

Fulfillment Outsourcing 2024: How & Why?

Business-to-Business (B2B) Order Processing Operations



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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 a manager; you need to find the best person to perform the job at the right price. You want someone who can follow directions but can also be self-starting and can generate ideas and reduce costs.

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 order 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. Furthermore, an active, broad-based fulfillment company is always up-to-date with the latest software and order-processing technology.

By outsourcing fulfillment, you can focus on what you do best, whether that is sales, marketing, advertising, manufacturing, or improving and 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 be, "Why worry?" When you outsource, you can say goodbye to capital expenditures, lease payments, payrolls, and dozens of other expenses and related administrative headaches. When you outsource, your fulfillment overhead expenses scale with the order volume.

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

Outsourcing Makes Your Instantly Operational

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 to your business.

A good third-party fulfillment (3PF) 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 volumes of orders. Distribution of wholesale orders to retail chain stores can be more complex and demanding than for direct-to-consumer orders or small-volume wholesale orders. This is because orders from mass-market retail stores can be much larger, with more exacting specifications and deadlines. Additionally, the orders are accompanied by potentially crippling financial penalties for vendor non-compliance with the exacting requirements of the purchase orders.

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 already be in place to handle the order volume quickly and efficiently under the precise mandates of the wholesale buyers. That's why you need to select a fulfillment company that already has extensive experience being in 100% compliance with the mandated protocols of leading mass merchants.

Outsourcing allows you to accept large orders in more ways in less time, with less expense. Most retail mass merchants communicate 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 they format their data fields in different ways. All the order-processing data must be "mapped" into formats that are compatible with the accounting and shipping systems of all participating parties.

An experienced B2B fulfillment house such as Coast to Coast Fulfillment (CTCF), is already dealing with all the leading retail store chains. Thus, CTCF has EDI order processing systems customized for each wholesale buyer in place. Consequently, as your fulfillment house, we would act as a “virtual vendor” for you, acknowledging the purchase orders, sending out advance shipping notices (ASNs), routing orders, and invoicing the buyers on your behalf. Thus, your third-party fulfillment (3PF) company saves you time and money while also guaranteeing you’ll be 100% compliant with each wholesale buyer’s 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 — large quantities of products are sent to one or more distribution centers for a specific chain of retail stores
- 2) Store Drop-Ship — products are sorted, configured, and packaged according to each store’s requirements then sent directly to each store
- 3) Pre-Distribution (*Pre-Distro*) — products are sorted, configured, and packaged according to each store’s requirements, and then sent to the distribution centers for the stores to be bundled with other vendors’ orders for subsequent shipping to individual stores
- 4) Consumer Drop-Ship — large quantities of individual orders come in from a mass merchant, usually by EDI, for shipment directly to individual customers (this overlaps with B2C)

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

Simultaneously Receive Orders & Ship Merchandise Through B2C & D2C Channels

With a truly omni-channel fulfillment, you have the capacity of expanding your sales and distribution channels to B2C drop-shipping to third-party (3P) retailer’s consumers, while also having your own direct-to-consumer (D2C) sales from your website and your social media extensions. This increases your sales while also directly providing valuable consumer purchasing information.

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 can handle all purchase orders, payment processing, order preparation, and shipping. A well-run fulfillment house such as Coast to Coast Fulfillment is accustomed to handling

thousands of transactions a day, always acting on 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 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.

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Thus, 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 is set up to handle all the above operations, plus dozens more. We can smoothly glide you over the minefield of B2B order processing. Give us a call to discuss how we might help you make your business grow and make your life easier.



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

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 you want to preserve capital while being able to handle high order volume on short notice?		
4 Do each of your fulfillment managers have at least ten years of experience?		
5 Do you have Electronic Data Interchange (EDI) software in place to handle mass-market retailer's orders?		
6 Do you have an order-compliance manager who knows the vendor compliance regulations of the major retailers?		
7 Do leading retailers rank your EDI operation in the top 1% for vendor compliance?		
8 Are you set up to handle the four principal B2B distribution methods?		
9 Do you have automated credit card authorization and depositing systems in place?		
10 Do you have a client service policy for handling product returns, replacements and charge-backs?		
11 Are you set up to automatically process orders from a B2B websites and FTP sites?		
12 For smaller clients, do you have merchant accounts set up with the major credit card companies?		
13 Do you have online access to all your customers' purchases and shipping history?		
14 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 a detailed listing of outsourcing services provided by Coast to Coast Fulfillment, please contact:



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