



Leigh Williams

TALKING LOGISTICS

Moving physical stock from one place to another is often overlooked in the business plan.

Online retail came to the forefront last year and this is set to continue in 2011. But what Australian businesses need to realise is that no matter how good their product is, if their supply chain contains inefficiencies, they'll find it difficult to succeed. Then again, it's not just online stores that can benefit from a streamlined logistics function. Online and bricks-and-mortar retailers alike can benefit from outsourcing logistics to an efficient third party logistics (3PL) provider. By doing so, even if you are sending many small orders to customers around Australia, you can streamline your business and offer the best value to your customers.

If you go down the path of renting your own warehousing facility, it could mean that at certain times you're only utilising 20% of its capacity, and you're using 120% at others. With a 3PL, you only pay for the space that you use. You won't need to hire and manage a logistics manager, who in turn manages a warehouse manager, forklift drivers, and pick and pack staff.

HOW TO CHOOSE THE RIGHT PROVIDER

Once you've decided that your business could benefit from partnering with a trusted 3PL, it's time to choose the right one. The Australian market is

swarming with hundreds of providers. You should look for customisation and specialisation. Never accept a generic 'one size fits all' solution. You want a 3PL that will design a solution that best suits your business needs.

For example, something many 3PLs don't bother with is a freight calculator in their warehouse management system. It allows you to send every order with the cheapest possible shipping cost using multiple carriers. This will save

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you hundreds - if not thousands - of dollars a week in freight costs.

LOGISTICS AND THE NEAR FUTURE


There are risks. If your 3PL isn't up to scratch, you may have inaccurate order dispatches resulting in wasted admin time, delays with orders, and a very high cost for a generic solution that adds overhead expenses to your product, hurting your margin.

This year could be a tough one for many businesses in Australia, but the

cream of the crop will come out of it in a great position.

The continued growth of online retail sales means the logistics industry will grow massively in 2011, creating new jobs and assisting Australian businesses. Whether you're a new micro-business or an established enterprise, choosing the right 3PL could be one of the most important business decisions you make. Logistics might not seem like an exciting or important choice, but

the technological innovations in the industry mean it will help save your business a lot of money while giving you a strong competitive advantage.

Competition is heating up in the retail price wars, and now is the time for businesses to take a long hard look at their supply chain to ensure it is delivering the best possible value. 

Leigh Williams is the director of eStore Logistics.