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Top Ten RFP Tips

Tip #1: Know Your Process Engineers and Costs

Every successful Managed TMS™ deployment begins with an expert analysis of your current state of business. This requires deep expertise and proven processes founded on the principles of Six Sigma, LEAN, and other rigorous disciplines. When assembling your RFP, it is important to ask for the qualifications of the process engineers who will lead this effort. We also recommend asking what the process will cost and where those costs will show up. Is it a separate, upfront cost? Or is it built into the price of the solution?

Tip #2: Identify and Prioritize Your KPIs

Transitioning your transportation network from its current state to your desired state successfully is entirely dependent on the KPIs you choose and how you prioritize them. Today, it's not just about what you measure, but how you measure it. That's why it is important to understand the provider's view of KPIs and the process they use to identify and prioritize them. Is the process a client-provider collaboration? Are the KPIs extracted solely from the transportation network? Or are they pulled from all segments of the supply chain to provide a more complete picture?

Tip #3: Develop a Definitive Savings Plan

Early software-driven TMS deployments generated skepticism in the market because shippers who bought the technology saw ROIs much later than they had hoped, if at all. Managed TMS deployments are designed to deliver savings as early as your first shipment. An effective savings plan will include these key elements: 1) A clear roadmap to sustained (or increased) savings over time, and 2) a process for continuously identifying and achieving savings in additional areas, such as inbound transportation. Be sure to ask prospective providers to describe exactly how they build and manage these savings plans.

Tip #4: Engage in Performance-based Agreements

The savings plan you create should include provisions that require the provider to achieve the savings and service goals you agree to—provided they can control the variables enabling the performance improvements. Is the plan a win-win for you and the provider? Or will the provider be compensated the same whether or not you reach your goals? Accountability for achieving the plan should be shared by both the shipper and the provider. Ask prospective providers what their stance is on this issue. The provider should be willing to build systems or reports that allow you to track ROI against your KPIs and your savings plan.

Tip #5: Pursue True Transparency

Highly refined Managed TMS solutions are based on full disclosure. The provider you choose should be willing to offer complete and readily available visibility to all critical data, including fees, actual carrier costs, order status, carrier performance statistics, and cumulative performance data. Transparency gives you a true handle on where your costs are and how they are trending. It also generates trust in the client-provider relationship. Similar to the term “TMS,” interpretations of the word “transparency” vary greatly. Ask prospective providers for a specific definition.

Tip #6: Retain Control

The most productive and sustainable Managed TMS deployments allow you to retain complete strategic control over your transportation network. In your RFP, ask prospective providers to describe their collaborative planning, execution, and optimization processes. Look for providers who allow you to increase strategic control while collaborating with you to stabilize your network, improve service levels, and drive sustained savings. In other words, make sure providers are not proposing scenarios that require you to relinquish control over critical aspects of your supply chain.

Tip #7: Request Business Intelligence Reporting

The processes designed by your Managed TMS provider and the TMS technology they deploy should provide you with new and valuable business intelligence tools you can use to improve your supply chain and make better business decisions. Ask potential providers what types of real time dashboards and business intelligence reports are available. You should also ask them to explain the processes and costs associated with customized business intelligence reports.

Tip #8: Avoid the Software Trap

The idea behind Managed TMS is to save money, not spend it. Buying TMS software typically requires a large capital outlay. Software, infrastructure, training, upgrades, and maintenance all come with big price tags. The hidden costs of EDI integration with a carrier base or multiple legacy systems are also areas to look into. In your RFP, specify that you are looking for a Managed TMS provider to deploy web-based software with no capital investment and the following benefits: training support, upgrades, electronic integration of your carriers or internal applications (legacy systems, ERPs, WMS), and a pay-as-you-go program. Your provider should also have a very detailed approach to implementation that respects your time and resources. Ask potential providers about their implementation processes and what type of project management offices

they have created to support implementations. Most importantly, ask for specific costs associated with any implementation services.

Tip #9: Work With Dedicated Power Users

One of the most common frustrations we hear from shippers is that they tried TMS technology and ended up feeling stuck with it. Some shippers ended up shelving the TMS with no ROI. A key problem in these cases was that the technology was great, but training their staffs took too long. And once people were proficient with the technology, they were ready to move on to new jobs. Use your RFP to determine which providers are willing to offer dedicated, onsite power users, who can help you get the maximum impact from the technology. Be sure to ask how and where you will pay for these power users.

Tip #10: Find the Right Cultural Fit

The Managed TMS provider you choose becomes an extension of your staff. Your teams work side by side to drive savings, service level improvements, and other important results across your transportation network. Ask potential providers to describe their culture and explain their views on creating an inclusive and collaborative environment that brings your team, their team, carriers, and other pieces of the supply chain together to form a “community of innovation.” Are the providers’ teams dedicated? What are the training programs for their personnel? What types of performance management programs or talent management programs do they have in place? What types of training are included in their competency models?

Want to know more?

We’ve collaborated with some of the world’s most forward-thinking shippers for more than a decade and learned more best practices than we explained here. For more information about the topics listed above or to inquire about something you don’t see on the list, please contact TMC at 800.323.7587 or info@mytmc.com.