from the carrier goes directly to the 3PL, who then bills the client company. The 3PL freight partner will typically use its resources and expertise to audit every invoice for correct class and discount amount before putting the amount on the invoice that you will receive. Industry averages show that 5-10% of freight invoices have errors in favor of the carrier; so even if you choose not to work with a 3PL freight partner, it is important to audit every freight invoice you receive from the carrier.
- **Consolidated invoices:** Many 3PL freight partners are able to offer consolidated invoices, either on a weekly or monthly basis, which include details typically found on any bill of lading. This means paying only one bill weekly or monthly for freight, instead of having to pay an invoice for each shipment. Some 3PL freight partners will also offer extended payment terms over the usual net 15-day terms that most carriers require.

Characteristics of a Good 3PL Freight Partner

There are many companies, both national and regional, to choose from once you've decided to work with a 3PL freight partner. Most 3PL freight partners will work with your organization to analyze your transportation needs, and present you with a no-obligation cost comparison to help you compare their program with your current freight program before making a decision. Make sure that the cost comparisons are based on the rates of carriers that are well known and have a good reputation for on-time delivery and customer service.

More important features to look for in a good 3PL freight partner include access to a dedicated account representative who can answer all of your questions, from invoicing to tracking, as well as IT capabilities that can further streamline the shipping and billing processes. Also, be sure to ask if their value-added services, such as the consolidated invoicing or auditing, carry any additional costs.

The advantages of using a 3PL freight partner are clear, and it is important to choose the right one. As a dependable and reputable 3PL freight partner, PartnerShip is your shipping connection to substantial discounts and customized solutions for your business. For more information on PartnerShip's freight program call 800-599-2902 or email select@PartnerShip.com.