

Fulfillment Outsourcing 2014: How & Why?

Business-to-Business (B2B) Third-Party Order Processing Operations



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Business-to-Business (B2B) Order Processing Operations

The Number-One Reason to Outsource

The number-one reason to outsource fulfillment is to allow you to focus more on what you do best, so that you can grow your business faster.

The decision to outsource, is the same as when you want to hire the best manager. You need to find the best person to perform the job at the right price. You want someone who can follow direction, but can also be self-starting and can generate ideas and cost savings.

You could hire a manager, and a whole warehouse of people to run your backroom operations, *or* you could outsource your backroom operations to a company that provides all these people already seasoned with many years of hard-won experience.

In addition, when you outsource your fulfillment, you'll get a warehouse, order-processing equipment, computer and software systems, and all the things necessary to run an order-processing operation. Outsourcing gives you all the benefits of a full-service backroom without the fixed overhead costs; you only pay for fulfillment when you generate sales.

A Third-party Fulfillment House has Deeper & Broader Experience

Another reason to outsource fulfillment is that a good product fulfillment company has deep and broad experience. A seasoned fulfillment house has seen many other order processing, packaging, shipping, and data-handling operations for a wide variety of other products. Consequently, it is better equipped to handle the inevitable problems and opportunities that will come as your business expands. In addition, an active, broad-based fulfillment company is always up-to-date with the latest software and order-processing technology, so that that it can its clients on the leading edge with their first orders.

By outsourcing fulfillment, you can focus on what you do best, whether that is sales, marketing, advertising, manufacturing, or improving or expanding your business in other ways. When you outsource your fulfillment operations, you can optimize your business strengths while allowing your fulfillment company to cost-effectively refine and improve your backroom operations. By outsourcing your operation, you have fewer people to manage, lower overhead, and more time and resources to focus on expanding your business.

Outsourcing Preserves Capital

In addition, outsourcing also allows you to preserve capital. You do not have to make investments in buildings and facilities, and you only pay for what you use. When creating a backroom on your own, you must ask, "How much space do I need? Should I buy or rent? When you outsource your fulfillment, your question will soon become, "Why worry?" When you outsource, you can say goodbye to capital expenditures, lease payments, payrolls, and dozens of other expenses and related administrative headaches.

Outsourcing Makes Your Instantly Operational

When you outsource, you are almost instantly operational. Whether you are based in the United States, or in Europe or Asia, your fulfillment company should be able to establish your company in the US marketplace with minimal expense in a matter of days, or a few weeks at most.

When you outsource your fulfillment, your warehouse and distribution center can be operational *before* your products arrive. Why? Because your warehouse already *is* operational, already sending out packages of all types directly to millions of consumers and to thousands of retail stores in the USA. Your fulfillment company simply enters your SKUs in its system, allocates warehouse space, reviews your policies, and then implement and order processing system appropriate for your business.

A good third-party fulfillment company can set up your company's warehousing and order processing operation quickly because it is just making minor changes to an existing business model to fulfill your needs, rather than starting from scratch. Plus, a good fulfillment company is always investing in new technology, to enhance its order-processing system and facilities. You benefit from these improvements, while you will not incur additional expenses.

You Can Handle More Distribution Channels

When you outsource B2B fulfillment, you are ready to handle a broader range of products and product distribution channels than with B2C fulfillment. B2B fulfillment has larger and broader demands than B2C, so, when you outsource your fulfillment to a company such as Coast to Coast Fulfillment, you benefit from your fulfillment company's expertise in handling a wide range of products, ranging from housewares and fashion jewelry, to apparel, food supplements, promotional goods, and many other products.

You Can Ramp-Up More Quickly

Outsourcing enables you to ramp up to quickly to handle high-volume orders. Retail-market distribution can be more demanding than the handling of direct-to-consumer orders or small-volume wholesale orders. Orders from mass-market retail stores can be much larger, with more exacting order specifications and deadlines, and are accompanied by potentially-crippling financial penalties for vendor non-compliance with purchase-order requirements.

Your Sales Orders Are Guaranteed to Be 100% Compliant with Retail Protocols

A single purchase order can be for hundreds of thousands or even millions of product units. A penalty for non-compliance, for something as trivial as a case-pack label being the wrong size or in the wrong position, can be as a dollar per unit plus a one-time fee, potentially costing a vendor millions of dollars in lost revenue. Consequently, backroom systems must be in place to handle the volume quickly and efficiently under the precise mandates of the wholesale buyers. When you choose a fulfillment company to handle retail orders on your behalf, its order processing protocols must be 100% compliant with the mandated protocols of leading mass merchants.

Outsourcing allows you to accept large orders in more ways in less time, with less expense. Retail mass merchants exchange ordering information with their vendors via Electronic Data Interchange (EDI), which is a standardized protocol for point-to-point electronic transmission of purchase orders, their acknowledgment, their invoicing, and the dissemination of related shipping and tracking information. Despite this "*standardized protocol*," retail stores use many

different versions of EDI, and format their data fields in different ways. All these data must be “mapped” into formats that are compatible with the vendor’s accounting and shipping systems.

