**Guide to Issuing an E-Commerce 3PL RFP**

E-commerce companies that outgrow “the garage” or find a new 3PL need a way to evaluate available vendors efficiently and effectively. This guide provides you with some guidance on how to approach the RFP process along with a starter RFP template. This document focuses on non-food, non-medical related e-commerce companies.

The guide allows an early stage e-commerce player to:

* Target the right 3PLs
* Ask the Right Questions Using a Starter RFP Template

The right provider can play a significant role in your company’s success, and the RFP process is a good place to begin that conversation – to learn about one another.

**Target the Right 3PLs**

**Generalists vs Specialists**

Before starting your RFP, first decide which 3PL type is right for you. “3PL” means different things to different people, even within the industry. One way to break it down is Generalists and Specialists.

Generalists serve a wide variety of clients ranging from E-commerce to food and medical products requiring specific certifications and warehouse controls. By definition, these vendors tend to be larger to accommodate these certification and control requirements. They typically deal in larger volumes and may not be appropriate for early stage e-commerce players due their cost structure and more structured, restrictive account management practices.

Specialists tend to focus on a particular industry, specifically e-commerce. These vendors tend to be more invested in and focused the specific requirements their clients have both today and going forward. The larger the specialist gets, the more restrictive their account management practices tend to become.

**Three Simple Selection Criteria: Location, Automation and “Accommodation”**

According to an excellent post in Practical Ecommerce titled [*My Search for a 3PL*](https://www.practicalecommerce.com/My-search-for-a-third-party-fulfillment-company), the author concluded three factors made the difference for his small business fulfillment operations needs: location, automation and accommodation.

Location matters in two ways. First, in-person visits matter, even if only periodically. There’s no substitute for interacting with your vendor in person to ensure team chemistry and understanding nuances. Every business has unique considerations, beginning with its mission statement. Location also impacts costs. Optimizing warehouse locations in relation to target customer markets should be evaluated uniquely for every situation.

Automation allows you to keep your hands off the inventory as it flows from manufacture to your customer. The most important consideration is integration between your e-commerce platform (e.g., Shopify, BigCommerce) and the 3PL’s order management system. What access to you have to order status and beyond? What reporting is available? What does the 3PL’s technology road map look like? Are they innovators? Are they thinking about your customers needs for you?

Finally, the 3PL’s “accommodation” to support unique or unusual requirements says a lot about the vendor’s ability to work with you as an early stage company. Asking for examples and references that can verify how flexible the vendor has been is an excellent predictor as to how they’ll work with you as a true partner, or end up with you accommodating their standard processes. Their flexibility could make all the difference to your success.

**Let’s Get Going!**

The following pages provide you with an actual template you can customize for use in issuing an RFP to vendors you’ve identified. Simply remove these two pages and replace the blue text below with information about your company and you’re off. Good luck!

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**Request for Proposal (RFP) for**

[Requestor]

[Address]

[Contact | E-mail]

[Publish Date]

This proposal includes four parts:

**Part A: General Instructions and Legal Terms**

**Part B: About the Requestor**

**Part C: Supplier Capabilities and Features**

**Part D: Supplier Costs and Additional Materials**

## PART A: General Instructions

## A1. Purpose

The purpose of this RFP is to evaluate qualified bidders interested in supplying the products and/or services defined herein to [Requestor], hereafter titled “the Requestor.”

## A2. Definitions and Declarations

For the purpose of this RFP, “you”, “your”, or “Supplier” refers to the bidder (you as the recipient of this RFP).

## A3. General Terms

This RFP sets forth the specifications and requirements all proposals must meet to be considered responsive to the RFP. Please follow the format outlined herein and provide all information requested.

**A3.1** The Requestor reserves the right to modify this RFP before the final due date by issuing an addendum.

**A3.2** The Requestor reserves the right, at its sole discretion, to withdraw this RFP, or to reject any or all proposals submitted in response to this RFP.

## A4. Response Delivery

**A4.1** You are encouraged to use this document and enter your responses to each question in the space provided following each question. Please sequence your response to the RFP questions in the same order in which they appear here. The question should be followed by your response.

