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Comparing Warehouse Providers – Questionnaire

The process of comparing two or more 3rd Party Logistics (3PL) or Warehouse providers can be a complicated and difficult process. Each provider is likely to submit their own rates in a schedule which may not directly compare from supplier to suppliers

In addition to the rates it is important to understand the extent of the service being quoted, and what is and is not included within the pricing schedule. These questions will go to highlight the capabilities of the provider, which will assist in understanding and selecting the right suppliers for your business requirement.

All Warehouse providers are not equal

Exalt Group has designed the following questionnaire to be used free of charge by any business. These questions form the basis of an evaluation completed through the Professional Consultancy division, but we believe will also highlight the highly competitive costs and leading capability which customers can enjoy through the Warehousing (Fulfilment) division.

Customers are invited to use this questionnaire in conjunction with the free pricing model, all available for download from the website. www.exaltgroup.com.au/fulfilment

To use the questionnaire, we recommend asking your potential providers each of the questions shown in the first column. The second column provides further detail into the question and its importance, and the third column is left blank to record the response.

By comparing the pricing from the providers with the responses to these questions, you should quickly highlight the leading provider or providers capable of delivering the right services cost effectively to your business.

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QUESTION	DETAIL	SUPPLIER RESPONSE
RECEIVING - Unloading		
Does the provider charge a receiving fee?	Some service providers charge on top of the unloading fee a receipt fee for each container, pallet or carton. This fee could result in as much as \$10 for each delivery to the warehouse.	
What is the total charge for unloading a loose container?	Containers from overseas can be shipped packed in two forms, loose or palletized. It is less likely to receive palletised freight as the timber must be fumigated when arriving in Australia. In addition usage of space in the container is less when palletised. Providers have different rates, depending on the number of cartons, quantity of SKUs (SKU is a unique identifier for each distinct product) or simply charge on an hourly working basis. Ensure you check to see if shrink-wrap and pallet put away is included in your rates.	
RECEIVING - Put Away / Inwards Handling		
What is included in the put away charge?	Is the service provider checking your goods on arrival? Do they check for damages, loss or discrepancies, and how are these reported? This process may save you stock discrepancies at a late stage.	
How does the service provider charge the put away / inwards handling?	If your products arrive loose, will the provider charge a put away per pallet or per carton? This makes a huge difference on your invoice, since the rate for put away per carton works out much higher. Don't make any assumptions. Just because the items are stored on pallets doesn't mean the put away charge will be per pallet.	
Does an extra charge per SKU exist?	Several providers will put an additional charge on the inward handling rate. This may cost you a dollar or more each time, per arriving product type. Having 100 different articles and one container per week, can add up to \$5200 a year!	

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Are loose cartons shrink wrapped for pallet storage?	Although some service providers will claim it is safe to store only a few items on one pallet, if covering the pallet with plastic film, multiple products can be stored on one pallet without any problems. Some providers like to hide this charge on their rate schedule – ask for it to be detailed separately.	
STORAGE - SKUs/Products		
How can the provider resolve the problem of product codes not being displayed on cartons?	If your products arrive without a product code, you and the provider need to create one, even if this is not displayed on the carton. How will that be managed? Depending on how automatic the work process is, some companies can only work with barcode labels. You will get charged extra for creating and affixing this code.	
Is the warehouse provider able to hold multiple SKUs on one pallet?	You will not find an answer to this on most rate schedules. However, it is one of the most important questions, demonstrating the provider’s capability and may save you thousands per year! A lot of service providers are unable to store several SKUs on one pallet. They may hold one, or up to 4 but only a few can hold multiple SKU’s per pallet. Consequently you may have to pay one pallet per SKU. The more products you want to store, the more pallets you have to pay. However if multiple SKUs can be held on a pallet, you are able to store and sell a large amount of different products without the penalty of high storage charges, as stock is consolidated. Furthermore, if your stockholding gets low, all of the left over products can now be stored on as less pallets as possible saving you money.	
Does a range of your products have to be stored as pick face locations?	Some warehouse providers have trouble picking the items quickly, especially if several SKUs are stored on a pallet. Therefore they will charge you a higher storage fee for pallets on the ground floor. Be aware of the cost of pick faces compared to pallet storage and question how many the provider will use and how this is managed in your favour.	