An experienced B2B fulfillment house, such as Coast to Coast Fulfillment, is already dealing with dozens of retail store chains and has EDI order processing systems customized for each one in place. Consequently, your fulfillment house acts as a “virtual vendor” for you and its other clients, acknowledging the purchase orders, shipping the product and invoicing the buyers in your behalf and on behalf of other clients. Thus, your third-party fulfillment (3PF) company can save you time and money while also guaranteeing 100% compliance with each wholesale buyers’ requirements.

You Are Instantly Ready Handle All Four B2B Distribution Methods

Outsourcing allows you to handle the four principal B2B distribution methods effortlessly. Wholesale orders usually fall into one of four distribution categories:

- 1) Bulk Distribution — in which large amounts of products are sent to one or more distribution centers
- 2) Store Drop-Ship — in which products are sorted, configured, and packaged according to each store’s requirements then sent directly to each store
- 3) Pre-Distribution (Pre-Distro) — in which products are sorted, configured, and packaged according to the each store’s requirements, and then sent to distribution centers to be bundled with other vendors’ orders for subsequent shipping to individual stores
- 4) Consumer Drop-Ship — in which large quantities of individual orders come in from a mass merchant, usually by EDI, for shipment straight to individual customers

Whether your outgoing shipment requires multiple truckloads to handle it, or only needs a single box going out by UPS, your fulfillment company, should be able to handle the order processing, shipping, and the accounting functions for all four principal distribution methods on a daily basis.

Payment & Order-taking Systems Are Varied, Flexible and Ready-To-Go

Outsourcing allows you more flexibility to receive small orders in different mediums and to receive different forms of payment. For non-EDI clients, you may need to accept orders by e-mail, fax, mail, phone, and from one or more Websites or FTP sites. For smaller clients without a credit history, including individual stores and small distributors, you may prefer to accept payment for preliminary orders via credit cards or debit cards. You will also need to accept checks, money orders, and electronic checks.

When you hire a third-party fulfillment house such as Coast to Coast, you will not have to wonder whether your office able to handle all those checks, make sure that the checks clear, and then get the orders shipped out in a timely manner. Plus, you will not have to worry about setting up or handling multiple merchant accounts, handling charge-backs, refunds, warranty management, and ongoing customer service. A well-run fulfillment house such as Coast to Coast Fulfillment is accustomed to handling thousands of transactions a day, always acting as its clients’ behalf as an integrated backroom order-processing team.

Outsourcing Fulfillment Makes Your Business More Efficient

Outsourcing can help you be more efficient, stay more competitive and serve your clients better. A third-party fulfillment company, such as Coast to Coast, has the latest software, order-processing equipment, continual operational maintenance and software upgrades, and volume discounts on shipping and materials that only a larger order-processing facility can afford. You benefit from these efficiencies while not having to pay more for them.

Outsourcing can give you highly-qualified people and the latest technology to deliver order processing services at cost far below most in-house operating costs. Since backroom operations are the focus of a good fulfillment company, it should excel at them. A busy fulfillment house such as Coast to Coast is accustomed to operating at peak efficiency, to reduce costs while keeping its clients on the leading edge of quality order processing and customer service.

Outsourcing Order Overflow Controls Overhead & Helps You Be More Competitive

Even if you have a satisfactory in-house fulfillment operation, outsourcing could enhance your existing operation and help you manage order volume more economically. Rather than expand your own facility in an uncertain economy, outsourcing your B2B order overflow from seasonal variations and special promotions and could be the most efficient way to expand your capabilities without moving your operation or establishing new warehouses. Outsourcing the fulfillment of your “*overflow*” orders can reduce your annual overhead costs, while you will have the extra personnel and facilities on standby, to handle orders at peak times.

At all times, your fulfillment house’s job is to concentrate on the back end of your business so that you can be free to focus on staying on the leading edge of growing your business.

Coast to Coast Fulfillment, Inc. is set up to handle all of the above operations, plus dozens more, and to guide you through the minefield of B2B order processing and client service. Give us a call to discuss how we might help you make your business grow and make your life easier.

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On the next page, fill out the Scorecard and find out:

Is B2B fulfillment outsourcing right for you?

Scorecard

Is B2B fulfillment outsourcing right for you?

QUESTION	YES	NO
1 Are you able to adjust your warehousing and fulfillment overhead costs in direct proportion to your sales volume?		
2 Can you expand and contract your warehouse space on 24 hours notice?		
3 Do each of your fulfillment managers have at least ten years of experience?		
4 Do you have Electronic Data Interchange (EDI) software in place to handle mass-market retailer's orders?		
5 Do you have an order-compliance manager who knows the vendor compliance regulations of the major retailers?		
6 Are you confident that your EDI operation is 100% compliant with the needs of leading retailers?		
7 Are you set up to handle the four principal B2B distribution methods?		
8 Do you have a client service policy for handling product returns, replacements and charge-backs?		
9 Are you set up to automatically process orders from a B2B websites and FTP sites?		
10 For smaller clients, do you have merchant accounts set up with the major credit card companies?		
11 Do you have online access to all your customers' purchases and shipping history?		
12 Do you have automated mechanisms to keep your costs down, such as box erectors, high-speed, high-density labeling machines, pallet wrapping machines, and bar-coded inventory management?		
TOTAL (Add up your yeses & noes. If your checks in the "NO" column outnumber your yeses, you should consider outsourcing your fulfillment.)	<input type="text"/>	<input type="text"/>

For more information about outsourcing services provided by Coast to Coast Fulfillment, please contact:



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