

Appendix 2 Logistics Service Provider Selection Criteria

The criteria in the table below are examples that can be used to support the selection of a logistics service provider. Some of these will be non-negotiable and if an LSP is not capable of meeting the criteria they would not be considered. The criteria will need to be balanced against each other (see below) and the relative importance of each one will vary by type of service (e.g. Routine, Strategic) and by a client's business. For example, a fresh seafood exporter will place more emphasis on transit time and reliability than a powdered milk supplier.

This list is designed to give ideas for exporters to select their own, relevant criteria.

Criteria	Notes
Transit time	How long is the transit time to the target market? Is this reliable or seasonal? Will this leave enough shelf life on the product?
Schedule and frequency of deliveries	Are the frequencies of the deliveries sufficient? Will they be enough if the business expands?
Routes	Are the routes suitable and fast enough?
Estimated cost of the service	Ensure that price comparisons are made based on the likely load size. Include any extra charges or over-riders.
Suitability of shipping method	Is the LSP sending accompanied or unaccompanied loads or containers? Is this right for the business?
Market expertise	Does the LSP understand the destination market? Have they worked there for a long time?
Use of subcontractors or partners	May provide efficiencies but could be issues with liabilities if stock is lost or damaged
Warehousing services available	Can the LSP offer warehousing? Will it be required in the future if not now?
Personal relationship or fit	What is the culture of the LSP? Are they responsive and easy to deal with?
References	Follow up on references given
Other customers served	Credible list of customers? Are any of them known?
Length of time company has been operational in markets or routes required	Does the company have a long history of working on these routes?
Financial status	From financial searches
Accreditations	Do they have the right accreditations to meet requirements?
Terms and conditions	Have they accepted the contract and terms? Are they insuring the goods for sufficient value?
KPI acceptance	Will they provide management reports and KPI reporting?
Brexit ready	Are they aware of the risks associated with Brexit? Do they have AEO status? Are they looking at other routes?

Where exporters have a choice between several suppliers a Balanced Scorecard can be used to provide a systematic review of the relative strengths of the different LSPs. With this approach, a few criteria are selected and weighted for their importance. Each LSP is then scored against each criteria to identify the best supplier. This approach is recommended for Strategic services.

