How to Grow Your 3PL: Fulfillment Solutions that Win Customers for Life

This guide shows how to grow your 3PL with fulfillment solutions that make YOU the supply chain partner they can't live without.

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Introduction

It's Grow Time™, but competition is stiff.

The [U.S. third-party logistics market size](#) was valued at $968.92 billion at the end of 2021. Globally, the 3PL market will be worth $2,137.12 billion by 2030.

Today we'll look at how to grow your 3PL, including what's driving record demand for 3PL services, plus 7 ways advanced 3PL fulfillment solutions put your business in position to dominate the market and win customers for life.

In this guide

Growth Guides brings your modern warehouse journey into sharp focus—including a look into:

- ✔ Why is the 3PL fulfillment market booming?
- ✔ What tools do you need to dominate it?
- ✔ 7 ways that advanced 3PL fulfillment software gets you there faster
- ✔ What's the reward?
- ✔ What do you need for a successful start?

The gloves have come off

Third-party logistics is no longer a 'pallet in/pallet out' business. Bottomless 'asks' from omnichannel consumers—in the way of speed, accuracy, buying options and order transparency—and stiff competition require 3PLs to check a lot more boxes versus 10 years ago. The trick is how to do this profitably.

Fulfillment solutions for 3PLs

Some of the fastest-growing third-party logistics companies got where they are by doing one simple thing: using automation-rich 3PL fulfillment solutions to help clients navigate supply chain waters that are completely unrecognizable.

Wage hikes, turnover, and phones blowing up about an issue that will take their skeleton crew 4 hours and 15 emails to solve. These businesses need air cover. Fulfillment solutions for 3PLs are crafted with the scale, technical expertise and insights to give it to them.

Built-in services create a dynamic, responsive and efficient supply chain infrastructure that will keep your clients on-course and growing, with a very low lift on your part. Enable next-gen scalability and throughput, while eliminating operational costs, frustration and customer problems, from the warehouse floor to the finance door:

- Scale where your clients can't

- Introduce new technologies where there's opportunity to improve customer service

- Find their next savings opportunity, when they lack the insights to see it

- Offer self-serve tools that automate internal operations and enhance their experience

- Extend their IT expertise, but get credit for it

The Perfect Storm for 3PL

Record demand + the usual suspects: peak seasons, inflation & competition + intense labor challenges, logistics & carrier constraints

Be the Missing Link:

- ✅ 88% of shippers said 3PLs improved their customer service

- ✅ 76% agree, 3PLs added innovative ways to improve logistics effectiveness

- ✅ 68% said 3PLs have contributed to reducing overall logistics costs

Source: 2021 Third-Party Logistics Report, InfoSys Consulting, Penske, Penn State

7 ways modern 3PL fulfillment solutions pay off

Based on our work with some of the fastest growing third-party logistics companies in the world, these are the top 7 areas where advanced 3PL fulfillment solutions will scale client value and grow your 3PL network faster:
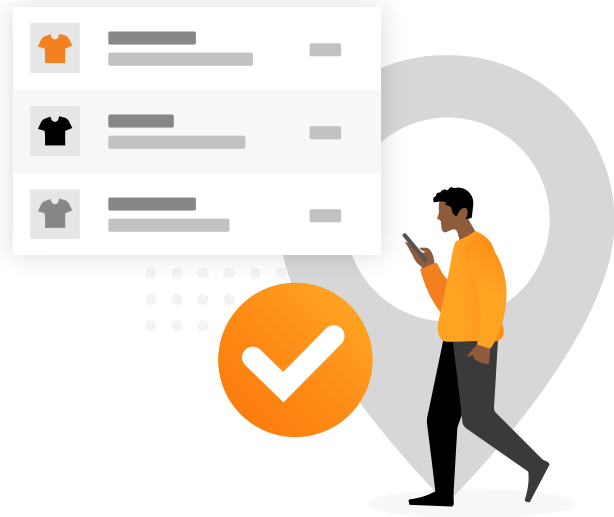
1. Alleviate warehouse labor issues

Your clients are dealing with a record number of orders flowing in. Meanwhile, we see warehouse labor woes forcing retailers to pay big incentives, like The Gap's $1,000 signing bonus, to attract people to unload trucks, pick and ship orders, and answer angry consumer calls… only to see those workers leave 2 weeks later. High wages and turnover put a tremendous strain on your clients' resources, from IT to Human Resources to Customer Service.

