3PL Central

2020 3PL WAREHOUSE
PEAK SEASON PLAYBOOK

Best Practices to Improve
Warehouse Efficiency

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2020 3PL Warehouse Peak Season Playbook
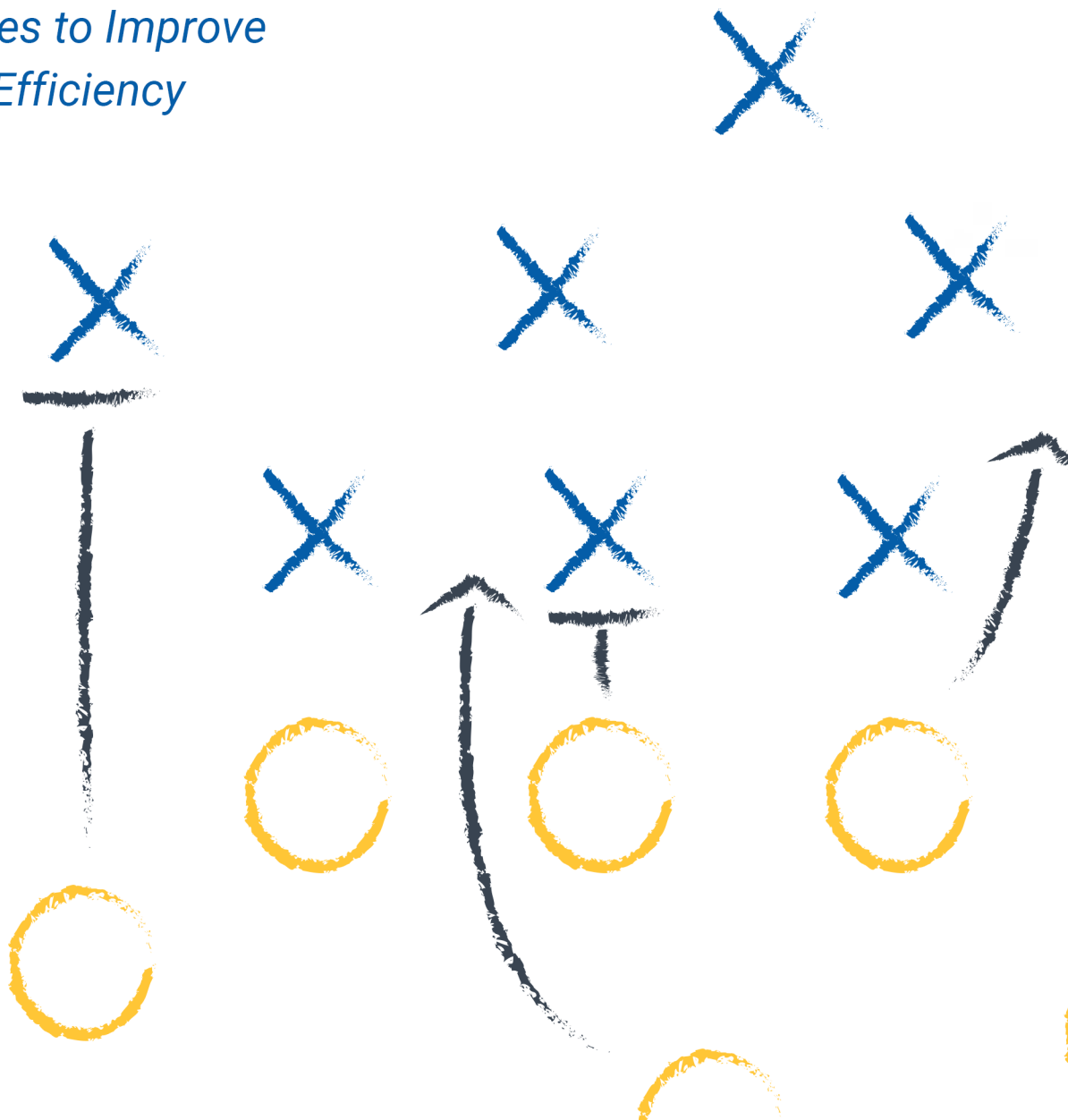*Best Practices to Improve Warehouse Efficiency*

This has been a unique and unprecedented year for supply chain businesses, especially third-party logistics (3PL) warehouses. With the pandemic fueling change in consumer buying patterns, ecommerce has increased significantly. To remain competitive, many warehouses have adjusted their operations and systems to accommodate changes in what, where, how, and when people are buying. This is no surprise considering United States consumers alone will spend **$709.78 billion on ecommerce in 2020**, representing an 18% increase.

