

Your Bonus Pack PART 3

Logistics Outsourcing Plan



LOGISTICS OUTSOURCING PLAN

I've been involved in Logistics Outsourcing since 1994, and have assisted dozens of companies through the process since then. Across all industries.

I hope that this information will help you in your own Outsourcing Success.

In particular, this guide will assist you in preparing your overall project plan for outsourcing, right from mobilising your project team, through to the selection of your outsourcing partners.

Built up over hundreds of Outsourcing projects, this represents the most common activities and tasks that you need to include in your plan. But there may of course be others that need to be included to meet the needs of your own business.



ROB O'BYRNE

Logistics Outsourcing Plan

1. Mobilisation

Team Workshop

- Project objectives & scope
- Project team responsibilities
- Whiteboard current operations
- Discuss current issues
- Prepare data spec
- Data gathering
- Gather sample data
- Review data
- Visit operations
- Prepare outline task spec
- Discuss potential short list
- Call potential suppliers
- Executive Team briefing

2. Operations Performance Audit

Warehousing Review

- WH assets
- Costs
- Performance
- Prepare Summary

Distribution

- Current resources/contracts
- Current costs/rates
- Current performance
- Prepare Summary

Location Review

- Location Analysis

Project Team Workshop

- DC Location
- Cost/Benefit/Risk

3. Prepare CA & EOI

- Prepare Confidentiality Agreement
- Prepare selection criteria
- Prepare high level move plan
- Prepare EOI
- Agree distribution list
- Distribute CA & EOI
- Providers prepare responses

4. Select Logistics Partner

EOI Review

- Review & Score EOI Responses
- Workshop results = Shortlist
- Notify providers

Prepare Selection Process

- Establish capability & cost criteria
- Prioritise & weight criteria
- Prepare selection timetable

Service Specification

- Plan service spec outline
- Customer types and locations
- Demand/freight profile
- Ordering methods and order profile
- Establish inventory profile
- Establish operating parameters
- Interfaces with other parties?
- Identify constraints
- Service levels required
- Pricing mechanisms
- Special handling requirements
- Complete service specification
- Circulate Service Spec Draft

Preparation of RFT

- Prepare contract outline

Draft Contract

- Contract length
- Asset ownership
- Performance measurement
- Reporting
- Complete contract
- IT requirements
- Potential IT issues

Selection process
Implementation timing
Strategic issues
Agree distribution list
Reference check selected companies
Complete Document
Circulate completed RFT
Planned delay
Sign Off RFT
Distribute tender documents
Await Tender Responses

Review Proposals

First cut review of Proposals
Workshop - Selection of short list
Invite short list to present proposal

Selection of Partner

Visits to provider sites
Presentations
Selection Team workshop
Selection of preferred provider
Selection of 'fall back' provider
Notification of results

Contract Negotiation

First round
Planned delay
Second round
Planned delay
Third round
Planned delay
Contract signed

5. Implement New Contract

Planning
Training
Move
Commission