**A4.2** If you intend to respond to this RFP, please deliver a written notice of such intent and a copy of your mutual NDA no later than [Intention date]. Email your notice to [Requestor E-mail] or send via post to: [Requestor][Requestor Address], attn: [name].

**A4.3** Please prepare and submit a digital copy of your RFP response, as well as a letter of transmittal signed by a person authorized to contractually obligate your Requestor to the scope, terms, specifications and pricing contained in your proposal by 2:00 PM EST [Proposal date].

**A4.4** You may only modify your proposal after its submission by withdrawal and resubmission prior to the due date mentioned above in section A4.3. Modifications offered in any other manner may not be considered.

**A4.5** All proposals and accompanying materials submitted in response shall be the property of the Requestor. If the Requestor agrees to a request to return a proposal, the Requestor may still retain a copy for its files.

## A5. Proprietary Information

**A5.1** THIS RFP IS THE CONFIDENTIAL PROPERTY OF THE REQUESTOR. ANY DISCLOSURE

OR REPRODUCTION OF ITS CONTENTS (IN WHOLE OR IN PART) EXCEPT FOR PURPOSES OF PREPARING YOUR SUBMITTAL MUST HAVE THE REQUESTOR’S PRIOR WRITTEN APPROVAL.

**A5.2** The Requestor maintains exclusive ownership of any existing or future patents, copyrights, trademarks, trade secrets and other proprietary rights (“IP”) developed by it or on its behalf and disclosed to the Supplier as part of this RFP process.

**A5.3** “Confidential Information” includes, but is not limited to, this RFP and any Attachments, as well as any and all information the Requestor may supply under this RFP. You will not, either during this RFP or thereafter, except as directed or authorized by the Requestor in writing, disclose to others (except those of your own employees who have a need to know for the preparation of your Proposal), use for your own benefit or the benefit of any third party, copy or make notes of any Confidential Information or trade secrets or any other proprietary knowledge or information of or relating to the business of said Requestor and which might come to Supplier’s knowledge during this RFP. You also agree to inform any employees, agents, and representatives involved in RFP response preparation as to the confidential nature of this RFP.

## A6. Prime Contractor

If a portion of your services is to be furnished by a subcontractor, you as the Supplier must act as sole contractor for the entire solution, service or project. The Requestor will consider the Supplier the sole point of contact. In addition, the pricing in your proposal must include all charges for the purchase of the services and your proposal should not reference or assume payments to any other party.

## A7. Contract Terms and Conditions

**A7.1** The Requestor will expect to execute an agreement with the selected Supplier substantially in the form of the Contractual Terms and Conditions Attachment.

**A7.2** If you have a standard service agreement or contract that you use, please supply this as part of your proposal. It will be understood that the Requestor reserves the right to review this agreement and suggest revisions before a proposal is reviewed or accepted, and even in cases where a proposal is rejected.

**A7.3** In the event you desire to make any additions, deletions or changes in the agreement or contract, your proposal will be evaluated and either rejected or negotiated prior to the selection of a Supplier. Otherwise, submitting a proposal shall be deemed acceptance of any and all term(s) in this RFP or any of its Attachments not specifically identified as unacceptable.

## A8. Conflicts

Unless explicitly addressed by you, in the event that there is any conflict between your proposal and the Contractual Terms and Conditions, the language of the contract will prevail unless you have specifically identified such conflict in your Proposal.

**Part B: About the Requestor –** replace blue text with your answers

## B1. Requestor Overview

Tell prospective Suppliers about your e-commerce company. For example:

What products and/or services do you offer?

What markets do you serve?

When you were established?

Where is your business located?

What sort of sales and/or order volume do you typically experience?

Do you have physical store locations?

What is Your Ownership Structure?

What are Your Strategic Goals?

## B2. Mission and Value Proposition

Describe your mission and value proposition. Provide a link to your About section on your website.

**B3. 3PL Goals**

Outline your motivations for seeking 3PL services. What are your goals and expectations? What metrics do you use to measure success?

## B4. Challenges

Point out any challenges you’ve had either doing fulfillment internally or using your existing 3PL. What needs to change or improved? Are you often backlogged with returns or new orders? Do you have damaged or mislabeled product shipments preventing you from quickly processing orders and returns? Are you getting ready to scale your business?

