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5 Strategies for Order Fulfillment

By June Campbell

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Fulfillment is simple at a brick and mortar store. The customer pays for the merchandise and carries it away. However, fulfillment is more complicated for a mail order business or a business that is selling via the Internet.

Fulfillment includes taking the order, packing, shipping and processing the financial transaction. It could also include customer service, technical support, inventory management, and processing refunds, returns and warranty claims.

Fulfillment is a vital but costly aspect of operating a business. Your situation determines which approach works best for you.

1. Drop Shipping

Drop shipping is an arrangement in which a wholesaler or manufacturer agrees to fulfil orders from items in their warehouse. You make the sale, conduct the financial transaction, and send relevant data to the company to process. Since the company ships the merchandise, you do not have to arrange warehousing or inventory management.

Many businesses will not agree to drop shipping, as they find it more profitable to process large orders instead of individual orders. However, there are exceptions. Find a company that produces merchandise

that you would like to sell then contact them and see if they will negotiate.

Alternatively, look for a company that promotes drop shipping. Run a Net search or a Yahoo search for "drop shipping." Before signing a drop shipping agreement, ask for references from satisfied merchants.

2. Set Up Your Own Mail Room

Micro businesses might set up a "mailroom" in the basement. It's cost effective, but labor intensive.

You will need a means of processing payment (i.e. credit card capabilities) and a means of keeping track of inventory, orders, refunds, etc. Yahoo's Small Business category lists numerous companies selling software for small business management.

Larger small businesses might opt to set up a mailroom in the workplace and assign employees to handle order fulfillment. This allows the most control over fulfillment as everything is done on site. You can ensure that knowledgeable people handle customer service, that packaging is appropriate, and that refunds, warranties and are processed in a timely manner.

3. Integrated Fulfillment for the Web

Businesses that are adding online sales to their regular operations require software that integrates with the existing system, manages inventory, facilitates customer service and generally handles all aspects of fulfillment.

If you're too large for the basement mailroom and too small to outsource, you might consider using one of the companies that are catering to small business. Check out Yantra, Manugistics and EXE Technologies.

4. Fulfilling Digital Products

Businesses selling only digital products (computer documents, software, music, video, etc.) have the easiest time with fulfillment. You will need a web site, shopping cart software to take the order, and

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a means of processing payment. The most automated businesses use technology that serves automatic download information to the customer upon processing a transaction.

Online businesses might opt to purchase web storage, shopping carts, encryption for secure ordering, and a credit card processing service individually. Alternatively, they might look for a "one stop shop" that handles the entire thing for a fee. The former is likely to be lower cost but labor intensive; the latter could be more costly but simpler to set up and manage.

To find ecommerce providers, run a Net search for "ecommerce billing fulfillment service".

5. Out–Source to a Fulfillment Firm

If your sales justify it, you could outsource the entire process to a fulfillment company. This may or may not be more expensive than doing your own fulfillment. Calculate the cost of on–site fulfillment and compare the price.

Out–sourcing reduces your control over fulfillment, as well as the amount of contact you have with your customers. If customer contact is very important to your operations, or if you need to explain your product to customers before making a sale, outsourcing might not be your best choice.

Before signing a contract, consider these issues:

1. Will the company package your merchandise appropriately? Can they handle your perishable products quickly? You want to avoid returns of damaged goods.
2. Does the firm process orders quickly enough to accommodate your turn–around time?
3. Is the company strategically located? Shipping costs and transit times will be reduced if your fulfillment company is located close to the majority of shipping addresses. For example, 74% of the U.S. population lives close to or in UPS zone five. A

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company situated in that region might be a good choice for businesses that sell primarily to the US public.

4. Are sales reps assigned to your orders and are you permitted to train them?

5. Can the firm provide references from customers running similar operations to yours?

As the comedian said, "Delivery is everything."

