

Fulfillment Outsourcing 2014: How & Why?

Business-to-Consumer (B2C) Third-Party Order-Processing Operations



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Business-to-Consumer (B2C) 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 find new ways to lower costs and be more efficient.

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 with skills perfected refined by many years of 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 will have already developed and refined order processing, packaging, shipping, and data-handling operations for a wide variety of 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 keep its clients on the leading edge, starting with its first orders.

By outsourcing your 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; you have fewer people to manage, lower overhead, and more time and resources to focus on expanding your business.

Outsourcing Preserves Capital

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.

You Can Handle More Types of Payments

Another reason to outsource is to better handle payment processing. After receiving the order, you need to be able to process a variety of payment methods, including credit cards, debit cards, checks, money orders, and electronic checks. Is your business able to handle all those checks, to make sure that the checks clear, and then ship the orders out in a timely manner? Are you ready to handle multiple merchant accounts, charge-backs, refunds, warranty management, and ongoing customer service? A good third-party fulfillment (3PF) house is accustomed to handling thousands of transactions a day, always acting as its clients' sales and order-processing team.

You Can Handle Small Orders and Small Packages More Efficiently

Unlike shipments of wholesale orders, with business-to-consumer (B2C) mass-market order processing, the warehouse needs to be set up to handle small packages and pick and pack individual orders, rather than bulk orders. There is more of everything: more paper, more packing material, and more boxes in smaller sizes. The warehouse management and costing structure must be geared to handle varying volumes of small packages efficiently. When you outsource your B2C fulfillment, your fulfillment house is set up to manage these types of orders everyday for hundreds of products in many distribution channels.

Outsourcing Can Enhance Your Customer Service

Once the product gets out the door, the fulfillment process is not over. Your business needs to be set up to handle customer service online and on the phone in real time. Compared to wholesale shipping, shipping products directly to the consumer will generate more issues that need to be resolved person-to-person with many customers.

You will not be able to just take messages and then call and e-mail customers back. Your customer service representatives will need to answer questions from the consumers by having online access to their transaction history. In addition, some customers will want to return products for replacement, refunds, or servicing. Is your warehouse set to handle this? Do you have refund, replacement, and customer-service policies in place?

Outsourcing Makes You Almost Instantly Operational

When you outsource your fulfillment, your warehouse and distribution center can be operational *before* your products arrive. Why? This is because an experienced B2C fulfillment house already *is* operational, since it is in the business of sending many types of packages to millions of consumers, while its B2B operation may be sending variations of the same products to thousands of US retail stores and to their distribution centers.

Since your fulfillment company's systems are already in place, it simply enters your SKUs in its system, allocates warehouse space, reviews your policies, and then implements an order-processing system appropriate for your business. Whether you are based in the United States, in Europe, or Asia, your USA-based fulfillment company should be able to establish your company in the business-to-consumer (B2C) US marketplace with minimal expense in a matter of days or a few weeks at most.

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In addition, 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 Ramp-Up More Quickly & Handle More Distribution Channels

A single new B2C distribution channel, or new promotion, can produce thousands of new orders overnight, so the back-end systems must be in place to handle the volume, whether your product is sold via an e-commerce websites, print advertisements, catalogs, TV shopping networks, direct-response TV promotions, or through other types of advertising and promotion. When you outsource your fulfillment, your third-party fulfillment (3PF) house should be able to handle thousands of orders, usually within a 24-hour turnaround. Thus, you should be able to ramp up very quickly, without increasing your overhead.

Outsourcing Allows You Accept Orders for Products in More Ways

Outsourcing allows you to take orders in more ways. Business-to-consumer (B2C) orders are generated through many distribution channels, while the orders themselves are received through a variety of mediums, including e-commerce websites, telephone, fax, mail, e-mail, data transfers from telemarketing centers, and electronic data interchange (EDI) order transmission of drop-ship orders. Is your office ready to handle this? Is your sales and order-processing team set up to deal with a high volume of individual orders and inquiries? Do you have the computer systems, software, data mapping, and protocols in place to handle the orders? When you outsource your fulfillment, all these systems should already in place to help you serve your customers.