Retail Ecommerce Sales in the US, 2018-2022

billions, % change and % of total retail sales
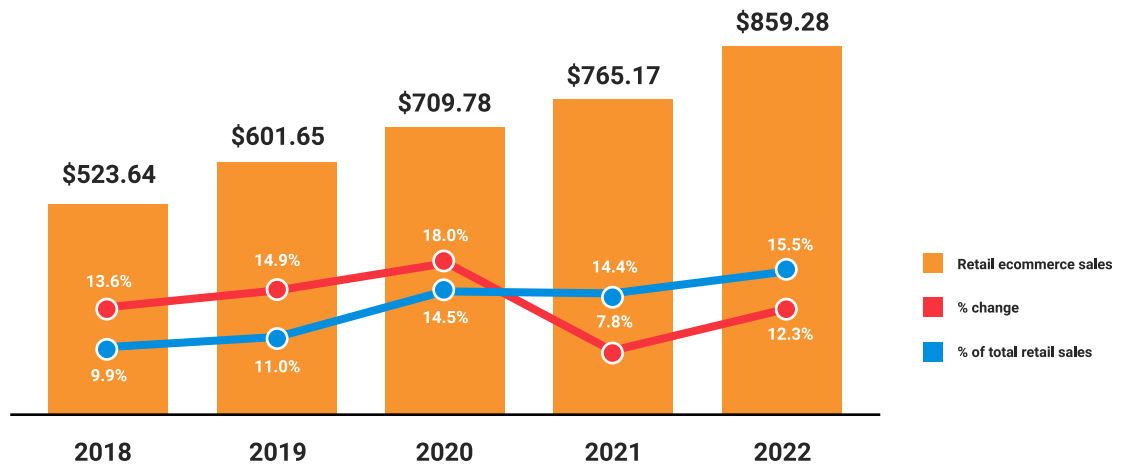
Note: includes products or services ordered using the internet, regardless of the method of payment or fullfillment; excludes travel and event tickets, payment such as bill pay, taxes or money transfers, food services and drinking place sales, gambling and other vice good sales

https://www.emarketer.com/content/us-ecommerce-2020

Historically, peak season was the winter holiday shopping season between Black Friday and New Year's. During this time, 3PLs would make sure their warehouse operations were in tip-top shape to support their customers and holiday shoppers. In recent years, and with the rise of ecommerce fulfillment, peak season evolved to include Valentine's Day, Mother's Day, back-to-school, and

Halloween, creating five distinct shopping seasons. Warehouses optimized to support these surges remained successful for another year — and other peak seasons.

As always, the needs of warehouse customers are a top priority for third-party logistics businesses who serve a greater array of clients than ever before. Many of these warehouses also support a variety of fulfillment types including B2B, **ecommerce**, omnichannel, and more. The importance of better serving, supporting, and communicating with customers is not only a mantra for today's 3PLs, but a requirement to stay competitive, remain relevant, and increase revenue. Without improved warehouse layouts for easy fulfillment, properly trained warehouse staff to increase efficiency, and the right warehouse technology to accommodate order growth and automation, how will your warehouse meet the demands of today's 2.05 billion online shoppers?