June Campbell
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Outsourcing Your Ecommerce Order Fulfillment

By Danna Henderson

When your eCommerce business grows to the point where you can no longer package and ship the orders yourself, it's time to begin outsourcing your order fulfillment. Although all order fulfillment centers offer the same basic services, their individual methods and costs will help you choose one over the other. When selecting an order fulfillment service, keep the following in mind:

Location

Order fulfillment warehouses are located all over the country. It's more important to select a warehouse that is close in proximity to your customers than to select one that is close to your business. For example, if your warehouse is located in California, and most of your customers are located on the East coast, your shipping rates will be higher than if you had a warehouse located in Kansas. Fulfillment centers located in the middle of the country will be able to ship to both the east and west coast for similar prices.

Size

Fulfillment warehouses range from small business with just a few employees to large companies such as UPS. Select a fulfillment service that can meet your daily order fulfillment needs. Do you have consistent orders each day or do your orders spike? If you have orders that spike, be sure to choose a fulfillment center that can handle the extra workload and still ship the orders within the agreed timeline.

Shipping Options

Most fulfillment centers offer a variety of shipping options. Make sure the fulfillment service you select offers all of the shipping options you currently offer your customers and the shipping options that you

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may want to offer in the future.

Turn-around Time

Each fulfillment warehouse has its own policy regarding order processing. For example some fulfillment centers will ship all orders that arrive before 1pm on the same business day. If you miss the 1pm deadline, the order is shipped the next business day. This could impact your customers if a next-day order is placed after 1pm. In this case, next day shipping turns out to be two-day shipping.

Order Entry

Order entry methods can be very important when considering a fulfillment service. The most common methods include: Forwarding individual order invoices to the warehouse Entering each order on the fulfillment center's web-based system Emailing an Excel spreadsheet with all order once a day

Each method has a different affect on your business. For example, you may save money by manually

entering orders into a web-based application, but it can be tedious if your business grows to the point where you have more orders than you have time to enter. You may pay a higher price to automatically email each individual invoice to the warehouse, but it may be worth the extra costs to have orders may be shipped as they arrive. Same day shipping could give you the edge over your competitor. On the other hand, if you have a high volume of orders, you won't want to individually enter each order into a web-based system and may not want to pay the extra charge of having individual orders emailed to the warehouse. If you don't mind shipping the next business day, you can send an Excel spreadsheet containing all of your orders once a day. Choose a warehouse that offers an order entry method that meets your business needs and fits your budget.

Communication

Communication is an important part of every business. There will be times when you need to contact the fulfillment center to modify a customer's address or cancel an order. Select a fulfillment center that is available via phone and email. You should not have to wait more than a few hours for a return email or call from the fulfillment center.

Error Rate

Mistakes will happen. Some customers will receive the wrong items or the items will be shipped to the billing address rather than the shipping address. When interviewing potential fulfillment centers, ask about their error rate and their process for remedying the situation. For example, do they issue UPS call tags to pick up the incorrect item and pay to ship a replacement item? Will they ship the replacement item at a faster rate to compensate the customer?

Costs

Each fulfillment center operates under a different payment schedule. Some use sliding scales and

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require contracts while others charge per order or per item with no contracts. You will also be charged a base fee to store your inventory at the warehouse and an additional fee per pallet or per item. Be sure you have a clear understanding of the fulfillment center's costs and any contracts.

When choosing a fulfillment center, create a checklist of the features you would like. Interview a member of the warehouse staff, as well as, their references to make sure the warehouse will meet the needs of your growing eCommerce business. When you outsource order fulfillment, the time that you normally spend packaging orders, managing inventory, and dealing with returns, can now be focused on growing your business. Use this time to expand your product line, enhance your online image, promote your business or expand into new markets.

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Danna Henderson started ZIP Baby in order to provide parents with comprehensive potty training information and a large selection of potty training products. For more information visit the ZIP Baby Potty Training Store.

Outsourcing Your Ecommerce Order Fulfillment

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