IMPLENTIO

WHITEPAPER

Are 3PL Billing Errors Chipping Away At Your Profits?





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Working with a third-party logistics (3PL) provider? Here's how you can identify, resolve, and prevent billing errors from impacting your bottom line.

Mistakes happen. Even the very best 3PL partners that smoothly handle your logistics may, from time to time, struggle to accurately calculate, bill, and invoice for their services. Given the inherent complexity of warehousing, processing, and shipping massive quantities of products to your waiting customers, billing errors compound over time and eventually result in significant losses for your company.

For that reason, e-commerce companies must be responsible for verifying and validating 3PL invoices. By understanding the various causes of billing errors, you'll be able to identify if you have an error, have a constructive conversation with your 3PL, and prevent future mistakes from costing your business.

In this whitepaper, we'll examine the most common causes of 3PL invoice errors, and then introduce three proven strategies to mitigate these challenges now and into the future.

The Most Common Causes of 3PL Billing Errors

If the following scenarios apply to your business, you may be unintentionally overpaying for your 3PL services.

1. Special Requests and Requirements

E-commerce brands strive to deliver the ultimate experience for their customers. For some businesses, this means upgrading the boxing/unboxing of their products with custom inserts, wrapping, and promotional items. Many 3PLs can accommodate these requests, but businesses may further personalize their experience, asking some customers to receive special offers that others do not.

Each new layer of customization introduces complexity that leads to uncertainty in the billing process, and inevitably, an increased charge on your bill. Even if a 3PL agrees to honor customization requests, they may still struggle to invoice correctly.

TIP

For any non-standard request to your 3PL, agree on invoicing and billing terms ahead of time.



2. Lack of Billing Software

It’s 2024, and some of the top 3PL providers today are still sending bills as CSV or Excel files. Behind the scenes, invoices are created by manually interpreting warehouse data and applying it to your billing rates. At high volumes, manual processes result in human errors, and 3PLs most likely do not perform QA/QC testing on invoices.

While some 3PLs have modern billing systems and portals, you may be surprised to see that even multi-million dollar 3PLs lack an investment in integrated, accurate billing systems.

TIP

Consider billing and invoice capabilities when shopping for 3PLs. If they do not have proper invoicing systems, the responsibility for validating costs falls onto you, the customer.

3. Legacy Errors

Once an error is made, it’s more likely to be repeated on future invoices. Left undetected, the errors snowball to create serious reconciliation challenges in the future. Once this occurs, it’s extremely difficult for a brand to recoup lost expenses that date back to a distant invoice.

> **TIP**
>
> Don’t let errors go unnoticed. Be proactive in detecting billing errors when they occur, so that your 3PL partner is in a better position to make things right.

Now you understand the underlying causes of 3PL billing errors, so moving forward, be sure to check your invoices for potential savings. However, once you identify errors, do you have the right systems in place to reconcile them?

How to Prevent Billing Errors From Costing Your Business

Take full control of your supply chain economics with these strategies to keep billing errors at a minimum while maintaining good relations with your 3PL.

1. Have Billing Conversations Upfront for New or Unique Requirements

For each new request, discuss with your 3PL how this will be reflected on your invoice. Set an expectation for clarity and hold your 3PL accountable to the quoted rate. As the partnership with your 3PL grows, complex requirements become more likely to appear in the form of billing errors. Any uncertainty can be mitigated through clear, direct conversations about billing for each new request.

When assessing new 3PL providers, consider invoicing capabilities in your outsourcing decision. Can the 3PL integrate with various warehouse systems to deliver accurate billing? Does the 3PL have the flexibility to honor non-standard requests and translate them into clear invoices? Improper billing practices can damage a relationship before it even gets started.

