Warehousing & Fulfillment

### **Logistics Outsourcing and** 3PL Challenges

In this article we will discuss logistics outsourcing and some of the 3PL challenges that are faced.



By Lauren Green, October 26, 2022

### • Logistics outsourcing refers to working with external party providers to manage the activities of your supply chain

below.

Key points:

- You can use a logistics provider for warehousing, deliveries, inventory management, packing, assembling, and many more
- A 3PL can also manage your IT, account, and customer support operations
- Outsourcing your logistics operations can give you a competitive advantage over

others. Learn more about the pros and cons of Logistics outsourcing in this guide

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What is Logistics Outsourcing?

## Usually, this happens when the business lacks the necessary resources or

storage, packing, and delivery services.

expertise to carry out these activities, so they outsource logistics services to an external party.

In turn, the third-party logistics company (3PL) provides customers with shipping,

When a business collaborates with a third-party logistics provider to handle its

various supply chain functions, this is known as Logistics Outsourcing.

Commonly outsourced logistics operations include distribution and warehousing, orders fulfillment, delivery, warehouse management, and customer support.

**Advantages of Logistics Outsourcing** Logistics outsourcing is growing rapidly. More and more businesses are stepping

up their use of 3PLs to handle their supply chain activities. With this increasing

number, it is important to know why 3PLs are important.

substantially lower operating costs per load.

services of experienced personnel.

Below, you can find the advantages of logistics outsourcing and how it can benefit your business. Costs Saving: Using a 3PL will help cut logistics and inventory costs. Most 3PLs have an extensive network of couriers and carriers, allowing them to choose the

efficient order fulfillment and respond quickly to customer orders, they increase cash flow to businesses.

budget to negotiate significant savings with carriers. As a result, they can achieve

best and most affordable service for each order. In addition, since they provide

Leveraging Freight Buying Power: 3PLs can leverage their combined freight

Access to Experience: An outsourcing logistics company has more experience and expertise than a business regarding logistics. They have the skills and technical know-how to manage the supply chain effectively. They also provide professional assistance and guidance to businesses on how best to fulfill their orders. By outsourcing to a third-party logistics company, you will enjoy the

Scalability: Outsourced logistics can easily scale up or down logistical demands

without incurring extra expenditures for infrastructures or personnel. For

instance, when expanding to new regions, you need to rent warehouses or get

physical stores where you intend to sell your items. But with an external logistics company, you don't need to do all of these. 3PL will help you manage all aspects of your supply chain without much stress. Save money on every shipment

Save up to 70% off shipping with Easyship's discount courier rates. Just

create your free account to save instantly on 250+ couriers, including

USPS. **CREATE YOUR FREE ACCOUNT** Disadvantages of Logistics Outsourcing Unavoidable Costs: For companies who have spent a lot of resources building an internal logistic team, outsourcing logistics services might be a waste of funds. Loss of Control: Since your provider will be in charge of your supply chain, they

# fault from their side will affect your business reputation, not the provider's.

growth

Related post: Outsourcing Order Fulfillment Benefits What Are The Biggest 3PL Challenges?

will undoubtedly be the ones to interact primarily with your customers. Thus, any

economy. In this article, we will examine four significant challenges of 3PL. • Warehouse Capacity: Warehouse capacity is one of the significant

3PL are faced with several challenges they must overcome to thrive in the modern

rapidly, resulting in a shortage of space in warehouses. In addition, the price hikes in real estate make it difficult for distribution centers to expand • Workers: Another issue faced by 3PL is a shortage of staff. Many 3PLs are faced with the issue of recruiting, training and hiring qualified workers for their company, as most candidates lack the experience for the job. This

inadequate workforce leads to increased labor costs and reduced company

• Government Regulations: Most 3PL companies ship items to different cities,

states, and foreign countries with varying legislation. For their business to

challenges faced by third-party logistics companies. The industry is evolving

function effectively, they must abide by the laws and ordinances that apply to each location. This can be challenging because many 3PLs lack access to qualified human resources who can handle these different rules • Safety: Employee safety is another concern for 3PL companies. Employees commonly record warehouse accidents while using conveyors, forklifts, and other equipment. In extreme cases, these accidents result in severe injuries

or loss of lives. This leads to reduced productivity, compensation fees for lost

lives, payment of fines to OSHA, and many more

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Here is an example of a 3PL provider in action:

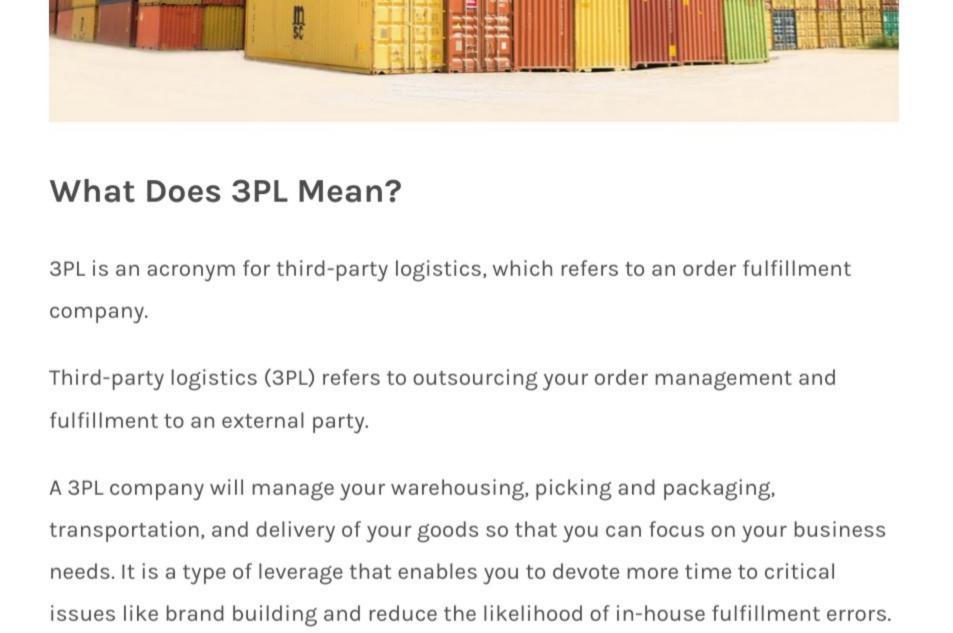
while providing efficient deliveries to your customers.

• Orders synchronization

A vast network of warehouses

high-volume discounts with major couriers

customers.



Make Easyship Your 3PL Provider

Easyship can assist you if you feel the need to outsource your logistical operations

to a third-party company. This will help you focus more on building your business

Easyship is a reputable and reliable 3PL company with a vast network of

warehousing partners worldwide. We provide our customers with the tools

required to speed up their order fulfillment procedures and automate their

A snack-producing company makes several cartons of the snacks every day but

doesn't wish to handle the consumer ordering or shipping. So, the manufacturer

uses a third-party company to process the online orders and ship the items to the

shipping processes. Some of our unique features are: 250+ shipping solutions Global tracking system

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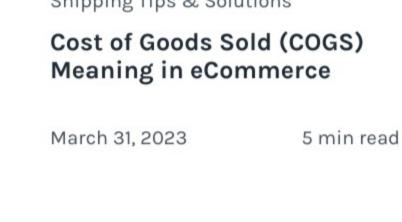
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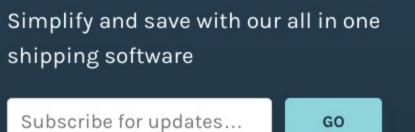
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