

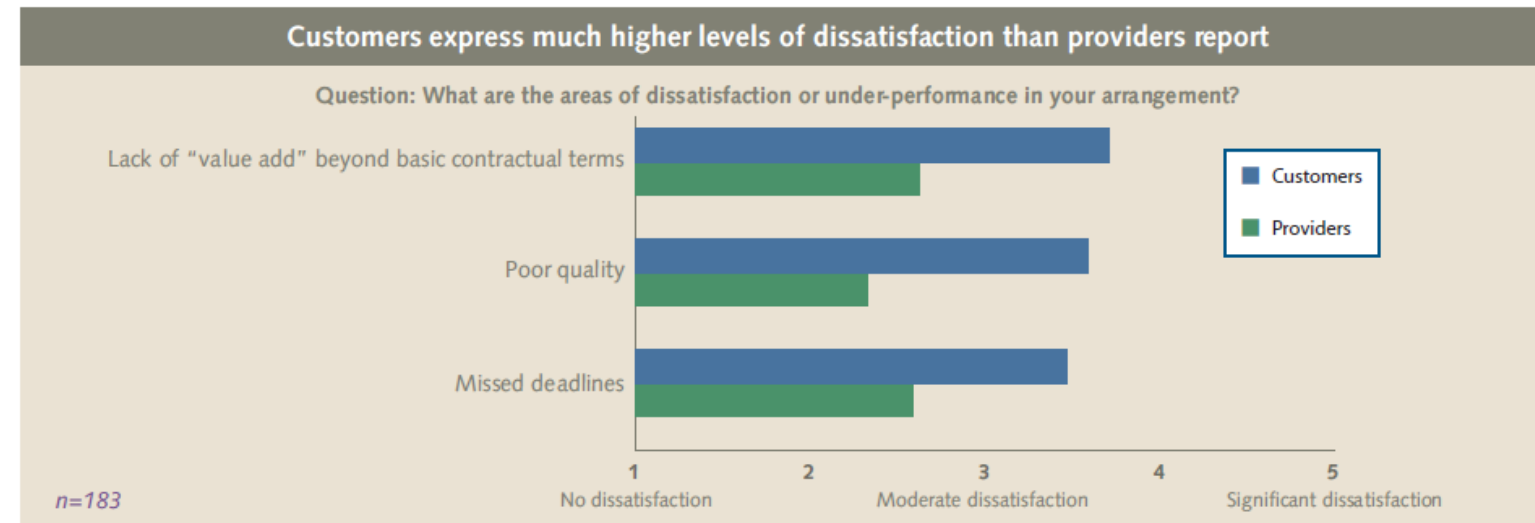
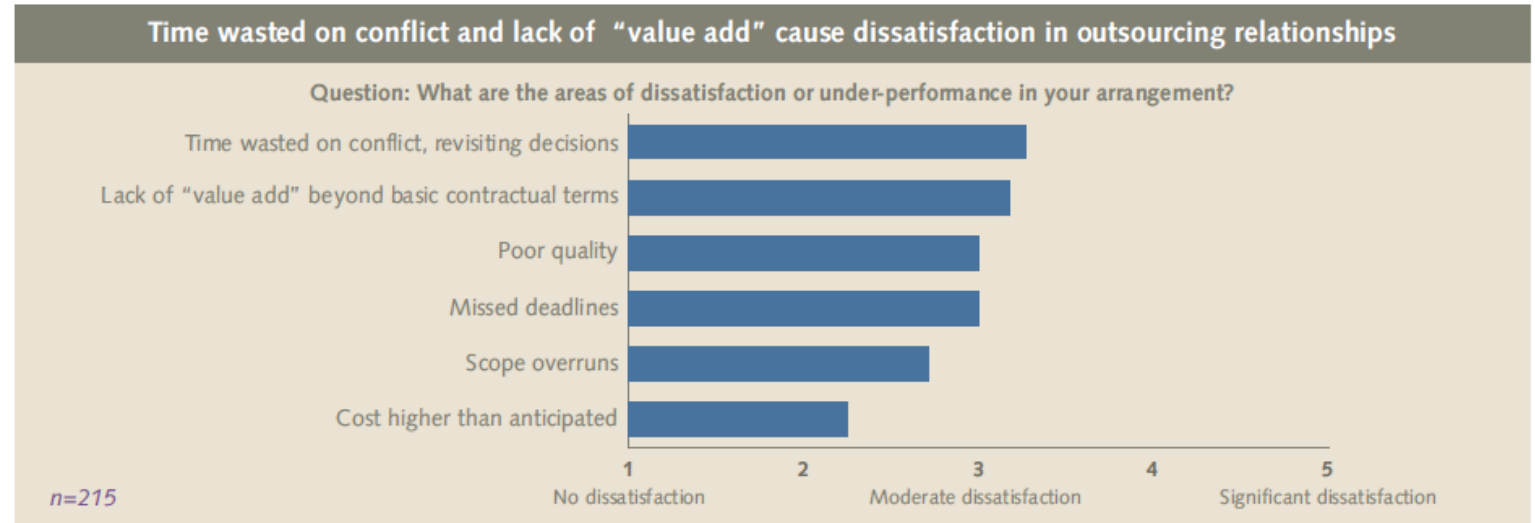
# Logistics Outsourcing



