

Free PDF

SCALABILITY SECRETS



SAMANTHA ANDERSON

Scalability Secrets

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First published in Great Britain by Compass Publishing

www.orderfulfilmentexperts.co.uk

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Foreword

**Ed Rivis – Highly acclaimed web marketing expert,
Amazon 5-star rated author and public speaker.**

“As a web marketing consultant I frequently critique E-Commerce web sites. My discussions with clients focus on how to drive traffic, how to tweak web page designs and how to optimise the user experience to improve sales conversions.

However, we rarely discuss back office issues like fulfilment and customer service.

Of course, no matter how much traffic and sales an E-Commerce web site achieves, if the customer receives goods in a haphazard manner (or worse, not at all!) then the business won't last long.

Even worse are the online companies who do get it all right, but still don't last long, because in the critical early days of their operation they try to “do it all” themselves.

Some things cannot, or rather should not, be outsourced, but a refusal to delegate certain tasks and processes to people who are better skilled and equipped to carry them out can put an unnecessary burden on a growing enterprise.

Ultimately those tasks and procedures may even become a critical bottleneck, that cause the operation to close when it should instead have skyrocketed in sales, turnover and profits.

Sam's information outlines the all-so-important yet frequently overlooked aspects of running a successful E-Commerce operation.

I strongly recommend that anyone who sells physical products online doesn't just read Sam's PDF, but actually implements her tried and tested systems to see the effect it has on their enterprise.



Ed Rivis

www.Quandary.com

P.S. I not only recommend this information, I wholeheartedly recommend her services too. If you ever ordered one of my three paperback books, chances are it was fulfilled by Sam's company!"

Introduction

E-Commerce history – past, present and future

Watching the opening ceremony of the 2013 Olympic Games here in the UK, it was a wonderful reminder of how inventive (and not just a little bit zany) us Brits are. It highlighted the phenomenal contribution the British computer scientist, Sir Timothy John Berners-Lee, OM, KBE, FRS, FREng, FRSA, (otherwise known as ‘TimBL’) who gave us the internet. Yes gave it to us. Whilst many people have quite possibly pulled their hair out and asked “*Are you mad?!* ” or something of a similar confounded nature, we do need to learn how to monetise our inventions more effectively here in the UK and despite our claim to fame for the world wide web, the Americans have most certainly been the trail blazers of how to get the most out of it.

Now, in terms of internet history I could go on about; the fact that the term ‘E-Commerce’ means the process of execution of commercial transactions electronically with the help of the leading technologies such as Electronic Data Interchange (EDI) and Electronic Funds Transfer (EFT) which gives an opportunity for users to exchange business information and do electronic transactions. As well as how this ability to use these technologies appeared in the late 1970s and allowed businesses and organisations to send commercial documentation electronically. Although the Internet began to advance in popularity among the general public in 1994, it took approximately four years to develop the security protocols (for example, HTTP) and DSL which allowed rapid access and a persistent connection to the Internet – but I won’t!

The most interesting angle regarding the development of the internet and thus E-Commerce in all its forms, from my perspective, is how it has changed our habits, our businesses, our shops, our high streets, our behaviours, our opinions, our interactions with each other, our relationships, in fact it has totally changed the way we live our lives.

Despite the global economic downturn, E-Commerce has continued to grow 20% year on year and just the B2C the industry was worth \$825 Billion in 2012. So forget the doom mongers, there is business to be had-- *you just have to work harder and smarter than ever before to get it.*

Amazon and eBay were among the first internet companies to allow electronic transactions. Thanks to their founders they have facilitated the buying and selling advantages of the internet for people across all geographic and demographic boundaries. Amazon was one of the first to roll out an online affiliate marketing program and many E-Commerce business owners have been able to increase their reach, market and sales quickly and easily thanks to taking advantage of this strategy.

There has been some controversy about the impact of the internet; Amazons perceived desire for monopoly and the influence it now has in the publishing world amongst others, social media and the traumatic impact it can have on young children and

organised crime, the way E-Commerce affects bricks and mortar businesses, particularly our High Streets is also of concern. These are all valid issues. Yet, in the right hands, the internet can also do so much good too. Education, opening our eyes to impoverished communities, reaching out to those that need help, staying in touch with loved ones half way around the globe are to name but a few.

The reality is that the tendency for people to favour E-Commerce over a 'Bricks and mortar' shop is likely to continue for many products, because a lot of people feel 'imprisoned' by work and household duties, and the internet saves a lot of time and gives people an opportunity to choose goods at the best prices.

The 'quantity to quality' tendency of E-Commerce is also becoming more and more obvious, as the internet has excluded the geographical factor from the sale. So it doesn't matter anymore whether your store is situated in New York or London or in a small town. To survive, merchants will have to continue to adapt rapidly to the changing conditions. To attract more customers e-store-owners will have to become more niche (unless they can afford to go 'Amazonesque') and to pay more attention to such elements like quality content, useful advice, user-friendliness, having a company personality, ease of use, and quick and easy secure payment transactions.

We will need to continue to embrace technological trends and new technology as it arrives in the market for our businesses to become part of an E-Commerce future. Have you published your video intro or video product demonstrations to your website yet? That trend started years ago already...

Despite our Chancellor recently announcing, *"We're giving Britain the fastest broadband and mobile telephony in Europe."* The UK is currently ranked the 16th in terms of download speed. We are behind Romania, Ireland, Belgium, Sweden, the Netherlands, USA, Japan, South Korea, and Hong Kong. Our average download speed is 6.3 Mbps (Megabits Per Second). The best speed available in the whole world is Hong Kong who are at 54Mbps, simply because they've got the infrastructure in place.

Back in 2009, Lord Carter created government strategy documents called 'Digital Britain' promising that there would be universal access throughout the UK for 2 megabits per second of broadband for everyone by 2012.

That evidently hasn't happened, and there have been many white papers and articles about the fact that this is really holding us back.

The void in the infrastructure

Other nations have fibre optic cables running directly to households and businesses, but the UK relies on copper connections from BT's fibre network, which is what *really* slows us down. The infrastructure we have in this country is just archaic compared to what we really require, and it's open to all sorts of evils.

As a business, we have experienced problems in the past with our broadband in the form

of 'REIN' (which is effectively 'electrical interference'). We've since moved the office to where we've got a fibre optic cable connection, and we're now able to run the server from the broadband connection, and the rest of the business can operate well, but it's certainly been a stressful journey because as you know, like anyone in this industry (and many others) we desperately rely on the Internet.

In Australia, for example, by 2018, 93% of homes will have fibre optic broadband. We are very, very, much behind the times on this. BT is now laying fibre optic to some distribution points, but there is no way in the world, even with the money that has been set aside, that they'll actually be able to invest in bringing us up to speed. We're always going to be requiring more bandwidth as we develop, than will be available. Obviously people will still want to use broadband, and Virgin and Sky are doing their best to try and fill the massive gap that BT has throughout the country, but they aren't finding it easy.

Gear up for the mobile market

Now for the good news! The stats that came out from IMRG is that the growth of mobile commerce is going to increase by 300%, and obviously, that is fuelled partly by a massive boom in smart phone and tablet sales.

Fixed telephone lines are reducing in number, while mobile subscriptions are soaring. So taking this information and combine it with the terrible broadband infrastructure we have in this country, and the fact that mobile commerce is set to increase steadily, into consideration, we need to plan how we're going to target our consumer.

We need to make sure that our websites are mobile device friendly, whether that means a smart phone or tablet. We also need to develop Apps for consumers to download, so that their interaction with your business, products or services is made intuitive, easy and pleasurable, from *anywhere* in the world.

Ecological impact

The digital economy would seem to have great potential for a positive impact on the environment and has been summarised as the 3D's; dematerialisation, decarbonisation and demobilisation.

By moving businesses online and using marketing pixels instead of packages, E-Commerce can reduce the need for such wasteful products such as printed catalogues, telephone books, newspapers and magazines. The recent shifts from books to bytes, CD's to MP3's, snapshots to JPEG's, cheque books to clicks are all examples seen as the dematerialisation process. E-Commerce also encourages 'just in time' and 'just for you' approaches to manufacturing and distribution, all of which can potentially reduce waste and the need for as much warehouse space. Teleshopping can reduce the number of stores required, a recent example of this is Tesco's online app which allows you to click and collect at various points around London.

However, we still have to run the servers and Google's servers alone use as much energy

Introduction

as a small country. We've all see our energy bills sky rocket especially when computers are kept running all the time. Google is investing heavily in renewable energy sources such as solar power, wind farms and a new kite technology which harnesses much faster wind higher in the atmosphere in an aim to become carbon neutral.

So in short, it is too early to say how our digital revolution is impacting our world, it depends how responsible all of us become in moving towards renewable energy sources and working towards becoming carbon neutral to power this digital revolution.

How to use this PDF

This PDF is divided into three sections, the first is to help start-up E-Commerce business owners; section two is geared towards well-established online entrepreneurs and section three is to help overseas companies get a foot hold in the UK to develop their market here.

This said, there will be something for everyone in all three sections to help you streamline, better systematise, re-asses or simply enjoy your E-Commerce business more.

Section one will allow you to make an informed decision about what is involved in setting up your own fulfilment operation, what you will need to take into consideration if you are thinking of setting up your own operation and ultimately what is involved if you decide to outsource your fulfilment.

Section two covers how to choose the right fulfilment house for you, how to make that transition, advanced systems and procedures for high volumes of sales and helping you make the right choices for the evolution of your business.

Section three discusses the considerations in terms of location for your fulfilment house, how to start your sales to the UK market and what services are available to foreign businesses looking to develop here in the UK.

When setting up a business, we are often advised to start with the end in mind, so sections two and three will be equally pertinent to you if you are running a start-up E-Commerce business (or thinking about taking the plunge.)

I've written this information with the intention of making it easy to dip in and out of; to find relevant information you may be looking for at a particular time. Keep this in your business book library so you can refer to it whenever you need to.

Also keep your eyes peeled for the case studies of some of our customers throughout this PDF; they give some really great insights from their perspectives and this could provide you with some really helpful ideas which you can then use in your business.

Section 1

Agent in place...awaiting orders!

Systems for Success

An ideal online shopping experience involves searching for a product you want at the right price, buying it securely without fuss, receiving it quickly, finding the product is exactly what you expected (if not better) and in pristine condition. This is something that some online retailers seemingly fail to understand. (I don't know where you are Billy bookcase, but I hope you went to a good home!)