Attract good people and keep them there

It's hard enough for your clients to staff a warehouse nowadays, and equally hard to keep them on board. Anything you can do to prevent downtime from labor shortages and turnover is golden.

Advanced 3PL fulfillment solutions eliminate stress over labor issues for your clients by keeping good people in your warehouse. Tools are kindergarten simple to use—improving decision-making, job satisfaction, retention, and your overall cost to employ.

Protect your client service commitments (and ultimately, theirs)

When an employee does leave, or in cases of seasonal staffing, advanced 3PL solutions set you up with a rinse-and-repeat formula to onboard new employees in less than 15 minutes. Analytics give you the true picture of

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staffing needs, so you can safeguard against client service interruptions:

- Quickly evaluate staff productivity at the individual, team and shift levels

- Understand regional differences in labor availability

- Reward good performers to avoid hiring temporary labor and improve quality

- Keep knowledge staff like CSRs on higher profile account profiles, and then bill for that.

Automate daily tasks

Take the pressure off your warehouse staff with automation that eliminates paper shuffling, allowing faster picking. Pickers can group client orders together to streamline their day, while democratizing data that's easy to find and reliable enough for a super-user to walk into a meeting without much prep.

The software should support modernized equipment, so you can dramatically scale your team's output—such as sortation equipment, fulfillment robotics, pick to light, custom packing slips and kitting, and print-and-apply labeling that is EDI-compliant—in a consolidated system.

2. Understand profitability by client

Your clients' needs are changing and growing all the time. The process is different for each one. Some require more attention, or are more technical, as in cases where a custom integration is needed. If you're managing a growing network, that makes it really hard to find new clients, onboard, manage and retain them profitably over time.

Growing your 3PL network requires a flexible fulfillment platform that lets you evaluate cost-to-serve by client for the entire order-to-cash cycle, and leverage advanced configurability to suit each client's needs optimally. These platforms can provide:

- A single-interface view into warehouse operations, order tracking, shipping and EDI networks by client

- Highly configurable 3PL billing that can show what you are currently billing and what you should be billing for

- Operational alignment to your future needs from a customer base perspective, not just what's going on inside the 4 warehouse walls, including:

- Support for multiple facilities (including ones you add later)

- Seamless bridge to order management and DOM capabilities for clients that need more, including automatic order routing, inventory allocation, sourcing, split orders, etc.

Top third-party logistics companies that use a fully adaptable platform, like Deposco, have seen this approach increase their YOY shipping volume by 63%. In addition, being able to adapt to specific clients needs means you can reach new industries and serve a variety of needs, including custom kitting, retailer-specific SSCC labels, and multiple marketplaces and shipping options.

3. Automate 3PL billing

Automated 3PL billing is a great way to add value for new and existing clients. It provides a complete and accurate log of charges, while taking pressure off your customer service and warehouse departments. It's also a forcing function to ensure that you get paid swiftly for all the services you deliver… even those which most systems have no way to capture.

Benefits of automated 3PL billing:

- Bill accurately and on time for increased revenue and cash flow

- Dramatically reduce billing administrivia to slash the billing cycle

- Replace works logs which reside on paper, or whiteboards, and never make it back to Finance

- Automatically track transactions tied into the end-customer's billing database to reduce customer calls

- Capture and bill for out-of-scope services, like IT assistance for clients integrating with ERPs

- Keep an automatic record of underpriced items, without going through hundreds of contracts

Flexible 3PL billing options

Offering a variety of 3PL billing options is one of the most attractive services you can add to your portfolio. Especially with the rise of multichannel fulfillment and clients operating with multiple business types, being able to bill any way they need it, and keep it all straight, is a big plus.

Bill per client, per task, per order, or on a percentage-based system for

complex multichannel and omnichannel fulfillment models, including in-store/showrooming, direct-to-consumer, e-commerce marketplaces like Amazon or eBay, drop shipping, etc.

