

Selecting a 3PL for Distribution Networking Transition

The Challenge:

Bumble Bee Foods® (Bumble Bee) comprises North America's largest branded seafood company. Bumble Bee determined their distribution network did not adequately support their current business, particularly after the recent acquisition of several other companies.

To support a re-design of their distribution network, Bumble Bee engaged a management consulting firm to help them determine key characteristics of an optimized network.

The following shortcomings were identified in the existing Distribution Center (DC) network:

- The existing network of seven DCs was operated by six different providers, resulting in a lack of end-to-end visibility and cost/performance inconsistencies. All existing providers generally lacked contemporary systems and operating practices.
- Inventory accuracy and other operational efficiencies were impeded by manual processes, systems/process disconnects, inadequate controls, and poor execution. Standard Operating Procedures (SOPs) and metrics to manage third-party logistics (3PLs) did not exist, leaving Bumble Bee with limited capabilities to measure service performance.

Bumble Bee partnered with Edgewater Technology to address the next step in the process of optimizing Bumble Bee's distribution network, namely to identify and evaluate prospective 3PL's companies.

The goal of this analysis was to identify the right 3PL partner to operate components of the Bumble Bee distribution network.

Objectives:

- Consolidate requirements from all stakeholders;
- Prioritize requirements in order to focus vendor attention on the most critical ones;
- Deliver a Request for Proposal (RFP) to a list of vendors identified by Bumble Bee;
- Track and categorize vendor responses, ensuring RFP requirements are addressed; and
- Identify the three strongest vendors.

The Approach:

Edgewater started by formally defining core Bumble Bee processes that were dependant upon the 3PL providers, defining requirements for each process, and then translating these requirements into selection criteria.

Top line requirements included operational data, systems approach, order profiles, metric reporting requirements, anticipated timing, and others. In addition to these, Edgewater captured knockout criteria—which represented show-stoppers involving vendor location, technology, performance metrics/Key Performance Indicators, undesirable qualities—to aid in prioritizing characteristics essential to successful operations.

To translate these requirements into selection criteria, Edgewater created and maintained a Vendor Evaluation Workbook leveraging an existing tool in Edgewater's project methodology toolset. The Vendor Evaluation Workbook weighed the importance of categories of requirements and individual requirements to present a truer picture of a vendor's ability to meet Bumble Bee's needs.

With the selection criteria finalized, Edgewater developed an RFP which was distributed to 10 previously identified 3PL companies.

Edgewater then worked with the 3PLs to address questions and manage responses, including recording and scoring responses, in the Vendor Evaluation Workbook. Edgewater also built a costing workbook to facilitate modeling and cost comparisons across each region in the DC network.

Edgewater's final steps included:

- Compiling information from the RFP responses into a final provider selection recommendation; and
- Presenting proceed/do not proceed recommendations to key stakeholders.

The Results:

Bumble Bee was able to quickly rule out vendors that did not meet their critical requirements and focused their attention on evaluating those who satisfied core requirements. Through the Vendor Evaluation Workbook, Bumble Bee was able to weigh the vendors responses against a set of weighted priorities to see vendor strengths against Bumble Bee's high, medium and low priorities. This in turn gave Bumble Bee a tool for rating vendors in comparing costs and ranges of service.

Success Factors:

- Edgewater delivered an RFP binder to each vendor that organized key information about Bumble Bee to support the vendor's response; and
- The RFP binder organized Bumble Bee requirements so vendor's focused on their ability to deliver against factors that were most critical to Bumble Bee's success.