It sounds so simple, yet little do online consumers appreciate or even know the monumental effort E-Tailers make to ensure their buying experience is typically this good.

When I started working in the E-Commerce and order fulfilment sector over seven years ago, I was initially bewildered by how many disjointed processes were required just to fulfil a customer order. Unless E-Commerce business owners were prepared to invest thousands of pounds into a fully integrated system, it seemed they had to manually collate orders from their various sales channels and separate those that required immediate dispatch from those being delivered by drop shippers. This added to a seemingly never-ending list of tasks.

I soon realised that providing streamlined, purpose built systems and services (aimed specifically at E-Commerce business owners) could help them effectively give them time to market and grow their businesses, as well as gain the lifestyle benefits which had driven them to start their own businesses in the first place!

As a result, our tried and tested recipe for E-Commerce success has hinged on the following four principles:

1. **Availability:** Displaying a complete range online, in a fully searchable format and offering good availability and delivery so that customers can get the product they want, when they want it.
2. **Visualisation:** Ensuring products are displayed in an engaging way and accompanied by all relevant information customers will need.
3. **Integration:** Building in 'multiple channel' functionality by allowing customers to pick up goods in store if they wish/if possible, or have them delivered.
4. **Infrastructure:** Having the right technical and operational set-up in place to support all this is, arguably, the most important aspect of a strong E-Commerce offering, and one which should never be overlooked.

It sounds good, even easy when we break it down like that. *However the reality of operating a business day to day is difficult, challenging and unpredictable.*

While working with E-Commerce businesses, I have found some invaluable resources on how such companies can generate *more traffic* to their websites, increase their conversion rates from traffic to sales and **build and retain loyal customers** who return time after time.

Having worked with an array of E-Commerce businesses that sell all manner of products, it has been fascinating to listen to the challenges they have faced while developing their businesses. They made plenty of mistakes, which is only natural. But you don't have to. I'm sharing these experiences with you so you don't have to waste time and money repeating them.

If you are reading this section, I will assume that you have already set up your online business and that you are now ready to take your business to the next level.

If you haven't started trading yet, then I would suggest you go and talk to as many people you know that have started an online business as soon as possible, and of course delve into as many pertinent business books you can, such as *Starting an Online Business* by Greg Holden, or any other complete guide, in order to **figure out who your prospective customers are**. I know this sounds incredibly simple, but the *more targeted* your products and service are for your customer profile, the *easier and more cost-effective* it will be to market to them. Go niche!

Then you'll need to think about the structure of your business. For example, do you want to be concentrating on driving your business forward or packing and shipping your orders all day? The question from one business owner to another is of course rhetorical, but certainly needs consideration at an early stage in the planning process. Then, as accurately as possible, work your costs backwards (postage and packaging, order management fees, online shop rental, insertion fees, final value or closing fees, completion fees, payment processing fees, pro merchant account fees) and so on.

So many times I've heard people say "*I'm not making enough money on my products to get someone else to pack and ship them for me*". Choose your products carefully to make sure you are making enough margins to ensure your business can give you the rewards you want. I'm sure spending hours every day packing goods is not the best use of your time. Also, place a value on your time.

The following calculation (see next page) is a great starting point to see just how much your time is worth. I make a reference to this figure later on in the PDF, so please do work it out, and keep a note of it, so that you can use it later. (You're probably going to be surprised by the results!)

HOW MUCH IS YOUR TIME WORTH?

- Your Base Earning Target for the next 12 months: £ _____
- Divided by 1760 work hours in a year
(220 days x 8 hours = 1760) £ _____
- Times productivity vs non productivity multiple
(i.e. if you only spend half your day on income generating tasks then multiply your result by 2, if you only spend a third of your day on income generating tasks then multiply your figure by 3, a quarter multiply by 4)
X _____
- = What your time is worth to you per hour £ _____

This is always a good figure to keep in mind when you are considering tackling more mundane tasks. It will remind you of your goals, your value to your business and to **keep focused on the bigger picture**. It will also help you decide when to outsource tasks that you really shouldn't be spending your valuable time on.

You're an entrepreneur, a strategist and a visionary. You are not a jiffy bag packer!

Speaking of time, do we all really aspire to *The 4-hour Work Week*? I'm sure it's possible to achieve this, however, without wanting to become too philosophical, we all need to work and have a full time purpose to be happy.

This PDF therefore will not show you how to do less work, but simply to replace certain types of work with others that will be more fulfilling and in turn positively impact your business and lifestyle.

If your infrastructure isn't established, or if it means you, as a business owner, are spending much of your time working in the business, then you will understand how that can directly impact the results of your E-Commerce success.

As a business owner myself, I have experienced how incredibly frustrating it is having to keep so many balls in the air and not being able to spend valuable time on the task of **growing your business**. I know from experience how difficult it can be taking that next step from working in your business on a day-to-day basis to actually *working on* the business and concentrating on the bigger picture.

However, if you are serious about growing your business, then the biggest mental hurdle you have to face (if you haven't come to terms with this already!) is the fact that you are going to have to make your business scalable, because increased sales for an E-Commerce business means a larger infrastructure.

By the same token, you will only achieve increased sales if you put in place an infrastructure so you can devote your time to growing your business. These two aspects come hand in hand, which is why I am tackling this issue first.

So, you have two options:

1. You can set the infrastructure up in-house and employ staff to do this for you.
2. Or, you can *outsource* your fulfilment.

I will take you through how to best set up a good infrastructure yourself, and I will also give you an average cost comparison between this and an outsourced facility.

Receiving and Collating Orders

Online spending has doubled year on year to hit over 100 billion within 2 years.

How can you make the most of this trend?

Receiving and collating orders used to be an extremely laborious job unless you had thousands of pounds to throw at a fully integrated system, or if you had the technological know how to write your own program and collate all your product sales into one place. If, like me, you didn't spend your formative years programming your Commodore 64 and just thought computers were something to play games on, you would be looking at option one. Believe me!

Selling online in today's marketplace is a very diverse activity. To maximise your earning potential, not only will you be selling on your own website, but also via eBay and Amazon. Be careful though... when I first started selling on eBay I ended up buying more items than I sold. I still have the keyboard with half the keys missing, a rusty bike and a couple of sparkly tops. What can I say? It just takes hold of you.

In addition to this, the savvy entrepreneur will also be making very good use of more traditional methods of selling, using printed advertising and ensuring their customers are able to order over the phone. This would mean you could be processing postal *and* phone orders too.

Now, where does all this information need to go? Especially if some of your products are being sent from your own stock and others drop-shipped. When you consider stock management, re-ordering, back order management and the all-important customer service and accounting tasks, the processes involved can suddenly seem incredibly daunting.

However, help is at hand and it really doesn't have to cost the earth. There are tonnes of order management software packages available on the market now. Yes, you can still spend a fortune if you really want to, but why bother initially?

Just a couple of examples you could investigate are:

- ✓ www.1stoporders.co.uk which offers order management from £19.95 / month
- ✓ www.channelgrabber.com At £60pcm and £60 set up fee, this software can integrate your Amazon, eBay and Play.com stores so you can easily manage each sales channel.
- ✓ www.sellerexpress.com £50-£75pcm, more comprehensive than channel grabber
- ✓ www.brightpearl.co.uk At £148 pcm this software offers a whole lot more for your buck, CRM, Customer Communications, Order Management, Magento Inventory

- Management, Point of Sale Software, Accounting, eBay Inventory, Purchase Orders, Multichannel retail software and overall Inventory Management. Phew!
- ✓ www.linnworks.com £30 to £380/ month, depending on what you need.

This is just the tip of the iceberg and the best thing...? These order-processing programmes allow you to export your orders in a CSV file to a fulfilment house. Job done!

It's worth shopping around and finding a package that is not only compatible with all your sales channels, but ideally your accounting software as well. (Unless you're mad keen on data entry, which I suspect you aren't.)

It can work nicely finding the best accounting package and working backwards to see what integrates with it. Xero (www.xero.com) is great new accountancy software which can make your bookkeeping massively simplified and save you lots of time and money. This backs into Vend (www.vendhq.com) and Shopify (www.shopify.com) and they also back into Unleashed Inventory Software (www.unleashedsoftware.com) You certainly don't need the whole lot to start out with and if you are ready to invest properly into a site then Magento (www.magentocommerce.com) seems to be the most popular as they back into many other applications. There are loads of other great online selling platforms out there too though, so it is worth doing some homework on this and really look into the best solutions for your business in terms of long term goals.

Having said this, don't get carried away with these systems unnecessarily. If your business is in its infancy, a common sense approach (using a spread sheet for example) can work just as effectively, if not more, as you aren't becoming bogged down getting to grips with a new system.

Here at OFEX we now use an automated system which allows our customers to easily send us their orders from all of their sales channels via an API (Application Programming Interface – please see section two for an explanation about this). We can then send daily reports to all our customers showing everything we have dispatched for them that day, their current stock holding, a purchase order for their suppliers for any products that have hit their re-order levels and it makes the tea. Well not quite, but you get my drift. We've done our purgatory with literally hundreds of excel spread sheets thank you!



If you have any further questions on this, then please get in touch! You can do so by either calling us on 01622 791232 (Quoting OFEX7 for your first month of storage FREE) or dropping us an email at info@orderfulfilmentexperts.co.uk. Or if you would like a quote for your fulfilment, then simply fill out this form on our website. Don't forget to quote OFEX7 for your first month's free storage!

Warehousing and Premises

80% of the British population shops on line

Finding a suitable location to store your products is important. Getting a clear idea in your head of what your requirements are before you start your search will help streamline what can rapidly become a lengthy process. Obviously if you are storing food items or perishables, your first concern will be the conditions in which you are keeping your goods. Sound obvious? You'd be amazed what people end up doing.

A business associate of mine had a huge batch of custom made sweets produced and shipped from China. He had the drive, finance and vision to make this huge project a reality. And then forgot to book refrigerated storage containers for the sea journey. The result? A huge pile of runny gloop arriving in the UK!

