



# Distribution Center MANAGEMENT

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Managing people, materials and costs in the warehouse or DC

## From the Golden Zone

### Choosing the right business partner is about finding your perfect match

By Susan Rider

You're surfing cyberspace, checking out match.com and like-minded sites. What do you look for in a mate? You probably spend a lot of time and effort figuring that out.

What's that got to do with warehousing? Well, a lot. Whether you are selecting new software, a third-party logistics provider, a material handling partner, a consultant, or any other supplier or vendor, you should apply the same criteria to choosing a business partner as you do to choosing a mate.

As you embark on the courting phase of a professional relationship, keep in mind that a salesperson is putting on his or her best face. Just as a potential mate may groom himself more than usual, or put on her best dress, a vendor will only let you see him at his best. That's why you need to be diligent during this phase.

Here are a few strategies for choosing the best business partner:

**Check references.** Check the references the prospective partner gives you, but also ask for references from other customers he has had dealings with. People typically don't provide bad references, so the ones they do give you won't paint the picture of who they really are. Ask for a potential partner's entire customer list and talk to the ones not listed as references.

If a referenced individual has a title of vice president or above, ask to speak to the person who actually uses the product. Often, a VP will make a decision about a product and, if the decision turns out to be a poor one, he will probably not divulge that information. The individual who is actually responsible for making the new product work, however, could be quite vocal.

**Review customer service.** Many times, when people select a product or a service, they carefully examine the item being purchased, but don't spend enough time on customer service. The product or service is important, but in the long run, it's customer service that will ensure long-term satisfaction.

Let's say you purchase the best warehouse management system (WMS) on the market, with all the bells and whistles. Once it is installed at your facility, the implementation team leaves. Then, the first time you call customer service when a problem arises, you're put on hold for an hour and it takes three days for them to return and fix the problem. Does this make you happy with your new partner?

**Examine the culture.** This is an area that is usually ignored. Look at the culture of the organization that your prospective partner

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comes from. Will the company's culture be complimentary to yours? This is critical for a harmonious relationship.

**Ensure the vendor has the right expertise.**

Often, companies choose a vendor they like. Sometimes I hear, "I really like and trust the sales guy." But remember, after you sign the contract, the sales guy usually disappears and other individuals from other departments within the company become your main points of contact.

For example, if you are a less-than-full case/piece picking operation and you hire a consultant whose expertise is in a full-pallet/full-case arena, odds are you will either pay for him to learn your operations, or you will acquire a solution that is less than effective in your operation. Vendor expertise in your world is crucial.

**Look at the vision/mission of a company.** Is a company up for sale? What is its long-term mission? If its mission is gross-profit margin instead of customer satisfaction, don't say I didn't warn you! One company recently told me it had selected a software system after much due diligence (the courting phase), signed a contract (the marriage), and, three months later, found out that the company was sold and the product was being "obsoleted" (the honeymoon's over). Officials with the company asked me how to prevent this.

My advice was that the world of warehousing is a small and connected one. Word gets out, so ask a seasoned veteran for his recommendations. Most of them will know what companies are doing well, which are struggling, and which are looking for new owners.

But, like marriage, choosing the right partner is only half the battle. How can you avoid getting a "divorce" from a partner? Here are a few suggestions.

**Realize that a partnership works two ways.** If you don't trust your partner with pertinent information, it will not be able to provide the best service for you. Trust and communication, just like in a real marriage, is imperative to making a good vendor partnership work.

**Ask for a statement of work (SOW).**

When you get one, study it. Carefully. This is what your partner has agreed to do. If you do an in-depth analysis of the SOW, you can usually avoid a lot of problems. Also, ask for a SOW detailing your responsibilities. This is extremely important.

Many implementations fail because a customer did not realize the time commitment or skills needed on his side to make a project work. Often, project managers on the customer side are appointed to these kinds of projects, and this extra duty is added to their already full work schedules. These projects are in trouble from the beginning. Thoroughly understand your responsibilities, the time commitment required of you, and the skill sets involved, and be comfortable with them before proceeding with the project.

**Get a service-level agreement (SLA).**

Going through an SLA with a prospective partner and coming to an agreement about expectations on both sides of the aisle is a good way to ensure a great relationship.

Finally, in the case of disillusionment, make sure your exit strategy is well-defined in the contract — think of it as signing a pre-nuptial agreement. This will avoid costly attorney fees and a lot of pain down the road.

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