Digital buyers worldwide from 2014 to 2021 (in billions)

https://www.statista.com/statistics/251666/number-of-digital-buyers-worldwide/
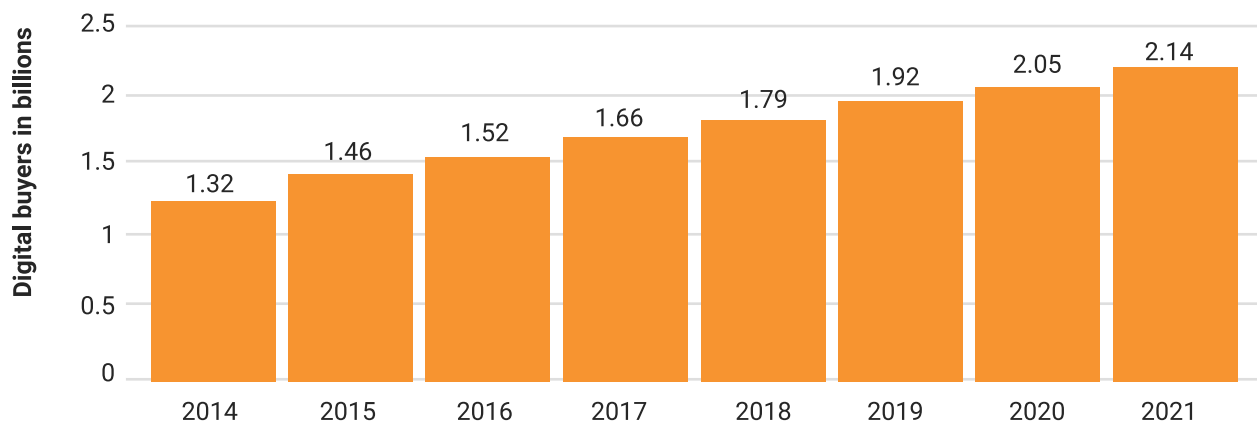
To help your third-party logistics warehouse achieve maximum profitability and customer satisfaction during peak season, or any time of year, we recommend the following best practices as part of the 3PL Warehouse Peak Season Playbook.

01 Optimize for Efficient Operations
02 Become a Paperless Warehouse
03 Automate Billing Processes
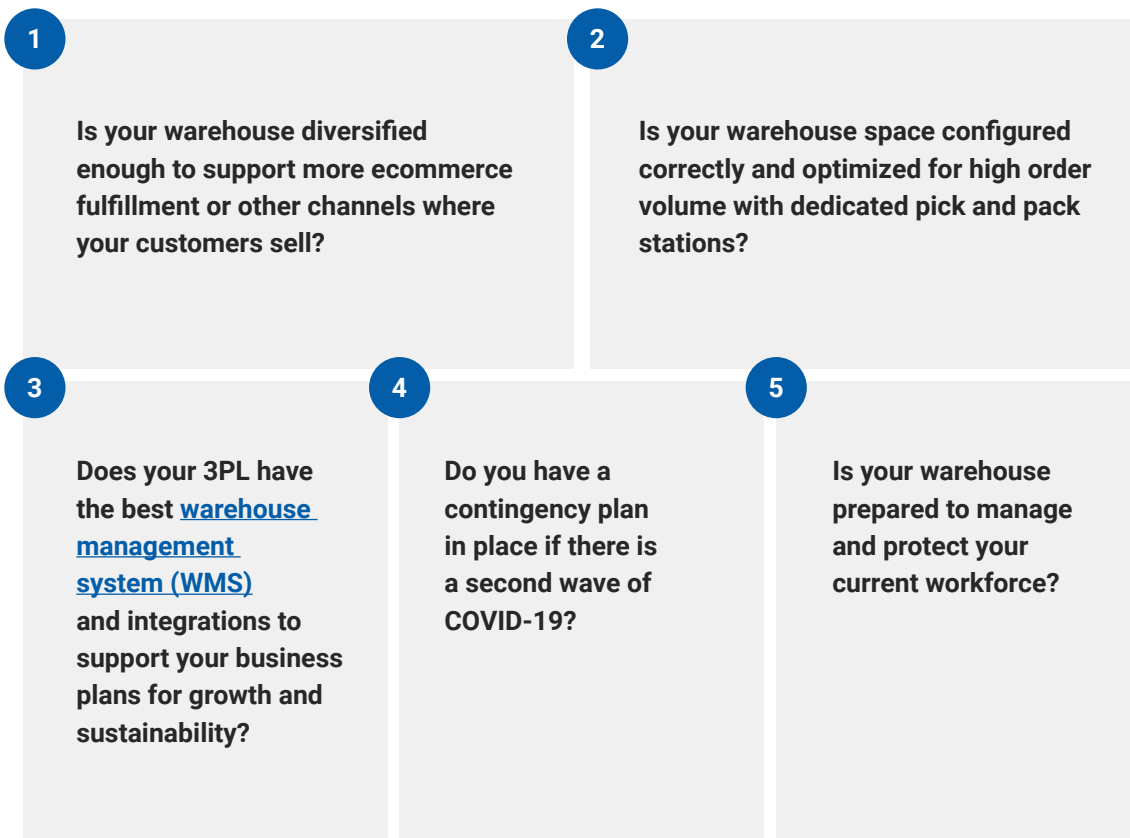04 Offer Visibility to Customers
05 Integrate Technology and Systems