Here is a basic guide to the ideal conditions for a variety of goods:			
Product	Ideal Conditions:	Worst Conditions	Look out for:
Cosmetics	Dark storage facilities, below 15°C.	Direct sunlight, hot, humid conditions	Stock rotation dates
Confectionary	As above	As above	Stock rotation, consistency and out of date procedures
Plant Seeds	As above	As above	Germination
Electrical Equipment	Spotlessly clean	Dusty, humid	Dust accumulations
Books and DVD's	Dry, clean, centrally heated premises	Cold, damp or overly hot conditions	Curling edges, paper damage, condensation
Alcohol	Below 15°C.	Direct sunlight, hot, humid conditions	Bonded Warehouses that allow you pay duty on the goods as they are sold.

While there is a lot of legislation and guidance available to help narrow your choices,

even those storing other items, particularly paper stocks and natural 'raw' materials, should also consider the storage environment. Damp conditions will shrink or warp many items, such as paper materials, brochures and books. Conditions that are too dry will have the opposite effect, and can encourage materials to become brittle.

Whether you are looking to manage your own fulfilment operation or inspecting potential order fulfilment providers' premises, most of these points will need to be considered in both scenarios.

Once you have found storage facilities with your ideal conditions, two other factors will play a big part in the decision making process. Firstly, access; is your warehouse facility easy to reach? Will it enable you to transport goods effectively given road, rail and other links? Many warehouses require a specific Royal Mail or courier collection point to be set up – can you post items from your warehouse?

The second aspect is security. Your stock is a key business asset and needs adequate protection. Along with alarms and anti-theft devices, CCTV is a popular addition to many warehouse facilities. It is worth getting in touch with the Security Industry Authority (SSAIB) for an approved list of contractors who are certified to fit a range of security devices. You can find more information at www.ssaib.org They're also able to inspect existing systems, which is really useful when considering investing in new premises.

Other practical checks you can make yourself are straightforward and shouldn't be missed. They include checking locks and alarm systems. If the area is unknown to you, take a drive around to see what surrounds your prospective premises. Take a closer look at other tenants; is this a well-managed, well-used site or a declining one? A quick chat to others working on site will give you an insight that you can't get from marketing documents, or references.

All of this is important information, not only in terms of assessing the security of your stock, but critically, any staff you might have based on site. You have a duty of care to ensure that your team is provided with a safe working environment. The Health and Safety Executive provides extensive information for businesses regarding Health and Safety legislation and best practice. Visit www.hse.gov.uk for more information. 'Elf 'n Safety' gets a bad press, but as someone who has been made to collect items from a high shelf by standing on the forks of a forklift truck, knocked myself out by slipping on a wet floor in a hotel kitchen and gotten my foot stuck in a bucket – personally I'm all for it!

Once you are happy that you have found a location that meets all your requirements, the final consideration is to insure your goods, so that they are safe and protected, should the very worst happen.

Specific insurance for warehousing goods is widely available but as with all insurance policies, it is worth shopping around to ensure you get the best value for your money. Damage to your stock could seriously impact your ability to operate. So, if you are seeking external premises or wish to use a warehouse supplier to manage your stock,

you must ensure there is adequate insurance to cover it and any machinery you may use.

Public liability, product liability and employer liability are all key considerations.

Insurance Expert Mark Ross, from Kent based insurers *Osmond Davis* gives his view on the things to look for:

“Whether you are storing your own stock or it is kept on third party premises, you will need insurance to cover the replacement of stock in the event of its theft or damage by fire, flood etc. In addition to the replacement of the stock, you may also wish to consider any loss of income that you may incur in the event that you are not able to fulfil orders following loss or damage.”

When choosing a warehouse it is also important to look for potential problems from local residents. There is the risk that they will be unhappy about the level of noise, or the constant coming and going of delivery vehicles. A check with your local authority, or newspaper, will soon advise on any specific community issues that you may want to consider before associating your brand, and your business, with the site.

Your goods are precious. They are the lifeblood of your company and your brand. Whatever warehouse solution you choose, ensure that your products are treated with the respect and care they deserve.

Staffing

80% of smart phone and tablet owners use their devices whilst watching T.V

Making sure you get the right team on board is critical. Whether you are employing a part-time packer initially, or a team with a warehouse manager never think: "I just need a part-time person, it's not that important." As your business grows that person may end up becoming a key member of staff. It really is essential to take your time and ensure you employ people with the correct 'can do' attitude and an eye for detail.

Ideally, you should also employ someone who is accustomed to a small business environment. Employees with a corporate background often struggle when working for a small business as they are used to formal systems and procedures. The person or people you employ are going to have to think laterally and be able to implement systems and procedures for you if they are not in place.

Ideally you are looking for someone with the following characteristics:

- ✓ Takes enormous pride in their work, whatever they do
- ✓ Able to multi task and see what needs to be done without asking
- ✓ Possesses a keen eye for detail
- ✓ Reliable - this is incredibly important in a small team
- ✓ Willing to roll their sleeves up and muck in
- ✓ Understands that their performance can directly impact your business success
- ✓ Fit and able to lift heavy goods

Costs can vary considerably depending on a number of criteria. For further information go to www.hmrc.gov.uk/payee/index.htm

Another good option would be to take on agency staff. There are many employment agencies dedicated to warehouse staff; some of course are much better than others, so be very careful with the agency you choose, especially if you are bringing in people urgently for a big job. It is better to predict the possibility you will need agency staffing and establish a good relationship with a reliable, qualitative supplier. Best Recruitment Network (who we work with) not only supply us at OFEX but also Waitrose and John Lewis during peaks of activity.



Employers' liability insurance is a legal requirement if you employ anyone. This may also include the directors of a limited company. Employers' liability policies cover your liabilities as an employer for injury of an employee whilst working for you or your company. Also covered are the legal expenses which

can be incurred in defending such claims.

Another point, often overlooked by online retailers is the subject of product liability insurance. This covers your liability in the event the product supplied causes damage or injury and a subsequent claim from your customer. This liability may, in certain circumstances, be passed back to the manufacturer but in the first instance your customer will look to you for compensation. Insurance policies should cover your legal liability and also legal costs which may be incurred.

Goods In and Stock Management

€825bn - estimated value of the current global B2C E-Commerce market

Goods In

Ideally ask your supplier for prior notification of a delivery, when it's due into your premises. On receipt of a consignment, you will need to sign for the goods, ensuring the correct number of boxes or pallets is delivered and that no visible damage is obvious to the goods received. If damage is evident or you notice missing parcels, ensure this is mentioned on the delivery note, as often the small print mentions you are signing receipt of a delivery in good condition. You can of course refuse to accept the delivery if absolutely necessary. It is always a good idea to take a photo of any damage noted, (use your phone if necessary) so you have evidence if needed at a later stage.

Ideally the same day, but always within 24 weekday hours, you will need to have checked each individual product into your storage facility, double checked for damage, ticked off the items against the delivery note, recorded their product location and coded each item. You can then highlight any discrepancies on the delivery note so you can notify your supplier and ensure credit notes are raised accordingly.

Stock Management

Understanding how much stock you have available, its value and the speed at which it moves from your shelves into the arms of your customers is critical. Too much stock will cost you dearly in terms of space as well as cash. Too little stock will leave customers frustrated about waiting times for items, and less likely to re-use your services. In today's world we want everything yesterday, and we stamp our feet if we don't get it.

The information you need to keep depends on your business structure and type of product or service you are providing. There are basics that are good practice for all and a simple spread sheet like the one on the next page which will get you started:

The template on the next page indicates the very basic information you need in order to manage your stock effectively. From an audit point of view, it is important to have your assets clearly documented, and this includes stock levels, which form an important part of your company's balance sheet. The final column in the example given is the first step in a more advanced stock management system.

This is about maintaining a good indicator of stock movement, enabling you to understand what items are moving well and what items are remaining on the shelves. This helps to predict when you might need to reorder products or raw materials, with a greater degree of accuracy. It is also vital for sales promotion, enabling you to pinpoint

products that might require that extra push that comes with a discount etc.

Stock Item	Unit Price	Number in Stock	Value of Stock	Number ordered last month
SKU 391	£3.50	87	£304.50	100

Beyond the spread sheet, there is a wide range of automated systems that seek to take the human element out of stock control. Reduced errors are clearly the main benefit, but regular review and applied logic from a human is a must! Many automated systems essentially provide a bar code for your stock. When orders are placed online, the system automatically deducts the items purchased from your stock report. Some systems also provide a print out of the bar codes for collection and also address labels. Then the picker simply scans the bar code on the print out, scans the item on the shelf and packs it with the label provided to the customer.

The main alternative to the bar code system is the Stock Keeping Unit, known as the **SKU**. The SKU identifies a product, or an item for which there is a charge, such as a delivery cost. It also provides a tracking system and includes a range of factors. For example: colour, size, shape, delivery mode and weight. This provides really insightful information about customer preferences and buying behaviour, but it can also be a daunting prospect in terms of administering such a system!

To the uninitiated, stock management can be complex; an industry full of acronyms and idiosyncrasies. However, there is one other term that we believe is really worth knowing: the *Product Locator System (PLS)*.

A Product Locator System is ideal if you want to keep items grouped together, but don't want to keep moving them around in order to make room for new items or reducing stock space.

Put simply; picture yourself walking into your regular supermarket. You probably go there each week and you know what to expect on each of the shelves and aisles. You might go in for an item that you haven't bought before but it is similar to something else. Therefore you will instantly find it, right there on the aisle you thought it might be on!

A Product Locator System is essentially the same thing. When you install your racking into your warehouse it is beneficial from a stock management and picking standpoint to not only number each rack or bay, but also give a letter to each shelf. It is an incredibly simple system that really will make your life so much easier. When carrying out your stock checks and / or checking in goods you can simply ensure you have recorded the exact location of each product so that you know where everything in your warehouse is at any given moment.

This not only facilitates your picking process as you can easily add a stock locator to the picking list, it also speeds up stock checks and the 'goods in' process. By doing this you will no longer need to keep generic products together to make finding them whilst picking easier. I know from bitter experience.

Stock Control Checklist:

- ✓ Create your stock management reporting on outputs: what would be useful information to you? How will this help streamline your business processes and reduce administration?
- ✓ Pick a stock control system that fits the size and nature of your business now, but which is also fit for the future.
- ✓ Use the data: it is invaluable, so make sure it's part of a regular business review.
- ✓ Don't be overwhelmed by bells and whistles: good stock management is critical but so is common sense. Concentrate on the key elements that will improve business performance and customer service.

Still with me? Phew! I'm trying to make this as interesting as possible for you. At least you don't have to go out for a drink with me. I love this stuff!