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STORAGE - Pallets		
Does your storage rate include pallet hire?	Unfortunately some service providers don't show every charge on their rate schedule. This is one which is commonly missed. If it is not displayed, ask for it specifically as in 99% of cases pallet hire will be required in addition to storage.	
ORDER PROCESSING – SKU's/Products		
What is the Fulfilment time?	Ask the provider what the turnaround time for orders is. Next day turnaround is common, although sometimes less. It is likely the faster the turnaround the higher the price. Check to see what rates would apply for urgent orders.	
In what format can the service provider receive your order?	Some systems are not able to receive an order in a format of your choice. Sometimes you have to log in on the companies website and type in every single order, which can be a timely process especially for large quantities of orders. Other suppliers will expect you to use their file format, or will modify their system to accept your file, as a high setup costs. Check what the setup costs are.	
Is the provider able to handle inner item picks?	Most of your small products will be stored with several items in one larger carton. You may choose to sell the product individually. Therefore the service provider has to be able to find the requested item on the pallet, open the box, take out the order (=inner item pick) and put the pallet back in its location. Some service providers claim to be able to handle this form of picking, but are inexperienced and charge you high rates. Compare this fee with a few providers and you'll see the difference.	
How does the amount of orders affect rates and are there discounts for increased volumes?	The provider needs to be supporting and growing with your business. Exalt is currently the only provider offering discounts on increased order volumes. Check with the providers on how they calculate the cost of an order including order processing, picking per item, per line / SKU and per carton. Furthermore are there any minimum order charges (this will affect you on weeks with a low order volume)?	

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Does a rubbish removal fee exist?	Most warehouse providers should include the removal of any waste in their standard rates. Most materials can be recycled and should be for the environment. Check specifically that this is included.	
DISPATCH - Freight options		
What freight companies are available?	What Freight and Distribution options can your provider offer you? The Warehouse provider should be able to demonstrate clear capability of managing one or more freight providers. Moving your freight through more than one provider will result in a lower cost and better service. Can your supplier handle multiple freight carriers, and can you use your own.	
What freight charges are being offered?	You need to be aware that those costs will add up over year and are very important, the freight costs are likely to be as much as the full warehouse cost, so this is very important. Your provider should be able to negotiate rates well below what you can achieve yourself. Ask the provider if they are charging a fee or margin for the freight, check the rate and ask what the fees cover.	
SERVICE - Administration		
Is there a setup fee for getting started, and is this fixed?	Some suppliers will charge s setup fee prior to any stock arriving into the warehouse. Check what these fees cover and consider the impact to the total cost over 12 months. Also enquire what costs are associated to the initial receipt of the stock being transferred if applicable.	
Does a weekly admin fee exist, and what is included?	Admin fees can vary considerably from provider to provider. If it is not shown on the rates enquire if there is one, and what is included in this fee.	
Is there a minimum weekly or monthly charge?	From time to time you may have no activity in a given week, your volumes could drop, or you may go on holiday. During all of these periods you do not want to receive charges when there is no activity, and more importantly no sales.	
How does the provider dealing with inventory and stock counts. Once a year, on request or cycle count?	Your company is likely to have its own requirements on how accurate you stock is and how you have to report for tax and other purposes. Check with the provider how they record and report the inventory, what stock counts are included if any, and how it is charged. In case of any discrepancies how are they investigated and who is responsible.	

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What is the labour charge rate, and when does this charge apply?	Any services provided by the supplier are likely to be charge on an hourly basis. This rate is classed as the labour charge rate. Some providers rarely charge labour, except for stock counts and other ancillary activities, however this hourly rate can add up to a large bill if you are not aware of what and when it is applied.	
How are returns handled?	When stock is returned to the warehouse it may not always be in saleable condition. Check with the provider what process they have in place for returns, how they are handled and what costs are involved.	
Can the warehouse handle customer pickups, and if so what charge?	Offering your customers the ability to collect the goods can prove to be a valuable and profitable option. A customer may pay more for the product if they have the option to collect the goods and save freight charges. Can the warehouse handle customer collections, how do they manage the process and what costs are involved.	
SERVICE – customer		
What is the company background (capacity warehouse, years of trading)?	Selecting a warehouse is a long term decision which affects the overall service of your business to your customers. You need to be sure of the capability and service of your supply partner. Ask for specific details on warehouse capacity in pallets of storage, years of trading, customer profiles, and even request to speak to some of their existing customers.	
What Locations are available?	The location or locations of stock can have a large impact to the total cost of warehousing and distribution. Holding stock in multiple locations may improve delivery time to the customer, but may result in great stock holding, and storage costs. Ask the provider for detailed freight charges from the warehouse, and compare a number of common deliveries. Sydney based warehousing will commonly result in a 10 – 15% lower annual freight costs than Brisbane or Melbourne.	
How is the Company's insurance? What happen in case of loss, fire or damage?	Ensure you are very clear to whether insurance is included within the warehouse rates. Total loss from fire or gross theft is very different from general damages and loss. Ask the provider to clearly detail responsibilities for both scenarios.	

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