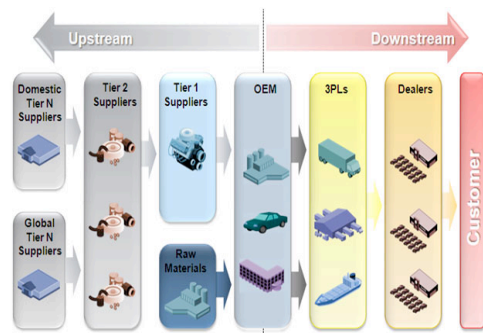


Tier II Third-Party Freight Logistics (3PLs) Find Their Niche

By Gary Friedman, President, Cost Containment Specialists



Third-party logistics (3PLs) come in many shapes and sizes. The “not-too-big and not-too-small” proportions of Tier II 3PLs make them just right for many shippers.

Bigger isn’t always better. Just ask the satisfied customers of third-party logistics providers (3PLs) who aren’t the biggest fish in the pond.

So-called Tier II 3PLs generally bring in revenue of less than \$250 million annually, and often offer some specialization-in mode, vertical, region, or technology-that allows them to carve out their own niche. Rather than competing with larger 3PLs, Tier II companies often specialize in serving the plethora of small to mid-size businesses in need of supply chain, logistics, and transportation expertise.

“Many Tier II providers excel in specific industry niches. They provide customers with direct, hands-on expertise, with the benefit of a larger platform,” says Robert A. Volkmann, president and CEO of the Transportation Intermediaries Association.

“These companies have the financial, technological, and personnel resources to service any need of mid-market shippers, yet they do so with a small-business mentality where customers can pick up the phone and talk to the CEO or owner,” he adds.

Why choose a Tier II 3PL? While large 3PLs often bring the advantages of deep pockets, robust staff, and plentiful IT resources, some shippers opt for providers whose smaller size allows them to offer more flexibility, customization, and personalized service. Tier II 3PLs pride themselves on being able to extend many of the same services and capabilities as the larger players, while maintaining the appeal of a more intimate shipper-provider relationship.

Tier II providers have more freedom and flexibility to design systems and processes around their clients, and go to great lengths in the name of customer service.

Ultimately, outsourcing is a service industry, where “the market, human nature, and supply chain needs bring companies together.” But the relationships Tier II providers build with their customers are often among their biggest selling points.

About Cost Containment Specialists

Cost Containment Specialists is a national expense reduction firm that provides advisory services to organizations to assist them in reducing their indirect operating expenses. We engage Subject Matter Experts (SME) that have specific expense expertise in over 20 spend categories to analyze and negotiate our clients current and alternative vendors to realize savings greater than can be done internally. Since 1998, CCS has helped over 1,500 businesses and organizations find undiscovered cost savings. Our fees are success-based, so you do not pay us until we produce savings.

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