BEHIND THE SCENES FILE 1A

The Nightmare Before Christmas

I recently took on a new client whose initial enquiry with OFEX was because of the genuine nightmare he had been having with his existing order fulfilment company.

Unfortunately I can't tell you what they manufacture... because it's so unique, you'd instantly know who I'm talking about! Suffice to say there's a huge demand from the USA.

In our very first meeting, I heard how his previous fulfilment house hadn't been prioritising back-orders or older orders. They had been sending them all out in the wrong order, so the most recent orders were being fulfilled first, and orders that had been waiting for longer were being fulfilled last.

If his suppliers ran out of stock, then customers that had placed their orders before the newest orders, were not getting their deliveries!

As if that wasn't frustrating enough, he'd also requested that orders were delivered by courier (by FedEx or UPS for example) so that they were fully

tracked and signed for, but the fulfilment company had incorrectly sent them out by 'International Signed For'. Totally wrong!

Furthermore, he'd also been given wrong information about which orders had been dispatched, and which hadn't. He hadn't been aware of this... until he was flooded with complaints, customer service phone calls and emails from his customers.

On his iPhone, he showed me just how many queries he'd been getting from his customers, and for the number of orders he'd taken, it was totally disproportionate. It was an absolute nightmare of a situation, with customers screaming for their orders because they wanted them before Christmas.

An important aspect of his dilemma was his pre-planning. He wasn't expecting the deluge of customers and orders that he received, which is a lovely problem to have, but he hadn't considered that this was going to happen.

The lesson here is *"Be prepared for the unexpected"*... because the unexpected always happens when you least expect it!

Communication is key, so if for example you're going to be doing a big marketing drive on a particular product, tell your fulfilment company... because if you then get an absolute deluge of orders, they're going to need to up the ante in the warehouse, have more hands on deck to deal with them, and make sure that they're prioritised properly.

So he came on board with us, and I'm happy to say, Order Fulfilment Experts sorted it all out.

There was a lot of back work to do, just to get him to where he should have been in the first place... before we could really then catch up. But we fixed it and all his customers got their orders before Christmas.

He hasn't lost a single order since, and I'm pleased to say he's very happy with the service.

Conclusion

Expect the unexpected. Plan as best as you possibly can, and have a contingency plan in place in case you do unexpectedly have lots of orders.

Most importantly, communicate, communicate, communicate with your order fulfilment house.

"Assume nothing, communicate all!"

Pick, Pack and Post

Businesses are twice more profitable from the efficiencies they have saved on-line

Pick

This chapter comes with a deceptively short title, but it's a big subject! The process of picking stock items to fulfil orders is risky business. Errors are inevitable unless you put in place a systematic approach that will reduce the opportunities which create mistakes.

Firstly, let's take a step back. Why do mistakes happen in the first place? Let's assume you're someone competent who is more than capable of finding items in your own warehouse. You might think it is perfectly simple to receive an order, pick the item that has been requested, pack it and send it to the recipient who will delight in its arrival. In theory it is easy; particularly for business owners who are close to their products and have lovingly sourced them or developed them ready to sell to clients.

As your business grows, however, it is unlikely that you will be the person picking and packing orders. You will have to hire new recruits and outsource the process to a third party. And they might not recognise the difference between the mocha lampshade and the latte version as readily as you, particularly if product codes are similar and they have the pressure of fulfilling a large number of orders throughout the day.

So, what are the options?

Organised, clean, clearly-labelled storage facilities are a must. Good lighting (though not necessarily natural light, as this may cause items to fade) is also important. So is a team of people that are passionate and care about your brand.

On top of these aspects, you can put steps in place to remove the risk of human error. These include ground rules about shelf life. Determine how long an item should be stocked and when it should be removed. This can avoid simple mistakes, particularly if one version of the product supersedes another.

Rotating stock can be a really effective means of avoiding problems. A trip to your local supermarket will demonstrate best practice, whereby older items, with a closer sell by date are brought to the front of the shelves to encourage shoppers to purchase these before newer or fresher items. The same principle can be applied to warehousing stock.

Wave Picking is another tried and tested means of reducing mistakes, or at least catching them early. Here, work is assigned in 'waves'. For example: picking, packing, pallet movement etc. It is an effective means of planning 'downstream' activities such as transportation, and enables you to schedule more effectively. It is also a good way of

assigning tasks within a particular time frame, thereby encouraging greater productivity and better utilisation of staffing throughout shift patterns.

In my view, it helps to avoid the biggest cause of errors: monotony. Doing the same job continuously means people can become easily distracted and switch off, missing vital details as a result. Regular switching of roles and responsibilities keeps activity fresh and varied.

Technology for picking has really moved at a pace in the last ten years. The explosion of the Internet has enabled brands of all sizes to move stock from the shop floor to the warehouse, and achieve greater cost savings as a result. To support this, technical advances have been made. Bar code readers are the weapon of choice for many warehouse operatives, however voice activated systems requiring the picker to wear a head set and speak into a microphone confirming the number of items picked from a particular location is now also being used in larger organisations. As long as stock has been correctly coded, matching the code on the order with the one in the warehouse is a simple and effective means of avoiding mistakes.

The cost of such technology varies and can easily escalate; a simple yet effective system starts at around £1,250 and it is therefore advisable to wait until you have sufficient sales to warrant this kind of investment.

If your budget doesn't stretch to a large investment in technology, don't panic. A pen and pad, with carbon copies included, can be all you need to record activity. Assign your team members to an activity then provide them with a sheet of work to be completed and / or a packing form per order. Next, split the copies: one for your records and one to go with the dispatch to the client, with a reference number. These are the basics of a customer tracking system. Add postage / courier details and you have all the information you need to respond to any enquiries or issues.

Pack

A poorly packaged item can make the whole exercise of posting futile. This is because it will be handled (badly) at so many stages of its journey, by both man and machine.

So, take the common sense approach. Scrimping on packaging, particularly for a fragile item, makes it less likely your recipient will receive the item in one piece. It is also then unfair to expect the courier company or Royal Mail to pay for the damage. As the world becomes smaller, with businesses shipping globally, the temptation to send almost anything via post or courier can be very strong. Consider this before selecting your product range for a particular market, especially a foreign one. It is with good reason that all courier companies as well as Royal Mail don't insure porcelain, china, glass, crystal, mirrors or anything highly breakable. If you do want to ship something fragile, you should obtain professional guidance and be prepared to pay more for the packaging and the shipment. After all, special items need to be treated with the care they deserve.

Our internal packaging procedure:

1. **Non fragile items** can be placed directly into a post-safe bag.
2. **Fragile items** need a lot of care and attention to ensure they arrive at their destination intact and in perfect condition. If your item is box-able, here is a guideline for the best way to pack it.
 - Each item should firstly be bubble wrapped using large bubbles (even if it is already in a box, bubble-wrap the box).
 - Once all the items for one consignment have been bubble wrapped, the box size can be chosen to fit all the goods.
 - Aim to leave 4 – 6cm space between the goods and the inside wall of the box.
 - Ensure void-fill or foam chips are used to line the bottom of the box, the sides and the top ensuring all the spaces are thoroughly filled.
 - Before sealing the box, a good packing test is to shake the box to see if the contents move inside. If they do, add more void-fill / foam chips. If not, it is securely packed.
 - Boxes should be made up and sealed using the 75mm brown vinyl tape and the clear 50mm tape should be used for everything else
 - Label and address according to our fulfilment customers' requirements.

Don't be afraid to be a bit sneaky and check out what other companies are doing. Buy goods from your competitors to work out what works and what doesn't. It is also advisable to offer 'green' packaging options. Environmental concerns matter to your customers. Even if you haven't been remembering to recycle your cans recently and you've been leaving the PCs on at night! (Don't worry, I won't tell!)

Malcolm Goodwin of the *Pretty Perfect Group* explains:

"Packaging is an important part of our brand, and the moment someone receives their new items from us should be special. We spent a lot of time in the early days working out our packaging requirements, and this included a 'green' option, which rather than our expensive gift boxes, looks more like a bag, on which we add an address label and postage details. This option is not only more cost effective for us, it also means that it can be posted directly through any sized letter box, and is 100% recyclable, which is important to customers. "

Don't always assume branded packaging helps the image of your product. In fact branded boxes can be an advertisement for packages to go 'missing' in the post. Most items are best to be sent discreetly as households with shared occupants may not want their shopping habits exposed! And I'm not necessarily talking about anything racy. For example, I used to collect those commemorative plates and figurines from Sunday

supplements. I would have died if my then flat mate knew I'd been buying stuff from Franklin Mint again....!

Post

So you did it, you secured that precious customer order. Congratulations! Now it's time to get it boxed up nicely and securely. So, what's next? There's just one final hurdle in sight; how are you going to send it? *"Put it in the post box,"* I hear you cry! OK clever clogs, I'm afraid it's not quite that simple these days. Here is an overview of all the different options, and believe me, there are a lot of options!

The sheer number of delivery services available in the market can make choosing the right service provider seem like a daunting task. Which courier should I use to ship my orders? Who will offer me the best value for money? Keeping up with all these options is a full time job in itself.

Most customers don't want to pay over the odds for postage, but on the other hand, you want to make sure your products arrive on time and intact. This is not so easy to achieve when your orders are competing with the other 82 million or so letters and parcels passing through Royal Mail's network each day. We give them a hard time but that is a very high number of letters and parcels to deal with.

UK Delivery Options

Franking Machines

If you are using a franking machine to pre-pay the postage on your orders you may be paying too much, as the actual postal savings achieved may not outweigh the investment in machine and maintenance. A basic franking machine costs £2,500 to run over the course of a year and achieves an average saving per item of 50 pence for parcels. So, in terms of order volumes, you need to be sending around 5,000 orders per year just to recover the cost.

Some heavy duty franking machines can cost as much at £22,000, however, for just a very basic franking machine your running costs could be as follows:

- £900 pa - Franking machine lease, inclusive of service contract
- £245 pa - Two bottles of ink and 1000 labels
- £1,300 pa - 1 person working 0.5hr / day @ £10.00 / hr

£2,445.00 pa - Total for the postal administration costs only

The average saving per letter is marginal, so you would need to be sending at least 50,000 letters per year to just break even and recover the cost of the initial investment. Over a period of years, if you increase your volume of letters, it is possible to benefit from the savings, but there are more cost effective solutions, such as a Royal Mail PPI account.

