

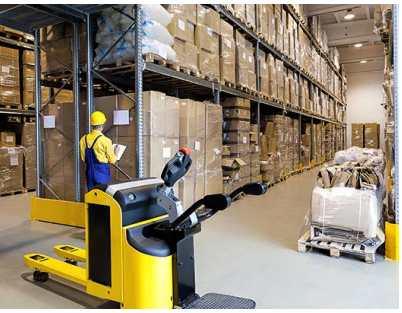
New Supply Chain Solutions Needed?

Outsourcing transportation can be the most important strategic decision a company can make. This whitepaper provides practical tips on how to outsource transportation effectively.

LeSaint Logistics

Mastering Complexity

Companies that grow successfully often rely on internal supply chain management processes that work well—until they don't. As markets, distribution networks, and the scale of your company changes, complexity can become overwhelming. Eventually, the solutions that provided good results in the past become strained. That's when healthy companies face some tough but important decisions.



Culture First, Attributes Next

Examine your corporate culture before launching a search for external logistics and transportation partners. Just as when you hire for key executive positions, there are likely many providers with the services you need, but fewer who match your company's culture. At this important juncture, you don't want to lose the core values that have made your company so appealing and unique to your customers. During initial meetings, make sure you are comfortable with each provider's ethics and philosophy.

Why To Outsource, and Why Not

If your company is experiencing difficulties keeping up with the demands of its supply chain, it is probably time to look to external resources. But, that doesn't necessarily mean outsourcing all of your supply chain functions. Evaluate each specific critical function to determine which ones (if any) should be handled by external experts. Analyze cost factors, performance data, financial results, and how each unique aspect of your logistics services impacts the customer experience. It's quite likely your team will decide to maintain and strengthen specific supply chain functions internally. Services that most significantly effect revenue, capabilities and costs are the services you should most seriously evaluate for outsourcing.



Technology: Your Competitive Edge

Other than culture, technology is the most critical aspect of your business and supply chain operations. As your business grows, so does the need for best-of-breed technology across an array of platforms. You will need a provider that integrates a robust suite of solutions—even if you don't need them all in the beginning—because that partner must be able to match your management and reporting requirements throughout the supply chain with the accountability and visibility you need to streamline your logistics processes.

Evaluate for strong competencies in these areas:

- Inbound and outbound shipments
- Fulfillment
- Inventory control

Your internal processes must deliver products on time, and information in real time to meet changing demands. Your services must appear seamless to your customers across the entire logistics process—from order entry and dispatch through logistics management and settlement. Find a partner who uses best practices to provide web-based order and inventory status, transportation management, customized reporting, and email alerts. Make sure they are committed to evolving with you, and that their back-ups and redundancies are strong enough to keep your business healthy even under the most difficult circumstances.



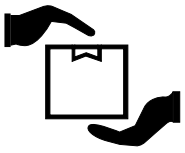
Capabilities: Match Carefully

Other capabilities are important, of course. Assemble a cross-functional team from your organization to develop accurate criteria to evaluate all potential partners. Attributes to be considered include:

- Warehousing
- Inventory management
- Transportation management
- Brokerage services
- Order processing
- Freight audit & payment
- Engineering
- Operational conversion
- Assembly
- Packaging and kit assembly
- Last mile
- Reverse logistics







> ***"We've found that services significantly impacting revenue, capabilities and costs are the services our customers should most seriously evaluate for outsourcing."***
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> Dino Moler
> EVP Client Solutions
> LeSaint Logistics

Within each of these broad categories there are likely critical sub-categories, each of which are important to your particular business.

For example, an operational conversion outsources the management of your labor force. You maintain ownership of facilities, material handling equipment, IT hardware, etc., while your partner takes over all operational duties, tied to key performance indicators.

To enact a successful conversion, specific steps and processes are required, including a project plan, interview tracker, issues log, cost tracker, labor comparison, and organizational review and restructure.

> ***"To help customers achieve efficiencies and accuracies in their supply chains, we use a 5-step process to create a holistic, 360º solution. This sets strategy for where your supply chain is today, and where it will be tomorrow."***
>
> Bill Lansaw
> VP of Tranportation
> LeSaint Logistics

Evaluation: Now and Forever

Develop an objective scoring system for consistent evaluation of critical criteria and between competitors. The scoring system should also have the flexibility to analyze the costs and benefits of various combinations of internal and outsource options.

At the same time, don't be a slave to numbers. Following the completion of scoring, your team should sit down to discuss the real-world realities of your operations, and the providers you are evaluating.

Remember, the job of evaluating and evolving with your provider is just starting once you make a selection. You'll need to be ready to monitor and manage one or more providers in various combinations of service bundles.

Carefully consider the risks that come with any outsourcing initiative and put in place strategies for reducing the risks and/or dealing with suboptimal results should they occur. Be sure everyone who would needs to be involved in such mitigations is thoroughly trained before issues arise.

The positive results of a rigorous outsourcing review and implementation can support the continued growth of your company within established or new markets. The initial effort and investment will be significant, as will be the reward for your company, staff, shareholders and—most important of all—your loyal customers.

About LeSaint Logistics

LeSaint Logistics is a nationally recognized provider of warehousing, inventory control, transportation management, and technology solutions that streamline and maximize their customers' supply chain efficiencies. In transportation, LeSaint provides end-to-end management, brokerage, and asset-based solutions that ultimately leverage the company's multimodal knowledge, flexibility, and service performance levels for its customers. For more information, visit www.LeSaint.com.

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