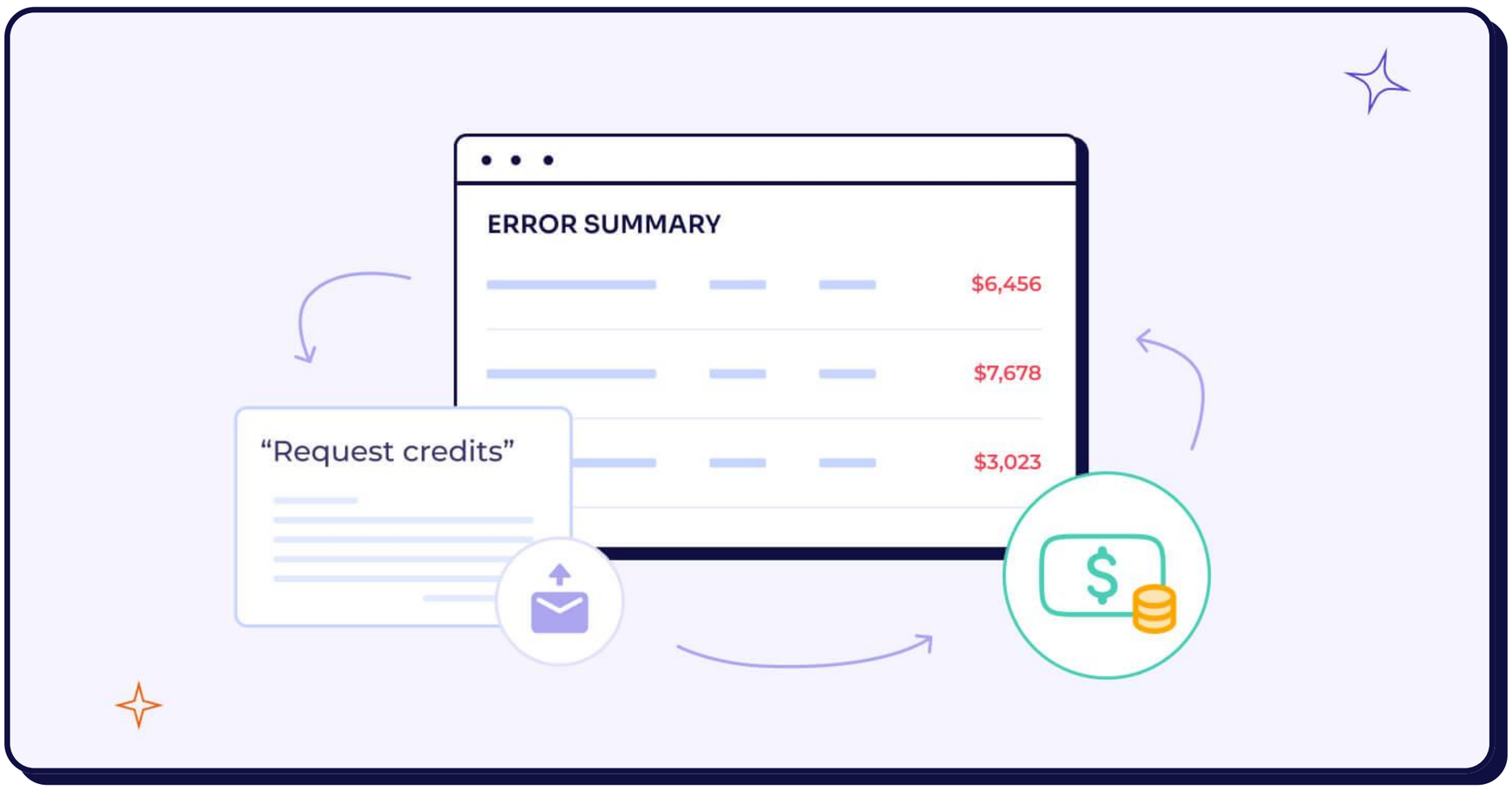
2. Lead with Empathy During Invoice Reviews and Meetings

Billing errors are a byproduct of complexity – not malevolence. Brands that approach 3PLs with a constructive attitude towards reconciliation yield better outcomes while maintaining a better relationship with their vendors. For more visibility, you may ask to schedule regular invoice meetings where you can review line items and request clarity on certain rates.

3. Automate Your Reconciliation Processes

Traditionally, resolving billing errors requires valuable time and energy to carefully review invoices, line by line, to identify errors and validate rates. Today, advanced reconciliation solutions can scan invoices, reference warehouse data, and identify billing errors automatically.

Reconciliation tools like Implentio can instantly validate your invoices by comparing all expected 3PL charges from your orders and contracts to the actual 3PL invoices you receive. If any billing discrepancies arise, Implentio handles them for you with AI-powered outreach to request credit from your 3PL provider.



Automatically Resolve Billing Issues with Implentio

Implentio’s AI-powered platform enables instant reconciliation and next-gen visibility into your 3PL operations, to save you time and money on fulfillment, freight, and other charges billed by your 3PL. Here’s how:

- **Streamlining 3PL invoicing and reconciliation:** Implentio centralizes data from your “source of truth” systems, such as your OMS, ERP, and enterprise software, to calculate your expected fees. Then, we cross-reference this data with your actual 3PL invoices to identify eligible errors and request a 3PL credit.
- **Automating credit requests:** Implentio enables direct credit requests for your invoice errors by automatically emailing your 3PL all relevant data for your request. All you have to do is hit send.
- **Resolving errors quickly:** Implentio's fulfillment and delivery monitoring allows you to keep your 3PL partners accountable and proactively identify any errors before they become significant costs to your business.

Ready to alleviate the constant stress of working with 3PLs?

Don’t wait for the errors to add up... Stop overpaying your 3PL and start saving today.

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