Another possible downside of franking for a small business is pre-paying the postage..

This means if you run out of credit during a mail-shot or during the busy end-of-day rush, you have to quickly up-load more money to your account. Furthermore, if you don't use the machine as much as anticipated you are left with potentially £100's worth of dead postage money locked in the machine. Which is just rubbish really isn't it?

In short, franking machines from a cash flow standpoint are tricky!

This said, the advantage of a franking machine is that you can place your logo onto the envelope. However, there are many alternatives that allow you to brand your post professionally, without having to undertake the same expense.

Also, please bear in mind that price and VAT changes will mean that you may need your franking machine updated to take these changes into account. In many cases this will mean paying an obligatory fee to your franking machine supplier to update your machine which will then add the new price or VAT rate where required.

From our experience, franking machines are expensive to run and the actual postal savings achieved may not outweigh the initial outlay or the costs of keeping it running.

Buying postage online

Buying your postage online may only be saving you a few pence, and by the time you have printed and securely fastened the labels onto your packages, it is likely you've spent more on paper, printing, ink and tape than the few pennies you saved on the postage. Plus you still need to have your parcels collected or you need to drop them off with Royal Mail. Not really an effective way to save time.

Royal Mail PPI Account

A more cost effective solution, geared towards processing orders online, is a Royal Mail PPI account.

If your annual order volumes don't exceed 15,000 items, a Royal Mail collection can set you back by up to £800.00 per annum. It really isn't necessary to pay this much. A good alternative is to club together with other local businesses and share a collection point, or depending on where your business is located, drop your post off.

Private Courier Company

Enough with the doom and gloom; here is a bit of good news. If you are using a private courier company, then the prices you negotiate with them will be inclusive of a collection, which will save you a considerable amount of time and hassle. Unfortunately, couriers are not always the most cost effective way to send your shipments, especially when you are starting out, as their prices are always volume based.

So what's the best solution? You'll be pleased to hear that all of these issues are immediately resolved by using an outsourced fulfilment house. Not only will they have accounts with all the major distribution companies, they will also be benefiting from economies of scale on postage and couriers, which they can pass onto you: the customer.



If you have any further questions on this, then please get in touch! You can do so by either calling us on 01622 791232 (Quoting OFEX7 for your first month of storage FREE) or dropping us an email at info@orderfulfilmentexperts.co.uk. Or if you would like a quote for your fulfilment, then simply fill out this form on our website. Don't forget to quote OFEX7 for your first month's free storage!

First Class Post

This is currently only available through Royal Mail as all the other carriers pre-sort post and then hand it back to Royal Mail for final mile delivery, so they lose a day or two in this process. First class post is a one to three day delivery service. It is *not next day guaranteed* and for the price of a stamp it's extremely good value!

Many people baulk at the cost of a first class stamp nowadays, however, based on the value of other items we buy without a second thought, I think this is phenomenal value for money. You can get a letter delivered within a couple of days from John O'Groats to Land's End for this price, it really does put that £2.50 Grande Mocha Latte with extra cream to shame! Even if it does come with a small yet elaborate biscuit.

Second Class Post

This service offers a number of solutions and this is where things can get extremely convoluted. You didn't think it would be this complicated did you? I won't go into all the various options, as there are so many. However, suffice to say you can send post weighing up to 1KG via a Post Office 2nd class, which is a three to five day service, or post weighing up to 2KG using a PPI account or another postal brokerage service. This could include City Link, TNT, DHL and Business Post and any of these can be used for 2nd class post.

The private postal companies can offer a reduced postal rates based on volume. Quite simply they receive a better postal rate from Royal Mail because they pre-sort the post for them and also guarantee certain volumes. So Royal Mail in turn gives them a discount, they then give us a discount and we pass that onto you.

The delivery time for 2nd class post is three to five days, although we have noticed this time scale isn't quite as reliable when sending it via a third party. Having said that, the discounts available offer extremely good value for money. If your item is not time sensitive then I would certainly recommend considering a third party for second class post.

If you're concerned about postage amount shown on the parcel when you charged them £6 P&P then don't worry! A first or second class indica doesn't show how much the postage cost you, so you can often mitigate your fulfilment costs in the postage you charge your customer. This can certainly be an advantage in a business context. You can make considerable savings without actually having your recipient be aware of them.

CLASSIFIED CASE STUDY # 1

Name of company: Nickwake LLP
Name of owners: P & J Moseley
Website address: www.tacticalscope.co.uk
What do you sell? Rifle scopes, fieldsports and fishing accessories and clothing

What gave you the idea to start this business?

Out of work in 2002 so started selling bits and pieces on ebay. Had an airsoft rifle that sold very well. Located a wholesaler (SMK) and started selling airsoft and related items (scopes) and grew from there adding products/suppliers.

What made you decide to outsource your fulfilment?

Moved abroad so impossible to continue otherwise. Parents able to help some but lacking storage space and energy plus paying high PO counter rates.

What were the main criteria for choosing your fulfilment house?

- ✓ Understanding the needs of smaller retailers with many diverse and sometimes fiddly SKUs – 2 used before OFEX and both failed badly due to not getting this – they were “box shifters” who could only do lots of the same simple product. One even struggled with outside UK post.
- ✓ Good postal rates – “bulk” buy economies. P&P is often a deciding factor for buyers so keeping it as low as possible is critical.
- ✓ Intelligent staff that care about the customer and product. Box shifters do not employ such people and mistake levels as a result are awful.
- ✓ Ability to scale as business grows.
- ✓ Flexible with ways to accept daily orders.
- ✓ Good cut off time for daily orders – helps with “we send same day” message.

What one piece of advice would you give someone who is looking to outsource their fulfilment house?

See the above!

What are the primary benefits you have so far encountered in making the decision to outsource.

Being able to focus more on building business rather than storage and postage!

Signed For Mail

It used to be called 'registered', then 'recorded', and now it is called 'signed for'. Confused? Don't be; quite simply, you just get a signature once it's delivered. Were you expecting a bit more? Sorry to disappoint you. Personally for the extra cost I'd expect the postman to do a little jig for me or sing Happy Birthday. But they don't. Royal Mail changed the name of this service because they realised it was a little misleading. The item certainly isn't recorded in transit and *cannot be tracked*. Basically it goes in the standard 1st or 2nd class postal system, but it does mean that once the item is delivered the recipient has to sign for it. This is a very good service for sending items sold on eBay to ensure the recipient has received them and there is no way they can say they haven't.

Sometimes people think sending an item 'Signed For' is safer than sending it standard 1st or 2nd. Unless the person lives in a communal area, a block of flats or is likely to say they've not received the item when they have, there really is no added value in spending this extra amount of money.

The other advantage of sending something signed for is that it is insured up to ten times the value of a 1st or 2nd class stamp; depending on whether you sent the item 1st or 2nd class, of course!

Special Delivery

Special Delivery is without doubt an excellent service that Royal Mail offers. It is a next day, fully guaranteed delivery service, and by that I mean next working day. So if you send something on a Friday for a next working day delivery it would arrive before 1:00 on Monday. A Saturday guaranteed option can be added at an additional cost.

Time-sensitive and important documents, as well as smaller, lighter valuable goods travel extremely well and Royal Mail have a very high success delivery rate.

For items over 2 kilos and up to 10 kilos, this service can work out to be quite expensive. Having said that, you do have an in built insurance value of up to £500. This can also be extended on any weight or size of your item to either £1,000 or £1,500 and there is a surcharge on each of those insured amounts.

If the actual value of insurance is not that critical, then anything over 2 kilos would fare much better going by a courier service or Royal Mail Tracked, which generally works out to be better value for money.

Royal Mail Tracked

This is a service we offer as an independent postal retailer, but is not actually available from public post offices, it's available from Royal Mail's Dispatch Manager Online (DMO). It is ideal for sending goods to residential addresses. It is also very beneficial for online retailers whose customers tend to be private individuals, or eBay sellers who are sending items out to their customers too.

Royal Mail Tracked offers either a next day or two-day delivery service, with and without a signature, and it allows you to actually pick a safe place to leave the item in a designated area. This way when the postman arrives and no one is there to sign for the item, a 'sorry you were out' card is not left; the delivery is simply left in the designated safe area.

This is an excellent value for money service and has proved exceptionally reliable. For a small additional fee you can also ensure your recipient is sent an email and/or a text to their mobile confirming delivery of their goods. The only geographical areas it can sometimes take a little more than two days to deliver to would be the highlands and islands of the UK.

International Mail

Now we come onto *International Mail*. I use it a lot, because I'm still writing to my French pen pal. His name is Didier and he lives in La Rochelle. His hobbies are table tennis, football and walking his petit chien, Marmaduke.

The most popular service for international mail is certainly *Airmail*. Airmail is the fastest and best value for money service you can possibly find. This said there are some restrictions; items cannot exceed 2 kilos and/or 90 centimetres in length, width and depth combined. Also the price bracket is weight sensitive.

If you haven't sent a bulky item or package abroad before it can be a bit of a shock as to how much it costs via airmail for sending your parcels. Although the delivery time for Airmail should be three working days to Europe, and five working days for the rest of world, we have found that delivery times can vary greatly. Royal Mail is very good at getting your letter or parcel out of the country quickly.

The local national postal service of the country you're sending it to will certainly impact whether the item is delivered in a timely fashion or not. The final mile could be carried by camel, for all you know! Your nephew's birthday card might get intercepted and the money inside used in a high stakes card game by a postie deep in debt to the local mob desperate to make good and go straight once it's all over... or, a nice postman (called Terry) in smart uniform and hat, doing his rounds on his newly polished bicycle, might just deliver it.

Unsurprisingly, post sent to Japan is extremely fast. Countries within the EU (even though they may be closer to us,) with unreliable postal services could actually take much longer, so bear this in mind when choosing your postal options for letters and packages going abroad.

Airmail does offer another two options to either insure or also obtain signature and more security with the delivery, which are as follows:

International Signed For

International Signed For very much does what it says on the tin. It is not tracked in transit but you do get a signature on delivery, which is then uploaded to the Royal Mail website

for your viewing once it's been generated. This service costs the airmail price plus an additional cost and you can pay another additional amount to insure the item up to £500. This is available in every country of the world.

