

## Four Things to Consider When Evaluating Pharmaceutical 3PL Providers



The decision to contract with a pharmaceutical 3PL requires careful consideration to ensure objectives are achieved. Adding these four key discussion points to your decision-making checklist will help conduct a successful evaluation process and selection.

- 1. Confirm Compliance Today and Into The Future** – When making a car purchase, a flashy exterior may hide problems under the hood. Checking under the hood of a 3PL you consider means confirming the business is properly licensed to operate. Make sure the 3PL you consider has all current licenses required to operate and that an action plan is in place to address future regulations and rule changes.
  - Pharmaceutical 3PL providers must follow handling and storage requirements set by numerous governmental authorities and regulatory bodies.
  - The list of agencies involved in the operation of pharmaceutical 3PLs seems like an alphabet soup of initials: the DEA (Drug Enforcement Agency), FDA (Food and Drug Administration), EPA (Environmental Protection Agency) and DOT (Department of Transportation) each regulate pharmaceutical 3PL operations.
  - Reputable 3PL providers may also mandate that their warehouse facilities follow cGMP (current Good Manufacturing Procedure) guidelines published by the FDA and may earn VAWD (Verified-Accredited Wholesale Distributors) accreditation from the National Association of Boards of Pharmacy. Confirm that 3PL providers you consider can produce current licenses and authorizations for your review.
  - Every 3PL must also be licensed in every state where they conduct business, so ask to view the current licenses from each state in your distribution network.
  - The Drug Supply Chain Security Act (DSCSA) is a federal law signed in 2013 with new rules for monitoring pharmaceutical drug products that are to be implemented until 2024. Pharmaceutical 3PL providers must adhere to all implementation deadlines for current and future DSCSA regulations.
- 2. Program Flexibility** – Working with the right pharmaceutical 3PL provider to receive, store and distribute your product enables you to concentrate on building your own business. This growth may result in the need for additional related services.
  - Some 3PL firms provide integrated value-added solutions on-site creating a one-stop shop to increase

services with minimal disruption for the client.

- Reverse logistics for product returns, call center programs for physician sampling and messaging, even packaging and labeling capabilities co-exist under the same roof at some 3PL companies.
  - For example, shipping product in bulk to a 3PL with packaging solutions enables savings on freight charges and allows filling, labelling and shipping from the same facility.
  - You may be contracting with a 3PL to solve a current problem, but remember to consider future needs to assure continued growth.
3. **Access To Top Management** – The President may be your best friend during the sale process and then disappear before the ink on the contract is dry.
- Your relationship with your pharmaceutical 3PL should be one of mutual respect and appreciation.
  - Secure online portals at some 3PL firms provide clients with real-time access to inventory and invoicing with customized reporting functions. Even with data transparency, when a question arises you need answered by the company President, you should gain access quickly.
  - You hire a 3PL for peace of mind and it is everyone’s responsibility to make sure your concerns are known to senior management and that they are responsive problem-solvers.
4. **Evaluate Work Environment and Team Attitude** – A well-run pharmaceutical 3PL sets a tone of calm urgency. That sounds contradictory, but the feeling is one of everyone in the operation performing their duties efficiently and with a sense of purpose.
- Each member of the team shares responsibility for patient health. There is a common sentiment that the work is specialized and important.
  - The passion of the team should be reflected in their own appearance and everywhere in the business.
  - Are uniforms clean? Are workspaces organized? Is everyone moving with conviction? Do people seem to be enjoying their work?
  - Poor training and bad attitudes have no place in the pharmaceutical 3PL environment.

Pharmaceutical manufacturers searching for a 3PL provider sometimes do not anticipate the need until their situation is critical. The combination of lack of planning with urgency risks lumping all 3PL firms into one category. By considering Compliance, Value-Added Solutions, Management Availability and Environment in the decision-making process, the opportunity increases for a successful and enduring collaboration.

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