## B5. Standard Order Profile

Help the prospective 3PL understand your order profile and volume such as typical:

* What the product is, specifically
* Number of orders and units shipped per day, month, year (past and expected forecast)
* Units per order
* Ship weight per order
* Inventory level needing to be stored (e.g., pallets, shelves, etc.)
* Returns per month (past and expected forecast)
* Destination geography (e.g., regional, national, global?)
* Special orders, promotions, or spikes in order activity (e.g., holidays)
* E-commerce platform(s) used
* Your average order profile, including number of units, number of SKUs, number of packages, and shipment type (parcel or LTL, etc.)
* Percentage of international orders
* The types of special handling that might be necessary
* Inbound volumes, typical communication forms like advanced shipping notices, BOL, and pack lists)
* How you expect items to be packaged at receiving and at shipping

If you do a mixture of B2B and B2C, break down this information by channel separately, including order profiles and ship weights.

## B6. Additional Needs

Summarize any additional needs you may have, such as:

* Receiving
* Warehousing
* Pick and Pack
* Personalization
* Kitting
* Returns processing
* Recall management

## B7. Evaluation Criteria

Provide the criteria you’ll use to measure responses. Rank these items in their order of priority to you:

1. RFP response completeness in addressing stated goals and requirements
2. Location
3. Automation and integration capabilities
4. Accommodation to support unique requirements and needs
5. Solution scalability
6. Differentiators
7. Price

Use this space to indicate how you’ll measure them.

**Part C: Supplier Capabilities and Features**

The questions below are designed to elicit additional information that the Requestor will need to make an informed decision. Please answer each question in the order presented here. Feel free to provide attachments and other supporting documents as you see fit for the purposes of providing a clear picture of your proposed solution and verifying that your information is accurate and complete.

## C1. General Information

**C1.1** What is your official name?

**C1.2** How long have you been in business?

**C1.3** What differentiates you from your competitors?

**C1.4** Describe your customer base. How do we compare to the other clients in your portfolio? How good is the “fit” between our company and yours?

**C1.5** Is your business subject to any particular seasonality or intra-week ordering patterns?

**C1.6** What values drive your organization? How do you measure your own success?

## C.2 Capabilities

**C2.1** Provide an overview of your proposed solutions, especially with regard to the needs outlined in Part B.

**C2.2** Describe the strengths and weaknesses of your proposed solutions, especially with regards to the needs outlined in Part B.

**C2.3** Please provide a summary of your standard performance guarantees, KPIs, and SLAs.

**C2.4** Specify your operating procedures for returns, including policies for damage or defect.

**C2.5** If you have ever been involved in helping a client with a product recall campaign, please describe the situation and how you were able to help your client.

**C2.6** Describe your implementation/onboarding procedures for new clients. Please include details about management support, contact and contact information, and preferred channels for interaction.

## C3. Warehousing and Fulfillment Services

**C3.1** Please describe your warehouse locations and environment, including any environmental controls that might be relevant to the needs outlined in Part B.

**C3.2** How do you ensure inventory accuracy?

**C3.3** Describe your cycle-counting program.

**C3.4** What level of shrink do you permit within your operations? What level will you be responsible for? What is the remedy if this threshold is exceeded?

**C3.5** Describe your pick-pack-ship order flow. What is your average pick-pack-ship order turnaround time, and how do you measure this?

**C3.6** What percentage of orders gets fulfilled within client-specific SLA?

**C3.7** What is your shipping accuracy and how do you measure this metric? What is your policy for dealing with quality and/or delivery failures? Do you offer satisfaction guarantees, rebates, etc?

**C3.8** Can clients reserve the right to ship on their own number? How do handle shipments on 3rd party numbers when required by a retailer?

**C3.9** Describe how you manage and supply shipping cartons and consumables. Do you have the ability to provide packaging according to need?

**C3.10** Can you ship internationally? What restrictions or additional considerations would apply?

**C3.11** For outbound freight, would you provide small partial discounts?

## C4. Receiving and Inbound

**C4.1** What is your standard turnaround time for inbound shipments to be put away and available for fulfillment?

**C4.2** List and explain any requirements you have for inbound shipments (i.e. ASN, palletization, labeling, hours, etc).