Airsure

The next service is Airsure. This is not available in every country of the world, as it depends entirely on the postal systems of the destination country. Here is a link to the Royal Mail website which lists the ones that do. One in particular to note is that (at the time of writing) you can send Airsure to New Zealand, but not to Australia; so it's worth checking; www.royalmail.com/parcel-despatch-low/international-delivery/airsure

Airsure allows you to insure your goods up to 100 times the value of a first class stamp and it also tracks the item in transit six times by use of barcode tracking technology. You can pay a supplement and insure the items up to £500.00. The service does not obtain a signature on delivery; it is scanned the last time at the delivery point overseas. This is very useful for sending items that need to have a more secure method of transit and Airsure is treated as a priority mail in the international sorting transit hubs and distribution points.

Surface Mail (International)

Surface mail is for international shipments and is also restricted to two kilos as well as 90cm length, width and depth combined.

This particular service has been renamed in the industry as snail mail. It can take up to 12 weeks for something to be delivered, hence its nickname. This may sound like a timescale from the olden days but it is a much cheaper option for heavy goods.

For anything bulkier than a letter or document being sent outside of Europe you must always make sure that you have a CN22 customs form completed and stuck to the parcel when sending it through the Royal Mail network. These can be obtained at any private or public post office or from Royal Mail directly if you have an account.

Other Items over 2KG or 90cm (L+W+D)

So what should you do if your item is over two kilos, needs to be there in a hurry or is quite bulky? The only other option remaining is to send it by courier. This is an expensive thing to do.

When sending items by courier overseas, things can get quite complicated. Although not as complicated as when I put a card for delivery to Australia into the Scouts Christmas card delivery box, it didn't even leave the village, never mind the country. Young people today!

There are many good websites available that allow you to obtain quotes online and allow you to book your collections and deliveries. However, what isn't evident up front is the huge rigmarole: all the customs forms, commercial invoices and airway bills can eat up

all of your time. Also, if you don't know what you're doing this can be an extremely long and arduous process, which then needs to be repeated as soon as customs picks up on the package and notices that it's not been done correctly. Boo to paperwork, boo to admin and boo to customs.

Each country has its own rules and regulations, and you would need to check those out. Also different couriers can have different regulations of their own, as well as different terms and conditions. To avoid too many "computer says no" moments, it would be best to check specifically with the courier company you're sending the item with. Ask to speak to their customs division to check exactly what is going to be required for the items you're sending.

To be perfectly honest, it really does make a lot more sense and saves you a lot of time, hassle and effort by just getting a courier broker to organise all this for you. Not only will you save all the trouble of making sure you have the documents correct (Airway bills, multiple copies of a commercial invoices with the correct VAT and tax official numbers plus commodity codes along with any other paperwork required), you are also likely to save money because the broker will be able to obtain discounted rates that they can then pass onto you.



If you have any further questions on this, then please get in touch! You can do so by either calling us on 01622 791232 (Quoting OFEX7 for your first month of storage FREE) or dropping us an email at info@orderfulfilmentexperts.co.uk. Or if you would like a quote for your fulfilment, then simply fill out this form on our website. Don't forget to quote OFEX7 for your first month's free storage!

Keep it hassle free, keep it simple and get professionals to do what they know best.

Your Delivery Charges

People perceive the value of the product when it arrives in the post, so get that right with a good fulfilment strategy.

It's amazing how that sparkly, desirable, wondrous item, at a price you can't believe, can suddenly lose all its appeal as soon as you click into the shopping cart and see the delivery charge. What, that much for shipping?!

Online delivery charges vary widely. Factoring in a cost and deciding what your customers will expect, and be prepared to pay, is a critical part of your business planning. So what should you charge, and how can you create an incentive out of your postal costs while still covering your costs?

Some companies choose to allow customers to opt for their own delivery charge, dependent upon the speed of the item needed, and the availability. Others have gone further, enabling customers to choose more environmentally friendly packaging, which will also fit through the letterbox.

When adding delivery charges to your website it is worth considering four key factors:

1. **Think of your delivery cost as a % of your product.** For example, if your product costs £3.00, but it comes with a £5.00 delivery charge, ensure that the combined price of £8.00 per unit is competitive, and that it is practical. If it costs you more to send an item than it does to create it, chances are you will be undercut very quickly, driving down the value of your product.
2. **A good alternative to this scenario is to offer a 'bundled' pricing model.** Instead of buying one item with a £5.00 delivery charge, customers are encouraged to buy more, say five or ten, with the same delivery charge. This not only increases the volume of sales, but also enables you to use your time more efficiently. Packing and posting single products is nearly as time-consuming as multiple items.
3. **It is worth spending some time factoring in the additional, hidden costs that are associated with postage.** Your time is precious. If you are currently sending out orders by queuing at the post office, you need to factor some element of that into your cost.
4. **Sending items overseas.** Factoring in cost when selling items locally or nationally is relatively simple, but does the same logic apply when sending items abroad? In essence, the answer is yes, but again, there might well be additional paperwork

and requirements to get your products transported overseas. Thorough investigation or a quick chat with the team at OFEX will help you understand the implications of this on your pricing structure. Remember that there are trading standards and legislation unique to each country regarding the selling and provision of certain types of product, such as food or other perishables, so it is well worth investigating these aspects before you choose a delivery service and supplier to help.

£851m – annual cost of failed UK online deliveries

This statistic was prepared by IMRG, the leading E-Commerce, E-tailer industry body, and I want to highlight the importance of making sure that you don't fall into this particular statistic.

So, how can you avoid failed deliveries and keep those costs down? Sometimes it is very difficult, but there are plenty of things you can do to avoid a failed delivery.

Here are my top 4 tips for avoiding failed deliveries:

- **The first one is very simple; white label the box and don't brand the packaging**—especially for high-end products.

We have customers that say to us, *"I'd love my packaging to be bespoke printed,"* but when it's in the network, it really does draw untoward attention to it.

I'm not saying you shouldn't have lovely packaging, but make sure that it's only the *inner packaging* that is branded, and that it is only seen once the customer opens the plain outer packaging (this then doesn't draw attention to it).

- **Number two would be; use a tracked or sign-for service.**

Obviously, this is more expensive, so you have to be able to justify the extra cost of sending a tracked and signed-for service.

It's actually not as costly as you may think. We can send up to 15 kilograms on a fully tracked, signed-for service for £3.50, which by comparison, if you send a parcel that's 15kg via the Post Office, they can charge you up to £30!

The benefits of having it tracked and signed for is that you have accountability and can track what's happened. Also, by using this service, you can get email and SMS notifications.

DPD, which is the current company we use, even allow you to reschedule and *redeliver to a different location* at the touch of a button on your phone.

Many failed deliveries happen because somebody has ticked, *"Leave it with a neighbour"*, or it doesn't get signed for and gets left somewhere, grows legs and walks off! Especially, if it's in a lovely beautiful box that says *"Look at me, I'm so expensive."*

➤ **Number three is; obtain the best delivery address you possibly can.**

By this, I mean, ask at the point of sale, where your customer will be during the day.

Often, that could be a place of work. Always say to your customer, *“Please bear in mind that we will be trying to deliver between nine and five during the week, unless you pay for Saturday delivery. Therefore, please give us the best address for someone to accept your delivery during those times.”*

It is difficult because people are generally working during those hours, so if they can't have it delivered to their workplace address, then they need to have a back-up delivery address, like a friend or mum, for example.

➤ **Number four is; have a return address on the parcel.**

Royal Mail offer a totally free returns service, so if they can't deliver something, they will return it to the sender, completely free of charge.

With couriers, however, that's not the case. They'll charge a flat rate of maybe £5 every time an item has to be re-routed back via the hubs and back to the original sender.

As soon as that parcel arrives back in the warehouse and someone signs on the electronic dotted line, £5 is charged to the account. But just make sure you've got a return address on your goods, and at least – if nothing else – you'll get them back.

Customer Feedback and Returns

Remember to take products off your website if you're going to be out of stock for a while

Some say it's a gift, others a curse, but either way, customer feedback is one of the best ways to develop and grow your brand. A customer's insight into the company and products you live, eat and breathe, is lifeblood to every business, large or small. Encouraging it is important, as feedback tends to occur when something negative has happened. It's so important as it provides really useful learning for the future, but it has to be balanced. Capturing great, positive feedback is as also just as important, not only as a boost on dreary days, a testimonial can help endorse your brand, and convert other visitors to your website into customers.

Collecting feedback doesn't have to be onerous. Amazon and eBay have done a great job of systemising their feedback processes, and this is one big business method that can easily be replicated by smaller E-Commerce companies. You can set up a comments box on your site, which enables you to capture feedback and also vet comments for spam before it goes live. Link this to your online order confirmations, and *you have an automatic email going to customers to drive them back to your website*. This will enable them not only to add their comments but also to see what other lovely, shiny new products they can buy!

Another opportunity for a positive two-way dialogue between you and your customers is your returns policy. Smart boutique brands are using this as a means to differentiate themselves from the impersonal large corporations by creating highly personal, engaging and open returns policies. Who wants to deal with faceless, humourless automatons imprisoned in an anonymous call centre? I'd much rather deal with 'real' people who care any day. This makes it a lot more likely that even if the product doesn't quite hit the mark, the way in which the return has been dealt with is so positive, that the overall customer experience remains high and the likelihood of repeat business remains strong.

Here is our guide to creating a strong returns policy:

- ✓ Make a list of what is acceptable for your business model and what is not.
- ✓ Look at the incentives you can offer if someone chooses to return an item, for example encouraging people to swap it with a different size or colour with a discount on the postage.
- ✓ Look at whether freepost returns are a viable option for you. This makes the customer experience easy and hassle free, but it does come with set up costs that need to be factored in, so it is worth taking some time to determine whether this option is appropriate.

- ✓ Consider adding a margin into your delivery costs that allows for a percentage of any returns. This can then be transferred to the customer later down the line as a 'free returns' policy.
- ✓ Be sure to consider what you will accept in terms of the quality of any return; soiled items and used/abused items are a no-no for most of us but be specific and clear in your statement.
- ✓ Make it easy: don't over complicate your returns statement. You're a human. Write it for other humans to understand. 'Legalese' isn't a language us mere mortals understand. Nor is it a type of designer hybrid dog. Make the language and tone part of your brand experience, not a nasty shock.
- ✓ Regularly review your returns – how many items are coming back and why? Solicit feedback from people and ask specifically for the reason of their return. This will help you plan more effectively, and perhaps make the changes you need to ensure the levels of your returns start to reduce.

