



# A Growth and Expansion Evaluation Workbook for 3PLs



# Build, Buy, or Partner?

It's a question that companies have evaluated for years. Is a 4PL partnership strategy, organic expansion, or acquisition strategy right for you? How do you begin to determine that? Before pursuing an expansion strategy, 3PLs should evaluate the best growth strategy to achieve their goals and maximize their resources. Use this worksheet to assess your current position, evaluate the goals and potential of your business, identify new opportunities, and determine if a 4PL growth strategy is right for you. By the end of this worksheet, you will have a better understanding of your strengths and weaknesses and how those can help you choose the right expansion strategy for your 3PL.

**Need help getting started?**

**Request a Personalized Consultation**



# Current Assessment

Do you have a leadership team committed to taking on and managing new business? **Yes**  **No**

Assess your current customer base. Which industry verticals and sales channels do you currently serve, and what new ones are you looking to expand into, if any?

Current Industry Verticals	Expansion Verticals
Example: Apparel, nutraceuticals, cosmetics, etc.	

Current Sales Channels	Expansion Channels
Example: Ecomm, B2B, site to store, Amazon, etc.	

What percentage of the US can you service with two-day ground shipping? \_\_\_\_\_

Are your current customers looking for more geographic coverage, or do you believe they would benefit from have additional distribution nodes? **Yes**  **No**

Do you know how many of your customers are working with other 3PLs? **Yes**  **No**   
If yes, how many? \_\_\_\_\_

# Current Assessment

- Identify transferable in-house resources that can be an asset or strength that you'd bring to a 4PL partnership, such as finance managers, [relationships](#) with other companies, current facilities, information technology, and others.

Resources & Assets		
Yes <input type="checkbox"/>	No <input type="checkbox"/>	Finance & Billing team
Yes <input type="checkbox"/>	No <input type="checkbox"/>	Strategic partnerships
Yes <input type="checkbox"/>	No <input type="checkbox"/>	Multiple facilities
Yes <input type="checkbox"/>	No <input type="checkbox"/>	Specializations or certifications
Yes <input type="checkbox"/>	No <input type="checkbox"/>	Technology
Yes <input type="checkbox"/>	No <input type="checkbox"/>	Other:
Yes <input type="checkbox"/>	No <input type="checkbox"/>	Other:

- Conduct an audit of your current [technology stack](#). What system changes will need to be made to support an in-house or 4PL fulfillment expansion model?

Currently in Use	Technology and/or Capability	Recommended	
		In-House	4PL
Yes <input type="checkbox"/> No <input type="checkbox"/>	Warehouse Management System	X	X
Yes <input type="checkbox"/> No <input type="checkbox"/>	In-house order routing	X	
Yes <input type="checkbox"/> No <input type="checkbox"/>	External order routing		X
Yes <input type="checkbox"/> No <input type="checkbox"/>	Consolidated multi-node billing		X
Yes <input type="checkbox"/> No <input type="checkbox"/>	Mobile scanning	X	X
Yes <input type="checkbox"/> No <input type="checkbox"/>	Small parcel shipping	X	X
Yes <input type="checkbox"/> No <input type="checkbox"/>	Consolidated multi-node analytics and reporting		X
Yes <input type="checkbox"/> No <input type="checkbox"/>	Integrations	X	X
Yes <input type="checkbox"/> No <input type="checkbox"/>	Other:		

# Evaluate Growth Potential

- Consider how much [additional space or capacity](#) you would need to achieve your growth goals. In addition, consider customer feedback and the geographies they serve.

Space and Capacity	Square Footage
Current Available Space	
Year 1 – Additional Space Needed	
Year 2 – Additional Space Needed	
Year 3 – Additional Space Needed	
Total Space	

- Determine your short- and long-term financial goals. Will expansion allow you to reach them within the desired timeframe without sacrificing efficiency?

▼ What is your annual revenue target?

▼ How much of this growth will be achieved through the growth of current clients?

▼ How much of this growth will be achieved through the addition of new clients?

▼ What are your revenues goals two years out? Three?

▼ At what point do your revenue goals exceed the capacity within your current facility?

# Identify Investment Opportunities



How much funding will you need to purchase more warehouse capacity?

Calculate the costs per square foot to determine how much additional funding will be needed. (Example below)

## Example:

Category	Per Sqft		New Warehouse Sqft		Subtotal
Annual cost of facilities (rent), software, misc.	\$16.46	x	100,000	=	\$1,646,000
Annual depreciated cost of equipment, facilities, IT hardware	\$2.63	x	100,000	=	\$263,196
One time project and move in cost	\$4.94	x	100,000	=	\$494,139

First 12 Months Cost Total: + \$2,403,334

**Note:** Labor costs not included. Assumptions based on omnichannel warehouse with some light automation.

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First 12 Months Cost Total: +					\$

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# Identify Investment Opportunities

- Understand your current [access to capital](#), such as lines of credit and cash on hand. Do you currently have the funding sources needed to grow by purchasing more warehouse capacity? **Yes**  **No**   
Do you have the funding needed to grow through partnerships? **Yes**  **No**
- Identify and list potential sources of capital that you have not yet explored.

Source	Potential Funding Amount

# Determine Best-Fit Path Forward

- If the costs of expanding your reach outweigh the benefits or the brands you service don't need multi-node distribution, you may consider better understanding your profitability per square foot for each client. You can:
  - ▼ Determine if it is time to discontinue relationships with low profit clients that hinder your success
  - ▼ Identify process inefficiencies that erode profitability across all clients
- If you have the capital resources, and can weather the economic risks, you can expand your in-house capabilities by purchasing, or leasing additional locations to expand your geographic reach or service offerings. If you choose this option, you'll need to make sure you have the [right processes and technology](#) in place for full visibility and efficient order routing across multiple locations. [See how Extensiv can help facilitate multi-warehouse operations.](#)
- If your clients or prospects need multi-node distribution options and you are focused on growing your relationships and business, partnering with other 3PLs to build a connected network of fulfillment nodes is a great way to achieve your expansion goals while offsetting risks and costs. [Ask our experts how Extensiv can find you the right 3PL partners and the technology to support a 4PL network.](#)

## Learn More About How Extensiv Can Help

Not sure which path is right for you? Extensiv can help you understand the costs and benefits of these three options. Contact our [team of experts](#) to discuss your specific business goals and get personalized advice.