**C4.3** How are inbound shipments registered and tracked? How do you ensure accuracy of inbound shipments?

## C5. Technology

**C5.1** Briefly describe your IT environment, particularly in regards to support for your warehousing and fulfillment operations. Describe your system’s unique strengths and weaknesses.

**C5.2** What warehouse management software (WMS) do you use? What are some of its important features?

**C5.2.1** Is your system capable of placing orders on hold for client approval based on business rules such as destination country, order value, or customer status?

**C5.2.2** Are you able to generate ship-confirm and delivery-confirm emails, including shipper and tracking number, directly to customers?

**C5.2.3** Describe in detail your capabilities to manage expiration dates and lot numbers.

**C5.3** What shopping carts and other software can you integrate with? (Shopify, Magento, Woo, etc.) What is your experience with integrations?

**C5.4** Describe your data security procedures. How do you protect our customer’s information and privacy?

**C5.5** Describe how reports and alerts are generated. What technology is available to access information and control workflow?

**C5.5.1** Do you have a client web portal? If so, what are its capabilities?

**C5.5.2** What standard reporting capabilities do you offer?

**C5.5.3** Are reports available to be pulled from the client portal? Are these reports providing real-time data?

**C5.5.4** Can reports and trigger messages be pushed to various platforms? Are you using management by exception for this?

**C5.5.5** What analyses are available? To what degree can clients get custom reports?

**C5.5.6** Can clients access inventory and order information in real-time? Do they have access to the “raw” data?

**C5.5.7** Can clients access order status (from order receipt to ship confirm to delivery confirm) in real time?

**C5.5.8** How do users perform SKU setup and maintenance tasks? Can different users have different levels of access?

**C5.5.9** Do clients have access to inventory replenishment features based on min/max, exponential smoothing, or other methodologies?

**C6. Special Requirements**

Not all of these requirements will be relevant to your business. We suggest that you keep only those relevant to your needs and remove the others, unless you think they might be relevant to future business. We also recommend that you remove this content box before sending out the RFP.

**C6.1** Describe any special services you provide—for example, gift wrapping, etc.

**C6.2** Summarize your custom kitting capabilities and requirements.

## C7. Business continuity and disaster recovery

**C7.1** Provide any business continuity and/or disaster recovery plans you might have. Be sure to provide details relevant to warehousing, fulfillment infrastructure, and IT infrastructure.

**C7.2** Describe your risk profile with regards to natural disasters and weather events that could potentially affect your warehouse(s), data center, and logistics infrastructure. Over the past two years, for how many days has your facility been closed or operated with limited capacity as a result of such event.

**C7.3** Are you willing to provide a certificate of insurance listing [Requestor] as an additional insured certificate holder?

**C7.4** Describe your facility security and access control procedures.

**C7.5** Describe your data security systems and procedures. (Same as C5.4)

**C7.6** What insurance do you maintain on your facilities and logistics infrastructure?

## C8. Sustainability

In what ways is your Requestor environmentally conscious? What policies or practices are in place to protect the environment, particular in regards to the services outlined in your proposal?

**C9.** **Customer References**

Please provide at least three (3) customer references whom we may contact about your services and performance. For each reference, please provide:

* Requestor name and addresses
* Contact names, title, and contact information (phone numbers and email)
* Number of years doing business with you
* Nature and scope of engagement with you

# Part D: Supplier Costs and Additional Materials

## D1. Costs

Please provide your pricing model for the services your offer, including:

* Receiving
* Warehousing
* Order processing (segmented by retail, online, and wholesale)
* Packing and shipping
* Special handling
* Returns
* Cycle counts
* Special projects
* Supplies
* Storage fees
* Transportation costs
* System fees
* Special labor rates/holiday rates
* Integration/ IT development

Examples of cost structures for existing clients who are similar would also be appreciated.

## D2. Supplementary materials

If you have any supplementary of supporting materials, please include them in your proposal as addenda to the main proposal.

[If you, the Requestor, have any special additions or requirements, you can place them here.]