3PL billing automation allows your teams to easily pull real-time billing data out of the 3PL fulfillment system and send it directly to the end-customer. No more spreadsheets or confusion in Finance discussions.
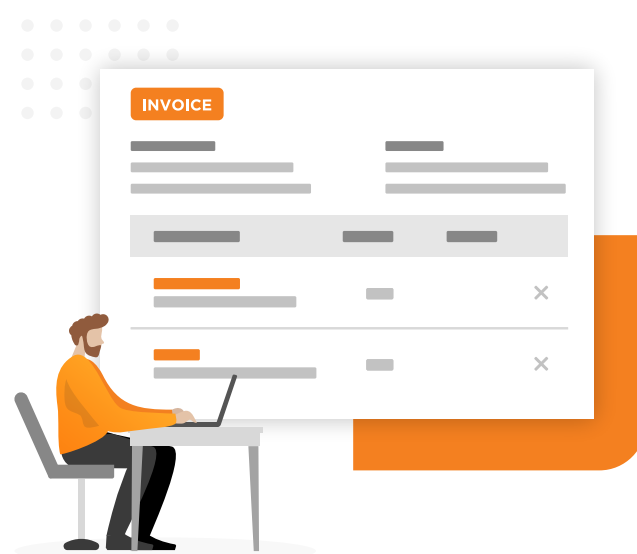
See an Example

4. Streamline customer onboarding

If every new client implementation feels like changing a tire during a Formula 1 race, something's wrong. New clients should not be in their old system while trying to learn a new one at the same time.

A good 3PL partner has the technical savvy to engage with your team and lead a smooth cut-over—built on a core foundation that speeds adoption and streamlines processes for new clients over time. This requires:

- Deep understanding of WMS, varying client approaches and philosophies

- Rapid, repeatable process to onboard physical goods and business requirements into the network seamlessly

- Pre-packaged integration tool kits and templatized workflows

- Clear plan for super-users to self-serve and take ownership, without depending on IT for the next 5 years

- Ability to easily integrate new functionality and complementary technologies as new challenges arise

5. Provide a single-pane view into real-time operations

"It doesn't take a lot of tribal knowledge in order to be successful with Deposco. Onboarding is a breeze. The automation and user-friendly interface greatly shortened our new-employee training; the process could be a couple of minutes to maybe an hour."

Elliot Scott Wallace
CTO & Co-Founder
ITB Fulfillment

Watch Their Story

Client P&L statements shift frequently. Your staff does not have time to spend hours a day in Excel Hell analyzing data, conducting manual cycle counts, or on the phone investigating late or lost orders. Become a true extension of your client's business by providing a single window of truth into real-time operations.
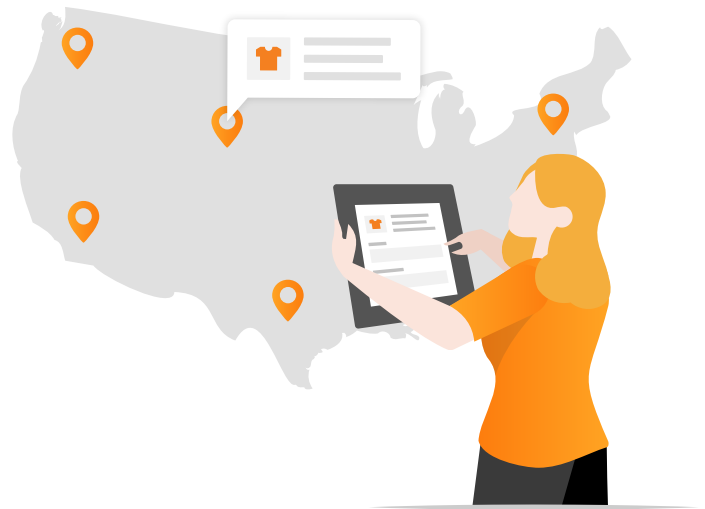
Advanced third-party logistics fulfillment software provides full enterprise transparency to warehouse operations and order tracking for a seamless customer experience. Within the portal, each client has their own login credentials to securely access fully customized dashboards and automatic reports, scheduled on their terms.

This gives clients autonomy over what's going on at any given time in their operations from dock to stock, while capturing KPIs that guide profit-driving decisions for your business, like how to redirect labor.

6. Lower the impact of carrier constraints

High carrier costs and constraints are making the rigid expectations of today's omnichannel consumer a spendy endeavor to deliver:

- +4.9% average rate increase across major carriers

- +4.8% - 7.9% higher minimums (Zone 2, 1lb)

- +1.67% - 20.51% in added/increased surcharges

Things will only get worse, with the <u>same-day delivery market</u> expected to exceed $20 billion by 2027, according to a June 2021 report from Allied Market Research. In addition to increased rates, your clients are dealing with traditional carrier pipelines that are at capacity, plus evolving criteria for pickups, trailer drops and times.