Best Practice 1:

Optimize for
Efficient Operations

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In a poll of 3PLs, **67% shared** that their ecommerce fulfillment had increased, with 24% saying that it had increased more than 25% in the first half of 2020.

Looking at 3PL Central's 800+ warehouse customers, ecommerce order volume increased by more than **65% flowing through 3PL Warehouse Manager**, **as compared to last year.** It is estimated that other logistics businesses are also seeing this type of growth. In fact, **48% of B2B businesses** are re-forecasting future projections for ecommerce sales.

To scale, many 3PLs will need to evaluate their operations and optimize for increased order growth to ensure they meet service level agreements (SLAs) they have in place with their customers. Start by answering a few questions:

1

Is your warehouse diversified enough to support more ecommerce fulfillment or other channels where your customers sell?

2

Is your warehouse space configured correctly and optimized for high order volume with dedicated pick and pack stations?

3

Does your 3PL have the best warehouse management system (WMS) and integrations to support your business plans for growth and sustainability?

4

Do you have a contingency plan in place if there is a second wave of COVID-19?

5

Is your warehouse prepared to manage and protect your current workforce?

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To optimize for more efficient operations, many warehouses think to only focus on technology. And yes, knowing when to move away from paper-based or inefficient processes to **select a WMS** is one of the first steps. However, improving operations is a process that must be aligned and managed across the entire business — from the warehouse floor to back-office staff to owners. Everyone must be on the same page when looking to improve the organization of the warehouse from inventory, orders, and shipping, to customer communication.

WEBINAR

Scaling Your 3PL for Ecommerce with Connectivity

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SPECIAL EDITION

Ecommerce State of the Third-Party Logistics Industry Report

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WEBINAR

Inventory Best Practices for Ecommerce Warehouses

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Best Practice 2:

Become a Paperless Warehouse

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When looking to make an impact for peak season, one key area to focus on is picking, which can average **55% of operational costs** for a warehouse.

As mentioned in the **State of the Third-Party Logistics Industry Report**, 3PLs who want to remain competitive must transform their warehouses into highly automated and completely paperless operations sooner rather than later. When combining efficient WMS operations with integrated hands-free scanning capabilities, they can make a big impact to the many challenges 3PLs face when it comes to labor. For example, paperless workflows using **mobile barcode scanning** can offer step-by-step instructions for picking and packing orders—removing reliance on the warehouse worker to make decisions on the fly.

In fact, warehouses who upgrade their warehouse technology systems for improved picking and packing functionality, moving away from paper and pencil processes, will see an average of a **25% gain in productivity**, up to 20% gain in space use, and up to 30% more efficient use of stock.

