

# Glossary of Common 3PL Terms



## **AVERAGE INVENTORY**

Average inventory is inventory at the beginning of a period plus inventory at the ending of a period divided by two.

## **CASE PICKING**

Case picking is the selection of full cartons or boxes during the order picking function. The percentage of case picking versus pallet picking is important for estimating handling rates.

## **CONTRACT PACKAGING**

Contract packaging is the process of a manufacturer contracting with a third party to assemble a good into its final finished packaging. The Shippers Group provides **Contract Packaging Services** for a number of food and CPG manufacturers.

## **CONTRACT WAREHOUSING**

Contract warehouses handle the receiving, storage and shipping of goods on a contract basis usually for a specific period usually 3 years or more. The Shippers Group provides **Contract Warehousing Services** for a number of food and CPG manufacturers.

## **CROSS-DOCKING**

Unloading goods from trucks, reloading the goods to different trucks for shipment to their next destination. The Shippers Group provides **Cross-Docking Services** for shippers across a variety of industries.

## **CYCLE COUNT**

Employees physically count the number of individual stock keeping units (SKUs) in storage and reconcile counts against the WMS system to maintain inventory accuracy.

## **DRAYAGE**

Drayage is the transfer of goods from ports and intermodal yards relatively short distances to warehouses and customer facilities. The Shippers Group provides **Drayage Service** for shippers who need the service.

## **ECOMMERCE**

Commercial transactions conducted electronically on the Internet. From a distribution perspective, can also be referred to as Fulfillment or Ecommerce Fulfillment. Ecommerce can be both B2C and B2B. The Shippers Group provides **Ecommerce Services**, i.e. order fulfillment and small parcel shipping, for manufactures and shippers across a wide range of industries.

## **EDI-ELECTRONIC DATA INTERCHANGE**

EDI is communication of purchase orders, invoices, shipping notices, and more between shippers and their 3PL partner electronically.

## **FULFILLMENT**

Inventorying merchandise for companies who receive orders, pick, pack and ship small parcel or LTL direct to consumers or other channels such as retail.

## **HANDLING RATES**

Handling rates are typically charged upon receipt of goods into the warehouse facility and include unloading, put-away, reinventory/relocation, picking and loading for shipment.

## **IMPORT/EXPORT SERVICES**

Completion of import and export documentation and preparation of goods for export. The Shippers Group provides **Import/Export Services** for shippers.

## **INTERMODAL**

Coordinating a shipper's goods across multiple modes of transport. Overseas shipping containers can be loaded and unloaded from intermodal trains across the country, and once arrived at an intermodal yard then transferred onto truck chassis for movement to a customer.

## **INVENTORY TURNS**

Annual volume divided by average inventory.

# Glossary of Common 3PL Terms Continued

## LIMITS OF LIABILITY

Warehouse legal liability insurance covers damages if negligence is the cause of the loss or damage. The Shippers Group is responsible for the safe storage of goods and provides reasonable care to goods while in our care.

## LIEN RIGHTS

Warehouseman's lien is a security interest acquired in property or goods by the warehouseman. Failure of depositor to pay for services as per their contract with the warehouseman may allow the warehouseman (lien holder) to keep possession of the property.

## PALLET PICKING

Pallet picking is the gathering of full pallets while filling orders. The percentage of pallet picking versus case picking is important for determining handling rates. Picking full pallets of goods is less expensive on a per unit basis than picking individual cases of goods.

## PAYMENT TERMS

Storage is due and payable monthly in advance and customers shall pay warehouse company within 30 days of the invoice date.

## PICK AND PACK

Pick and pack is the process of picking items to fill orders and packing them in cases for shipment to customers. The Shippers Group provides **Pick and Pack Services** for a shippers and manufacturers across a variety of industries.

## PUBLIC WAREHOUSE

A public warehouse or multi-client distribution center provides storage and distribution services to companies who do not wish to own and operate their own warehouse or distribution center.

## SKU-STOCK KEEPING UNIT

An sku is an individual item. Each distinctive item in storage is a stock keeping unit and for inventory management purposes is tracked individually –most commonly either by piece, by case or by pallet.

## STANDARD WAREHOUSE TERMS AND CONDITIONS

Legal document explaining the limited liability of the warehouse and the rights of the depositor (shipper) who has placed his goods in the care of the warehouseman. It outlines liability and limitation of damages, storage and handling charges, extra services, severability, lien, etc.

## STORAGE RATES

Fees charged per unit for storage of product. Storage rates are typically based on the number of days in inventory, inventory turns, stackability of pallets, etc.

## THIRD-PARTY LOGISTICS

Third-Party Logistics or 3PL provider is a company that provides one or a variety of logistics services for companies that do not wish to provide these services for themselves. The Shippers Group is a 3PL provider of warehousing, transportation, ecommerce and contract packaging services for manufacturers and shippers of food, consumer packaged goods, healthcare and automotive industries. Learn more at about **Atlanta 3PL** and **Dallas 3PL** services at **TheShippersGroup.com**.

## TRANSLOAD

Transload is unloading goods from railcars or containers and reloading onto a truck for delivery to the next destination. The Shippers Group provides **Transload Services**.

## TRANSPORTATION MANAGEMENT

When shippers do not have the resources or expertise to manage and plan for their own transportation needs, they turn to The Shippers Group for outsourcing their **TL and LTL shipping needs**.

## VALUE ADDED SERVICES

Many third-party logistics providers offer value added services to their customers. Examples are building end-of-aisle displays, kitting, labeling, etc. The Shippers Group provides a long list of **Value Added Services**.

## WMS-WAREHOUSE MANAGEMENT SYSTEM

Warehouse Management Systems support every functional task within the operation such as inventory control, labor planning, product tracking, invoicing, and other operation functions. The Shippers Group provides **IT Solutions** for accuracy and transparency.