Third-party logistics software gives your clients tools to easily identify alternatives, making omnichannel fulfillment a cost-effective reality. Some examples include:

Rate Shopping – Clients can compare multiple carriers' shipping rates for every order based on the shipment destination and weight.

Cost-Effective "Plan B's" – Alternative shipping such as hyper-local and regional carrier options, transportation or delivery methods like marketplaces

Flexible Integrations – Robust shipping technologies that can tie into your fulfillment platform seamlessly without IT-intensive customization

7. Next-gen warehouse management and order fulfillment, built for what's next

Finally, an advanced third-party logistics solution brings next-gen warehouse management and order fulfillment into a single, focused solution which clients of any size can easily grow into:

- Bring a fresh perspective to smaller clients that need to mature their business without ever having to worry about shipping again

- Attract bigger clients that have complex customer needs with innovative technology, people and seamless processes... geared for what's next

- Retain customers for life by investing in a modern fulfillment infrastructure they can't live without

Grow your 3PL with the right partner

When choosing a 3PL fulfillment partner, here are the most important considerations:

1. **Do they augment your network with modern technology?**
   Over 4 million commercial robots will be installed in over 50,000 warehouses by 2025. Innovative warehouse management capabilities, including fulfillment robotics, that integrate easily into order fulfillment are table stakes to handling future volume and evolving demand. Definitely make sure these are on your short list:
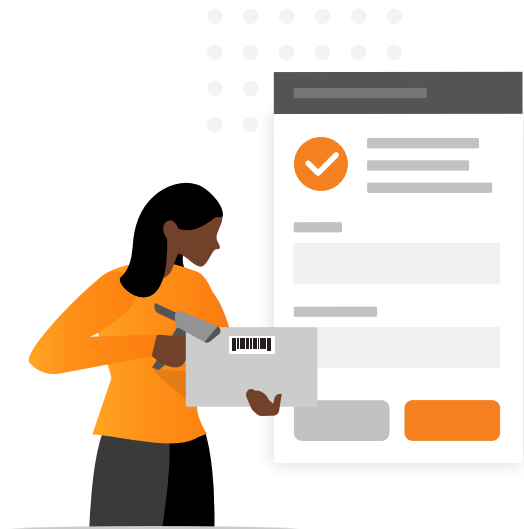
   - Fulfillment Robotics: Robotics drive dramatic savings by automating tasks like order picking, which makes up 50% of a warehouse's total labor spend. Deposco partners with some of the top fulfillment robotics companies like 6 River Systems to unchain growth.

   - Automated material handling: In addition to robotics, can the partner seamlessly integrate into other automation systems such as pick-to-light, print and apply, and sortation systems? These incorporate high-volume, high-density, fast-moving inventory techniques, like Each picking and parcel labeling/shipping with automated EDI, to profitably handle more orders per day. Deposco's 3PL customers have used these methods to gain 30-50% improvements in productivity and 150% revenue growth.

2. **Do they bring agility and a sense of control?**
   Clients pay more for security, speed and convenience. What does the partner bring to the table to create seamless experiences and fast solutions to unexpected challenges? The best 3PL fulfillment solutions include an extensive suite of pre-built integrations within the platform to connect

systems you already use such as ERP, CRM, marketplaces, and others. These 3PL software integrations significantly reduce implementation time and costs to plug in new functionality that expands your network and offerings.

3. **Who has your back? Invest in a partner you can trust.**
    One who sees their team as an extension of yours, heavily vested in growing with you and your clients. Find out what they are doing to innovate in your space. What's their track record? Ask to see their roadmap and understand their focus.

It's Grow Time™

Ready to dominate the 3PL fulfillment market? Become the foundation behind a great omnichannel fulfillment experience—one that just doesn't work without you.

Who is Deposco?

Deposco is how fast-growing businesses rapidly scale their supply chain fulfillment operations. So they can see what inventory they've got, where it is, and where to position it to fulfill demand when It's Grow Time.

It's the only solution that provides this much actionable insight into both your supply chain and the broader marketplace. Streamlined into One Solution, One Focus, One Team.

Over 3,000 of the world's fastest growing 3PL, retail, e-commerce and DTC businesses rely on Deposco's Bright Suite of supply chain fulfillment applications. We're supporting over $10 billion in sales and over 43 million consumer orders annually. In 2020 alone, we saw total shipment growth increase by 78%.

#ItsGrowTime
www.deposco.com

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