

How to select a refrigerated, frozen warehousing provider



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Choosing your next supplier of temperature-sensitive warehousing services is a technical and strategic decision, one that is very different from choosing an ambient warehouse provider. When considering the additional complexity of food regulations, environmental and safety concerns, engineering

requirements and the different cost structures (a temperature-controlled facility is 4-5 times more capital intensive and energy demanding than an ambient one)—it's easy to see why. Here's a basic checklist of questions to be asking when choosing a refrigerated and frozen warehouse provider.

The building

The first major area for consideration should be the building itself. The level of capital that is invested annually in maintaining and improving the physical building and whether the racking configuration allows for optimized handling of particular product are critical factors. But, it doesn't stop there; electricity is one of the greatest costs of this type of building, so look at energy efficiency, hedges and the refrigeration system (e.g., efficient and environmentally friendly ammonia or other refrigerants such as Freon) to better understand the building and where the company's money is going.

Safety and integrity

Food safety and integrity need to be of critical importance. Does your provider have specialists with deep backgrounds in food safety? Does the facility have all the proper certifications and licences in place? If the product being warehoused is to be exported, is the facility licensed by the importing country in addition to the local country regulators? In terms of certifications, does the facility carry BRC (British Retail Council) or similar globally recognized high standards ensuring a high level of quality?

Guaranteeing that your partner has the resources to place safety as a top priority will protect your interests down the line. And, don't be afraid to ask for the audit scores.

Continuous improvement

In an environment where companies are under increasing pressure to manage costs while growing revenue, you want a provider that values continuous improvement as a priority. This means being a partner and not just a supplier. Does the provider have a team that utilizes advanced analytics to evaluate your supply chain for both cost savings and revenue growth opportunities? Can they provide continuous improvement recommendations?

Unfortunately, by nature, a request for proposal (RFP) eliminates the ability for the provider to show how they can bring continuous improvement and knowledge to the relationship. And, RFPs eliminate most of what is being looked for in the area of continuous improvement. Look for a partner that will keep your interests top of mind—not just a supplier.

Technology

Effective technology is crucial not only in managing cost through automation, but also for real-time alerts, EDI, reporting and data capture. Does the provider boast fully capable technology, and how have they proven it? Do they operate best-in-breed applications or “home grown” solutions? When faced with a disaster, what are the redundancy and backup plans? How quickly do they recover, i.e. immediate cutover, in hours or in days?

It's easy to think that everybody has the same tools in their toolbox—ask the right questions so that your provider can serve you effectively day to day and in an emergency.

Cost

For many people, this consideration is much closer to the top of the list—and for good reason. You should know what you're signing up for when you partner with a provider. Evaluate the full schedule of costs and

get a clear picture of what is in the proposal vs. what will be considered an accessorial charge. Is the provider committing to space, or is it based on their ability to accept volume as required?

Long-term contracts with stated service levels bring value to both parties; a low rate doesn't mean availability in a specialized high-capital area like this.

Customer service

Lastly, one of the most important factors is that you have a partner you can work with for the long run and rely on when needed. Is their management committed to you as a customer, or is this just a transactional relationship? How will they work to help you advance your business interests?

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