Keeping in Touch

Make sure your delivery method isn't creating hassle for customers

Your E-Commerce business is starting to take shape. Orders are coming in and your database of customers is growing. Keeping in touch with those customers and cultivating them into an active fan base that will turn people on to your products and services, as well as continue to buy from you, is the next big item on your agenda. In some ways it is also the most fun – these people already like you, and have used your services, surely they will want to hear from you regularly? Throw in some of your wit and wisdom into your correspondence, as well as new product information and special offers.

You'd be surprised...

Database Management

It is well worth being aware of several basic rules of thumb. Firstly, if you are keeping information on a database then any customer, at any time, is within their rights to request and receive information about the precise details you keep about them. Systematic, organised and secure databases are the order of the day. So too is the minimal cost of a data licence, which all UK businesses should buy if they are receiving and retaining customer details, particularly any of a sensitive nature. The Data Protection Act Licence is managed by the Information Commissioner's Office, and their comprehensive website gives full details of whether this is something you need to consider.

Secondly, when in doubt, ask permission. This is easy to do as a final step in a payment process, simply asking: *"We'd like to keep in touch and provide you with details of our regular offers. Click here to receive"*. A small explanation at the bottom of an email or correspondence that sets the tone of the communication and why you are sending it is again a really positive endorsement of your brand. Equally, give people the option to unsubscribe; just in case it is inconvenient or unnecessary to keep in touch.

Remember both the medium and message is of equal importance. With fewer and fewer personal letters and mail arriving through the door, the delivery of your products might be the highlight of the month. Make it an event! A personalised letter or brochure detailing new products might be just the thing to get people back onto your site and remind them of the enjoyment they experienced when receiving your product. Email communications are quick, easy and very affordable and, if undertaken regularly, become something people anticipate and look forward to receiving. Either way, experiment with your communications methods. Peak times of day and the working week will make a strong difference to whether emails are opened, or deleted. Seasonal variations may impact buying cycles, or levels of interest in your product and this will impact direct mail success.

Keeping information regarding the purchasing patterns of customers can also help tailor communications effectively. Large retailers have become highly sophisticated at anticipating customer needs, and using this intelligence as a means to encourage repeat sales. The *Tesco Clubcard* system is a really good example, where customers receive money off vouchers for specific items that the 'computer' thinks might be appropriate given their buying preferences and shopping basket. In my case I get offers on a rather sorry selection of ready meals. And wine. Hey, I work long hours, and despite my appearance on the back of a children's cookbook aged 12, I'm no great shakes in the kitchen. Amazon also does this, linking what you bought to other customer experiences, and showing you other books or items they have bought, along with the original book of your choice.

Small E-Commerce businesses can do the same on a whole range of products and services just by employing accurate guess work and a little organisation.

It is well worth thinking about segmenting your customer base, based on the orders they submit to you.



If you currently save contact details in a spread sheet, ensure a column is added that includes a product code and /or description. This is vital for your stock management anyway, but it really comes into its own when you start to use it to predict future sales opportunities. If 200 people have bought a particular item – for the sake of example, let's say a pair of curtains - common sense would tell you that the vast majority are either decorating, or revamping an existing room. Cushions, accessories and pictures might be obvious additions to their home that you can provide either now, or at a later date. This kind of activity can be done quickly and successfully if you ensure, in advance, that you capture the right information in the right way.

CLASSIFIED CASE STUDY # 2

Name of company: Physica Energetics UK Ltd
Name of owners: Geoffrey Montague-Smith
Website address: www.physicaenergetics.com
What do you sell? Natural Health Products to Healthcare Professionals.

What gave you the idea to start this business?

To be able to offer a unique product range to like-minded healthcare professionals who are passionate about alternative medicine.

What made you decide to outsource your fulfilment?

Our first reason was that we got too busy! It was something that we didn't have the resources and capacity to do properly and felt that our customer service standards were slipping because of this. We wanted to outsource to someone that has expertise in this area as we don't!

What were the main criteria for choosing your fulfilment house?

- ✓ Someone local that we could visit and felt personal
- ✓ Someone that didn't insist on using bar codes as it effects the integrity of our products.
- ✓ Someone we trusted we would work together with and build a relationship
- ✓ That we would be reducing our overall cost of fulfilment compared to in-house.

What one piece of advice would you give someone who is looking to outsource their fulfilment house?

Just do it!

What are the primary benefits you have so far encountered in making the decision to outsource.

We are able to offer a higher level of customer service, including better postage rates and choices. Reduction in stress levels and wasted man hours for us to pick and pack
Quicker more efficient service that we could do ourselves.

Any other comments....

I have worked with companies who have done their fulfilment in house, and cannot see really any advantage to doing so. The cost of hiring employees and storage space seems to be far higher and more stressful than giving to a company that can manage it all for you much better than you could do yourself!

The 4 Signs that you Need to Outsource Your Order Fulfilment

You shouldn't be spending time on order fulfilment, you should be spending it on marketing your business. Outsource it!

The 4 signs are:

1. You spend hours waiting for couriers, Royal Mail, or in queues at the post office
2. Your evenings are taken up carrying out stock checks
3. You are running out of products to enable you to fulfil your orders
4. Your house or garage is overflowing with cartons, tape and bubble wrap!

Assuming you have the ability to outsource, (you have built enough margin into your product and profitability to be able to) these are some of the things you might be experiencing that suggest that you need to outsource your fulfilment.

1. You spend hours waiting for couriers, Royal Mail, or waiting at the post office.

You shouldn't be spending all your time picking and packing, queuing at a post office, waiting for Royal Mail to collect, or filling out customs or export forms, all of this takes up time that could be spent on marketing your business.

E-Commerce entrepreneurs are often so close to their businesses, they may not even realise how much time the fulfilment side of things is taking up.

Perhaps even worse, the energy and enthusiasm you had for your business has now disappeared as you've become submerged in the day-to-day drudgery of order fulfilment?

Break down your daily business tasks to see which things you don't need to do and get them outsourced, you can then spend more time marketing your business.

2. Your evenings are taken up by carrying out stock checks.

We all know that the normal business day can be incredibly hectic, the phone is constantly ringing, emails are coming in thick and fast, and you are busy dealing with the 'here and now'. Only when the phone calls and emails have stopped—usually at the end of the working day—do you get the chance to do some stock checking. And it might take you the best part of the evening to go through all of your stock, making sure you have enough.

Stock is the life blood of a business, not enough of it and you have no sales; too much and

you have cash sat on the shelves so, it's absolutely crucial to try to get your stock-checks as accurate as possible.

If you're spending all evening carrying out stock checks, though, this could be a sign that you need to outsource your order fulfilment especially if your business is new and you are unsure what your cycle is going to be.

3. You are running out of product to enable you to fulfil your orders

Running out of stock is probably the worst position for you to be in! You'll have potential customers screaming for your product and, even though you might have done all your sales and marketing correctly, you just can't deliver as you don't have any product to send.

This also loses potential customers; if someone is wanting to buy from you for the first time and your product is not available, they'll be disappointed and go somewhere else. They will be unlikely to come back, because it's much harder to win someone back once they've gone. If you keep running out of stock, this is a sure sign that you need to outsource your order fulfilment!

4. Your house or garage is overflowing with cartons, tape and bubble wrap!

Do you feel embarrassed to have friends over to your house because it looks like a warehouse? If your answer is 'yes', then you definitely need to go to a fulfilment house!

Of course, there are savings by stocking packaging products yourself, but these are actually only short term savings, if you outsource this, then you can often get reduced rates from your couriers and on postage which would then pay for the cost of getting someone else to do the order fulfilment for you, if not in entirety, then definitely in part.

Again, it comes back to making sure that you're using your time wisely.



If you have any further questions on this, then please get in touch! You can do so by either calling us on 01622 791232 (Quoting OFEX7 for your first month of storage FREE) or dropping us an email at info@orderfulfilmentexperts.co.uk. Or if you would like a quote for your fulfilment, then simply fill out this form on our website. Don't forget to quote OFEX7 for your first month's free storage!

If you've managed to set up a new business, this means you have a good concept, a good product, and good entrepreneurial flair; so, outsourcing is what you should be doing, not spending all your time immersed in bubble wrap!

You just need to put your trust in people to enable your business to grow and move forward.

Cost Comparison

Not having a web-site means you can be missing out up to £100 thousand of annual turnover

Rough Cost Comparison of in-house fulfilment compared to outsourcing		
APPROXIMATE MONTHLY COSTS	IN-HOUSE	OUTSOURCED
Rent/Rack & Pallet space	£750.00	£100.00
Rates	£150.00	£0.00
Electricity	£60.00	£0.00
Water	£10.00	£0.00
Commercial Combined Insurance	£100.00	£0.00
Burglar / Fire Alarm and Maintenance	£30.00	£0.00
Telecomms	£100.00	£0.00
Salaries and national insurance	£2,000.00	£0.00
Fulfilment price based on 50/day @ £1.50	£0.00	£1,500.00
Delivery acceptance and stock control	£0.00	£40.00
Packaging	£1,000.00	£750.00
Postage	£1,750.00	£1,500.00
Couriers	£550.00	£475.00
TOTALS	£6,500.00	£4,365.00
A SAVING OF £2,135 PER MONTH MADE BY OUTSOURCING		

Initial set-up costs and outlay if done in-house		
	IN-HOUSE	OUTSOURCED
Burglar alarms	£250.00	£0.00
Rent Deposit	£2,250.00	£0.00
Software and computers	£1,000.00	£0.00
Packing benches	£200.00	£0.00
Racking	£500.00	£0.00
Packing equipment	£50.00	£0.00
Bulk Packaging Purchase	£1,000.00	£0.00
TOTAL	£5,250.00	£0.00
A MINIMUM SAVING OF £5,250 IN SET-UP COSTS MADE BY OUTSOURCING		

As these tables show, by outsourcing your fulfilment you could save £2,135 a month, which amounts to a huge saving of £25,620 per year for your business! Plus, you won't have to worry about set-up costs.

First of all, ask yourself this: is the best use of my time picking orders, completing stock check-lists, organising postal collections and tracking all the items in transit? Of course it isn't.