# Troubled Outsourcing Relationship?

In a survey by Vantage Partners (2010), the most frequent area of dissatisfaction in outsourcing relationships was the time wasted on conflict and revisiting decisions.

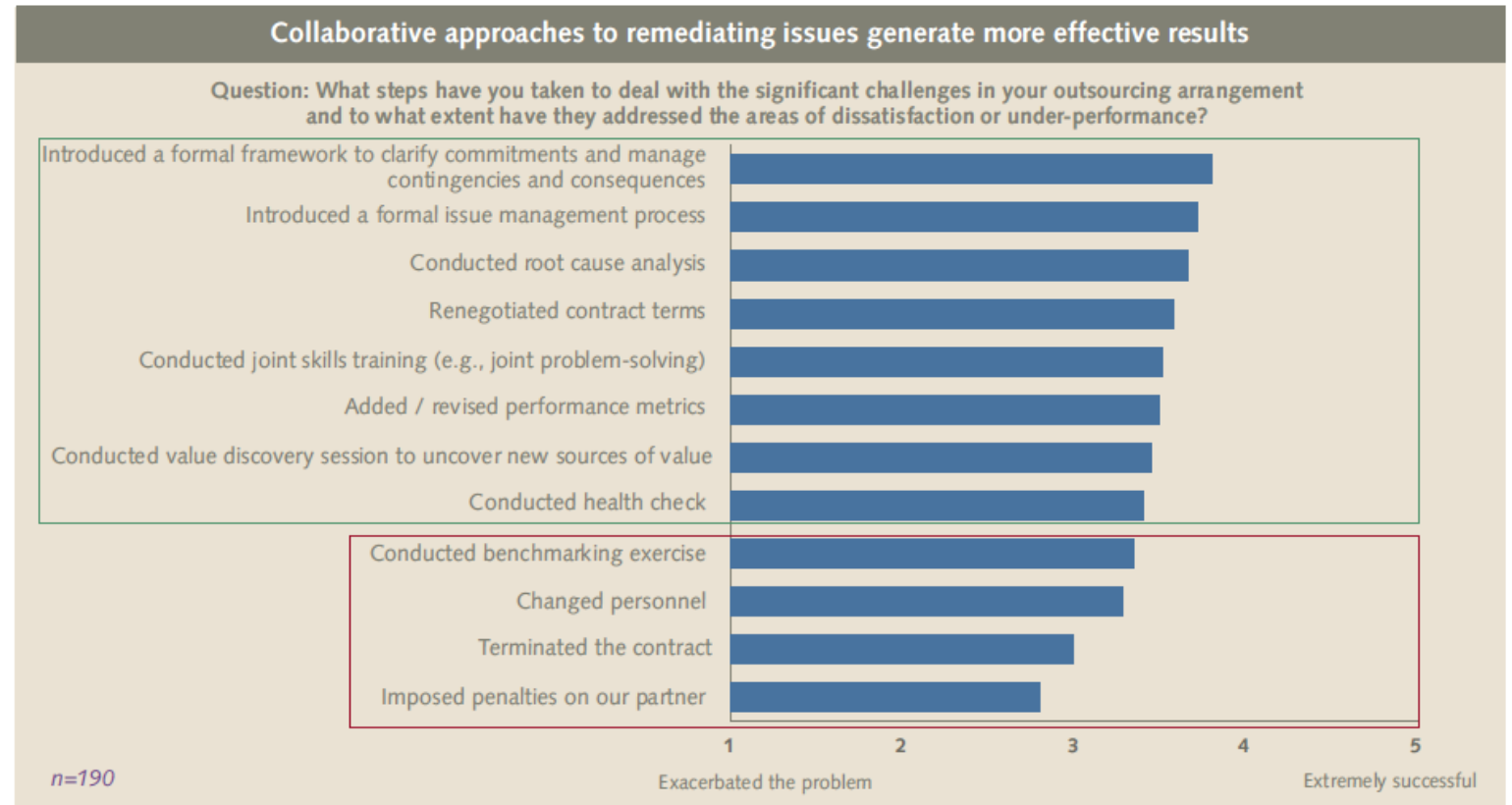
When measuring levels of dissatisfaction, customers express much higher levels of dissatisfaction than providers report.



