

An importers guide to

Outsourced Logistics in the UK



Canadian High Commission
London, UK

7th March 2011

UK Logistics Market – Facts & Figures

- The UK logistics and parcel distribution market estimated value is € 64bn p/a
- One the most mature outsourced markets in the world - 5th largest sector in the UK
- In excess of 40% of UK logistics activities are outsourced – (approx € 26bn p/a)
- Over 64,000 companies engaged in providing logistics services
- Market trends:
 - Shared user networks and added value services:-
 - Sales order management & customer service desks (call centres)
 - Multi user-site Warehousing
 - Inventory Management & Stock Control
 - Order Picking and Despatch operations
 - Distribution and delivery to customer
 - Increased use of rail networks and internal waterways:-
 - to reduce CO2 emissions
 - to combat effect of cost of fuel - 2nd highest in Europe - (€ 1.56/ litre average in Feb 2011)

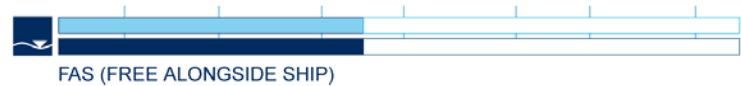
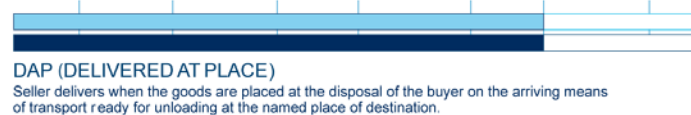
Logistics Considerations for Importers

- UK and the European Union (EU)
 - Establish your proposed Sales territory and partner
 - Choosing the port(s) of entry & shipping route(s) based upon territories & infrastructure
- Shipping to the UK
 - Transit Packaging and Handling
 - Export / Import procedures
 - Shipping Time and processes
- Logistics within the UK
 - Warehousing & product storage
 - Inventory Management & Stock Control
 - Order Picking and Despatch operations
 - Distribution and delivery to customer in UK and EU



Shipping to the UK

- Use a shipping /receiving agents with established business between Canada & the UK / Europe.
- Take independent expert legal advice on the best INCOTERMS for you:-



- The risk is borne by the seller
- The costs are borne by the seller
- Transport insurance is the responsibility of the seller
- The risk is borne by the buyer
- The costs are borne by the buyer
- Clauses for sea and inland water transport

Choosing a UK distributor – the issues

- Plenty of sales agents - but **can they deliver** to your customers?
 - **Terminology** - 'product distributor' & product distribution **can be very different**
 - Meeting **customer expectations** and service commitments will **determine your future**
 - What **logistics service** is being provided?
 - Who is **managing inventory** and stock levels?
 - Who is providing **warehousing & delivery**?
 - Who is providing **after-sales support**?
- **Requirements change** as your sales grow
- **Manage the relationship** – stay in **control**



The logistics puzzle

- Defining your market (B2B and/or B2C) will help define your needs
- There are logistics service providers for all product & businesses
 - market competition has facilitated initiative
 - The biggest is not always the best
 - Strong alliances and networks between smaller providers
- How do the providers charge for the service?
 - Open book or closed book?
 - Warehousing / pallet storage
 - Order Picking / packing /despatch
 - Transport and fuel surcharges



Strategy for Success



- Engage with local **independent expertise** to source the **best solution**
 - **Plan** your 'start-up' and future **logistics requirements**
 - Have **realistic** growth **expectations**
 - **Understand** the **pricing mechanisms** for logistics services
 - Prepare a **business requirement specification**
 - Carryout a **competitive tender** process
- **Manage** the on-going **relationship**
 - **Service** levels and **KPI's**
 - Regular **review** process
 - **Incentivise** initiative and improvements

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