↑	↑	↑
25%	**10-20**%	**15-30**%
gain in overall productivity	gain in space use	more efficient use of stock
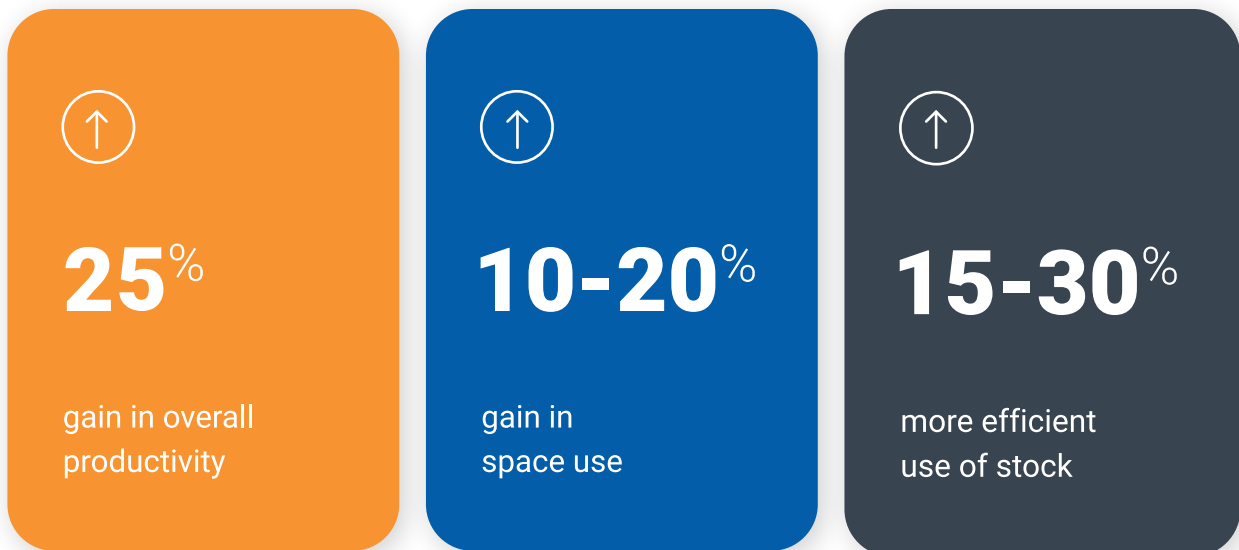
Overall, **paperless functionality**, especially when combined with best practices, improves a 3PLs ability to decrease manual errors, increase output and shipping, and reduce warehouse training times.

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ARTICLE

Bracing for the Paperless Warehouse Revolution

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One 3PL's Journey to Growth and Efficiency with Mobile Barcode Scanning

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Brilliant Fulfillment

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Best Practice 3:

Automate Billing Processes

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It is never a good time for a warehouse to worry about how to bill customers — or whether the bill is correct.

In a billing best practices survey of 3PL warehouses, **82% of respondents** lost money due to uncaptured monthly shipping, receiving, and recurring storage charges.

Third-party logistics businesses are valued partners for their customers and deserve proper compensation for completed work. The surest way to guarantee work is accurately tracked and to be fully compensated for all the transactions performed is to automate the entire billing capture process.

This is especially important during peak season when warehouse staff experiences intense pressure and a "just get it shipped no matter what" mentality may sacrifice accuracy. Luckily, with WMS automation, warehouses do not need to sacrifice accuracy for speed. With best practices in place, 3PLs can receive, store, and deliver orders efficiently and accurately, as well as get compensated correctly for each service.

On average, a 3PL can **miss out on as much as 3% of the revenue they're owed every single day** due to uncounted, lost or under-billed services without billing automation in place.

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With 3PL-centric billing integrations, you can:

- Create customer-specific billing terms and scripts
- Manage recurring billing easily
- Generate invoices from orders
- Track all accessorial charges
- Maintain billing scheduled for transactional and full or split month billing
- Notify customers of upcoming invoices
- Integrate with accounting software like QuickBooks

BLOG

3PL Billing Best Practices: Capturing Revenue with Billing Automation

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SPOTLIGHT

Customer Spotlight - Captech Logistics

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BILLING

3PL Billing Automation

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Best Practice 4:

Offer Visibility to Customers

As ecommerce fulfillment continues to grow, and peak seasons begin to bleed into one another, 3PLs must have an easy and accurate way to access relevant data quickly.

Better yet, have a solution that offers a scalable, self-serve option so warehouse customers can easily answer their own inventory questions. This is valuable in saving time for warehouse office staff who field customer calls during peak season. Especially since 73% of attendees polled during **The Changing State of the Third-Party Logistics Industry** webinar stated that they already speak to customers more than ever before.

Retail inventory is accurate only **63% of the time**. Utilizing WMS technology and mobile scanning **increases accuracy to 99%**.

In some cases, offering complete visibility means being an unseen partner to warehouse customers. In a conversation with **Woodland Group**, a global logistics, freight forwarding & supply chain specialist, their goal is to be invisible and successfully fulfill their customers' orders in the background without incident. The only way to achieve this goal is to provide their customers visibility into every step of the fulfillment process.