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 should have 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 directly for them.

Outsourcing can give you highly-qualified people and the latest technology, to deliver order processing services at cost far below most companies' *in-house* costs of doing the same operations. Since backroom operations are the focus of a good fulfillment company, it should excel at them. A busy fulfillment house 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 order overflow from seasonal variations and special promotions 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, since you will have the extra personnel and facilities on standby, while you only pay for fulfillment services when you need them.

You Will Be Ready To Easily Transition from B2C to the Demands of B2B

As your company expands, in addition to selling and shipping orders directly to consumers, you will also be getting wholesale orders for your products. Wholesale orders from large retail chains, TV shopping networks, catalogs, and other mass merchants have other sets of demands than those related to B2C orders.

Consequently, when you outsource your B2C fulfillment, you should pick a fulfillment house that also does business-to-business (B2B) fulfillment. The fulfillment house should be well-versed in the complying perfectly with the mandates of major retail chains, in addition to being able to quickly adapt to the order-handling needs of new wholesale buyers. A single purchase order from a chain of retail stores can be for hundreds of thousands or even millions of units of a product. The penalty for non-compliance, for something as trivial as a case-pack label being the wrong size or in the wrong position, can result in a high initial one-time fee plus as much as a one-dollar fine per unit, potentially costing a vendor millions of dollars in lost revenue.

Your B2C fulfillment house should have B2B backroom systems in place to handle the volume quickly and efficiently under the precise mandates of the wholesale buyers. Your fulfillment house should already have Electronic Data Interchange (EDI) protocols in place with all major mass-market retailers. In addition, your outsourced fulfillment house should already be shipping products through all four B2B distribution channels: *Bulk Distribution*, *Store Drop-Ship*, *Pre-Distribution (Pre-Distro)*, and *Consumer Drop-Ship*. Whether an 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.

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 issues, plus dozens more, and will guide you through the minefield of B2C order processing and customer service, while also preparing you for B2B order processing as well.

Give us a call to discuss how we might help you make your business grow while making your life easier.

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

Is B2C fulfillment outsourcing right for you?

Scorecard

Is B2C 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?	<input type="checkbox"/>	<input type="checkbox"/>
2 Can you expand and contract your warehouse space on 24 hours notice?	<input type="checkbox"/>	<input type="checkbox"/>
3 Do each of your fulfillment managers have at least ten years of experience?	<input type="checkbox"/>	<input type="checkbox"/>
4 Is your order-taking system able to download orders daily from the leading telemarketing service bureaus?	<input type="checkbox"/>	<input type="checkbox"/>
5 Are you set up to automatically process orders from Websites?	<input type="checkbox"/>	<input type="checkbox"/>
6 Do you have merchant accounts set up with the major credit card companies?	<input type="checkbox"/>	<input type="checkbox"/>
7 Do you have a customer service policy for handling credit card charge-backs, refunds, product returns and replacements?	<input type="checkbox"/>	<input type="checkbox"/>
8 Do you have a US post office on premises?	<input type="checkbox"/>	<input type="checkbox"/>
9 Do you have a customer-service center to handle inquiries by telephone and online?	<input type="checkbox"/>	<input type="checkbox"/>
10 Do you have online access to all your customers' purchases and shipping history?	<input type="checkbox"/>	<input type="checkbox"/>
11 Do you have Electronic Data Interchange (EDI) software in place to handle drop-ship orders from third-party marketers?	<input type="checkbox"/>	<input type="checkbox"/>
12 Do you have automated mechanisms to keep your costs down, such as box erectors, high speed labeling machines, and bar-coded inventory management?	<input type="checkbox"/>	<input type="checkbox"/>
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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