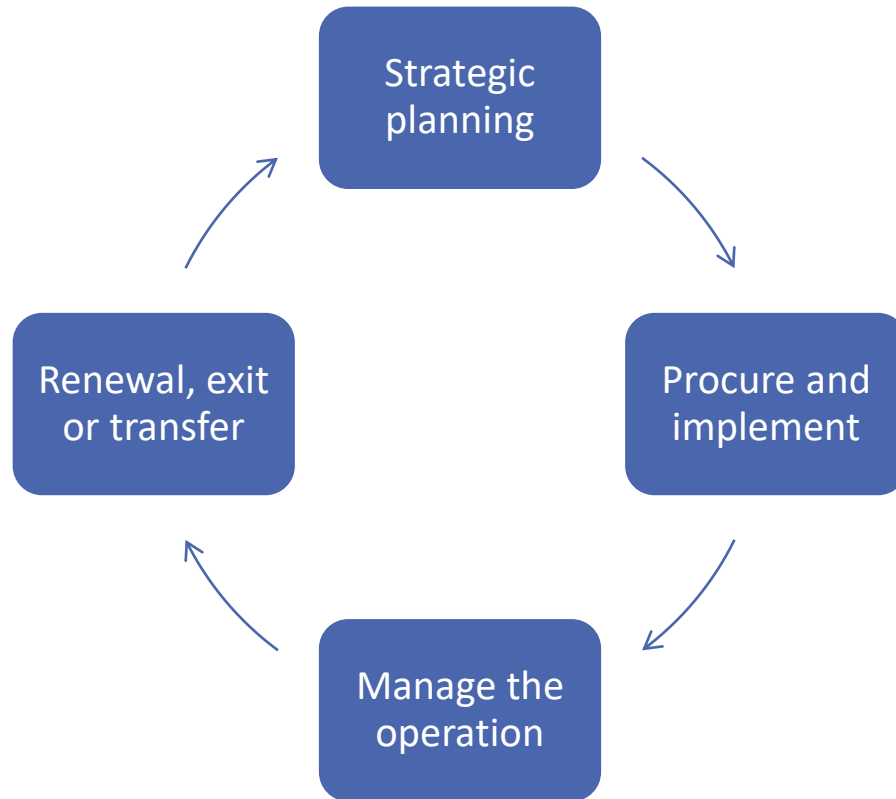
# Troubled Outsourcing Relationship?

Measures such as terminating the contract and imposing penalties are both unpopular and ineffective.

Respondents who adopted these two approaches say they came closer to exacerbating the problem than fixing it.



# Logistics Outsourcing Lifecycle



What should work well?	What may not work well?
Sector specialisation	
Flexibility <ul style="list-style-type: none"> <li>• Scale-up</li> <li>• Scale-down</li> </ul>	Resource fixed or constrained <ul style="list-style-type: none"> <li>• Possible in-house</li> <li>• Possible in-dedicated arrangement</li> </ul>
Economy of scale <ul style="list-style-type: none"> <li>• Volume: facility, equipment</li> <li>• Flexibility for growth / consolidation</li> </ul>	Smaller scale operation / provider <ul style="list-style-type: none"> <li>• Effectively capped</li> <li>• Belongs to a few</li> </ul>
Forces thought <ul style="list-style-type: none"> <li>• Provider needs to know requirement</li> <li>• Thought needs to be targeted</li> <li>• Resources needed for tender is considerable</li> </ul>	Thought restricted <ul style="list-style-type: none"> <li>• Over-reliance on provider</li> <li>• Inward looking – ‘this is how it has always been done’</li> <li>• Tender or scoping is insufficient</li> <li>• Poor data</li> </ul>
<b>Clarity of scope of service provision</b>	<b>Inadequate service provision</b>



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