Today's 3PLs need to have visibility into every action performed by the warehouse: Reporting capabilities that track inventory patterns to better understand what types of products sell during specific months and seasons, the number of staff needed to support peak season hours, and profits made from peak season products — among many other things.

Moreover, **visibility across the warehouse** extends to a 3PL's ability to satisfy customers and their shoppers. Of all the ways to provide customer satisfaction, reliability and transparency are critical.

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Customer Spotlight: Woodland Group

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The Changing State of the Third-Party Logistics Industry

VIEW RECORDING

## Maintain Accurate Records: The Importance of 3PL Inventory Management

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Best Practice 5:

Integrate Technology and Systems

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Superior customer service and satisfaction sits at the heart of every logistics business. 3PL warehouses must deliver virtually every order on time with 100% visibility and accuracy – while providing a superior customer experience at every touch point. This also means delighting consumers who believe that new technologies and innovations improve their experience.

Percent who agree that shopping technologies and innovations improved their experience:

80% **66**% **63**%

Online **In Store** **On mobile**
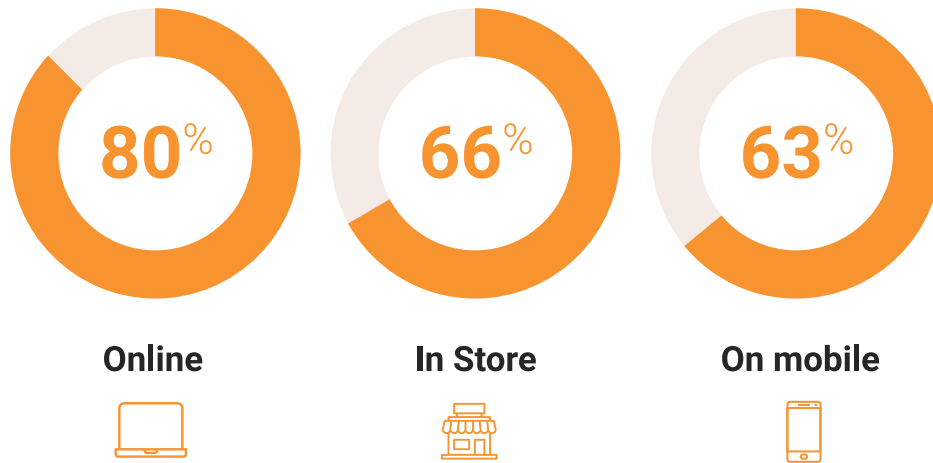
Peak season may drive a warehouse to look at new technology to improve the experience of their customers and consumers. But the truth is, a **comprehensive WMS** will help a 3PL offer integrations to shopping carts, retailer EDI, and access a **REST API** to develop the tools needed to meet customer demands so they can scale their business. In addition, warehouse automation can send automated alerts, email updates, and offer a permission-based customer portal to help warehouse staff spend less time troubleshooting issues.

By implementing the right WMS technology along with best practices, 3PLs can easily manage inventory, automate routine tasks, and deliver complete visibility to their customers during peak season or any time of year.

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WHITEPAPER

The Ecommerce Technology Lifecycle

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CASE STUDY

Making the Case for Warehouse Automation and Scalable Integrations

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SPOTLIGHT

Customer Spotlight: Javeline Logistics

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3PL Central

With peak seasons extending and new unexpected peaks arising more frequently, better preparation can set 3PL warehouses apart from their competition. By optimizing for efficiency, becoming a paperless warehouse, automating billing processes, offering visibility to customers, and integrating technology and systems, 3PLs will have the tools to scale and better serve their customers.

Interested in learning how 3PL Central can partner with your 3PL warehouse to prepare for Peak Season?

REQUEST A DEMO

3PL Central provides cloud-based WMS solutions for 3PLs to quickly transform paper-based, error-prone businesses into service leaders who can focus on customer satisfaction, operate more efficiently, and grow faster. As the backbone of our customer's operations, we make it easy to manage inventory, automate routine tasks, and deliver complete visibility. To learn more, visit **www.3plcentral.com** or call 888-375-2368.