If you are serious about growing your business, you know in your heart of hearts that this is not good use of your time. I would guess that the only thing holding you back from outsourcing your fulfilment is the misconception that it will be too expensive, and perhaps the fact that you actually quite like packing your own orders. It can be quite cathartic, I know! I used to daydream about expanding my business while doing mine...!

Seriously though, if you want your business to deliver you the lifestyle you are dreaming of then you have no alternative but to drive your business forward and spend your time working ON your business, not IN it.

And one of the quickest ways of doing that, is to outsource tasks that can be done by professionals who specialise in what you need doing.

Considering Outsourcing? 2 Important Things to Think About First...

The relationship you have with your fulfilment house is extremely important. Sharing the same values will help your business succeed and grow.

The 2 important things are:

1. What is my time worth?
2. What exactly do I want my fulfilment house to do for me?

What is my time worth?

What we're talking about here is 'return on investment'. How much time are you currently spending on dispatch and fulfilment? And how much would you value your time at? If, as a business owner and entrepreneur, you are spending 6 hours of your day on the fulfilment side of things, then that is 6 hours of lost time on sales and marketing for growing your business.

If you value your time at, say, £100 per hour, then it's not difficult to calculate how much money you are potentially losing each day. (In fact, people usually underestimate how long things take, so you're probably losing more money than you think.) If you see page 14, there is a great tool for working out exactly what your time is worth. Check it out, if you haven't already.

These are important questions to ask yourself because doing so means that you're putting a *value* on yourself and your time and breaking down the tasks that you do each day. Your answers to these questions will also then inform your decision about outsourcing. Because your daily business tasks are probably very varied, getting people to do the tasks that you don't need to spend your valuable time on—outsourcing—will help you grow your business.

And, if you're getting bogged down with the fulfilment side of things, outsourcing also gives you the peace of mind that there's a slick system in place to ensure that your orders are going out on time, every time. Fulfilment doesn't have to be difficult and busy!

So if you do feel that outsourcing is a good idea, you need to decide whether you are going to be able to work in a partnership with the fulfilment house and verbalise your expectations with them right from the very start. Questions like; is the fulfilment house going to be able to meet your expectations? Also, remember to be honest with yourself

and the fulfilment house in terms of how many orders you are really sending out, and how much time this is really taking.

What exactly do I want my fulfilment house to do for me?

For example, when we get an initial brief for sending out 500 orders a week with each order taking 2 minutes to complete, the reality is often far from that—we might get half of this number of orders, each taking twice as long!

While it's good to be optimistic, it's important that, right from the outset, you try to be honest both with yourself and the fulfilment house in terms of your exact requirements. When we receive a very detailed brief about a customer's needs, our relationship with that customer is set up well from the outset.

The way you're doing your order fulfilment at the moment has probably become 'automatic' – you're doing things without consciously thinking about it.

If you're an experienced driver, you'll know what I'm talking about, how many times do you stop to think about how you got from A to B? Experienced drivers don't consciously think about turning on the ignition, depressing the clutch, shifting gear, lifting off the clutch....and so forth. It's all done automatically.

It's just the same with order fulfilment! When you're thinking about outsourcing, you need to think about how long things take and what you're doing in your business; all the 'gear changes' and 'mirror adjustments'; all the little quirks that are involved that you currently do as a matter of course, without even thinking about it.

Once you've given a lot of thought to what you're doing in your business, you can then decide on exactly what aspects you want to outsource – do you want to outsource all of your order fulfilment, or just a certain aspect of it?

If your goal is to make your business grow, then you'll probably want the fulfilment house to do everything for you, from stock management to gift wrapping and producing purchase orders for your suppliers when stock needs re-ordering.

If your business is growing, you will need a reliable fulfilment house that
will be able to help you scale up operations.

We've been asked to do lots of things here at OFEX. Some of these things have been pretty standard—like gift wrapping—but we often do lots of 'non-standard' things as well: We've been asked to write handwritten personalised notes and address labels, send out orders on Saturdays, check postal addresses because they're not always correct, and take photographs of products to send over to suppliers; we've even been asked to sprinkle glitter into packages!

But we can do all of these things. In fact, we're more than happy to do all of these things,

we excel at going that 'extra mile' and offering a fully bespoke service as and when required.

So, whereas a very large fulfilment house might have systems and procedures that dictate the service they supply, here at OFEX we say "*what is it that you need?*" and take things from there.

How to Choose the Right Fulfilment House for you

Before switching fulfilment houses make sure their infrastructure is big enough to help you grow!

Your relationship with your fulfilment house will hopefully be long and one which will involve a high level of communication and will therefore become an important professional relationship. As such, you need to make sure you not only can get on, which in our experience means sharing similar values, but also that *your business* is a good match for the fulfilment house as much as the *fulfilment house being a good match for you*.

Our customers have approached their buying decisions in all manner of different ways. I've had very comprehensive RFI's (Request for Information) forms, I've had a customer decide to move stock to us after just a couple of phone calls and I've even had some people unexpectedly turn up at the warehouse to see what things are really like without giving us any notice! (Not ideal, especially when I was heavily engrossed in writing page 54 of a 93 page PDF!)

There is the best approach for you as a potential customer, and then there is the ideal approach for the fulfilment house. I remember one scenario; I had a prospective customer who wasn't available by telephone and chose to only give me snippets of information to send him through a quote about moving his entire operation to us. Perhaps other fulfilment houses can work in such a clinical manner, but we don't. It's not reasonable to think your provider can work out the best solution for you with only part of the picture. It is such a critical decision and such a costly one if you get it wrong, that the very best starting point is one of openness, honesty and establishing a good relationship.

So I would recommend from the fulfilment houses perspective, if you do decide to send through an RFI, make sure you are available and willing to discuss your requirements over the phone. Some fulfilment houses prefer you to use their 'quotation request' forms on their website as they will then know they have all the answers to the key questions they need to ask to enable them to prepare you a pricing schedule, but if you pick up the phone and call, that is a sign you are serious about making things happen.

So what are the processes a fulfilment house will want to go through and what are the processes you should go through as a prospective client?

The Fulfilment House

A fulfilment house will have questions they will need and want to ask you to ascertain if they are right for you and if you are right for them. A fulfilment house with integrity

will tell you if they don't think they can offer you the service you are looking for and if they have their finger on the pulse they will be able to recommend someone that can.

I recently had an enquiry for 350 pallets of flat packed furniture and I just knew that after speaking to the business owner, we just weren't right for them. We didn't have the space they needed to grow as their projections were to double the stock every quarter! So, I immediately said that we weren't the right people for the job but I knew an extremely reputable company locally to use who could easily handle the growth plan they had.

Our business neighbours also keep us in mind for anything that is out of their remit i.e. requires delicate handling, a bespoke approach or is quite simply under 350 pallets worth of space!

Some of the questions you're prospective fulfilment house may want to ask you, could be...

- What Products and services are you selling?
- How many orders are you currently sending out per week or per month?
- What percentage of your sales are dispatched to the UK, Europe and The Rest of World?
- How are you currently packaging your products?
- How are you currently posting / dispatching your products?
- How much storage space do you require in terms of a standard pallet?
- What are your reasons for outsourcing?
- What are your future plans for the business?
- What are your main decision making criteria?
- What frustrates you most about your business currently?
- What are you trying to accomplish this year?
- What do you think you'd need to double your business this year?
- What strategies have you already tried to improve your business that worked and didn't work?
- What is the structure of your business, i.e. how many people work within it and what do they do?
- Would a customer enquiry service support be useful?
- Are you already sending marketing literature out with your orders?
- Do you run special offers or incentives we can help with?
- Are you using offline strategies as well as online ones to grow your business?
- Would it be useful to have a quarterly face to face meeting to assess how we are doing and what we can do better or to help you with your business?
- What are the KPI's (Key Performance Indicators) that you are most interested in for your business and for ours?

I don't want to scare you here... these questions will probably be asked over a period of time, but the more in depth your fulfilment house is, the better service they can offer! In fact depending on the answers, the list of questions can go on and on. It is reasonable for a prospective fulfilment partner to realise that some prospects simply aren't ready or

willing to discuss their plans in such great depth at the outset, we can all be very British and reserved about it, which is totally natural.

This is why at OFEX we have two stages and initially we ask some very basic questions that allow us to just at least supply a pricing schedule and we then discuss things further when the time is right for you.

We want to be able to get to know you, work out how we can help, solve any issues you are having and just quite simply do a good job for you and most importantly we really want to help you grow your business.

There is of course more to the whole process than just asking a set of questions, but this is the starting point and we then take you through things step by step from there.

Your Considerations

You are effectively looking for the best match of fulfilment house for your current company size, too big and you won't matter enough to them, too small and it will limit your growth capacity. You need to know that the fulfilment house will keep its promises and do everything they say they will, not just initially but long term. Are they looking to constantly improve their own systems, procedures and customer service? They need to be reliable, efficient, courteous and trustworthy. And, ideally make your working relationship pleasurable!

So things to look out for, to ask and to do:

Ask for references, any established trustworthy fulfilment house will be able to give you at least a few references of companies that use their service. Make sure you are thorough when speaking to these companies. Be sure to ask about any negative experiences they may have experienced and how, or if, they were resolved. Also, if possible, focus on the companies that have similar products to yours, this will be especially helpful in knowing if they are the right one for you

Where are they located? Some companies prefer to be close to their fulfilment house so they know that it is completely accessible to them. You may find that it will be more cost effective, as far as shipping needs go, for your fulfilment house to be in a central location. Another important financial aspect may be the distance between your manufacturers and the fulfilment house. All businesses vary; you need to decide what will work best for your company, its location, and its needs.

Make sure you discuss growth potential with your prospective fulfilment houses. If your company has plenty of room for growth, *you will need to make sure your fulfilment house mirrors that quality*. Discuss how many employees they have and what kind of action plans they have should business increase.

You will want to take a good look at your company and decide what it stands for. Look at its short and long-term goals and decide what values you want instilled in your

business. When choosing a fulfilment house, you want to make sure they have similar principles and standards. You want to make a good name for your product, and you need to make certain they have that interest at heart as well.

How much are the costs? When you begin to research fulfilment services, you rapidly find that they are priced in so many different ways that they can be hard to compare each other and it can be difficult to figure out what kind of bill you'll be paying at the end of the month. Here are some fees and policies to watch for as you research:

- i. **Set-Up Fees.** Most fulfilment houses charge set-up fees to help cover their costs of acquiring your business and preparing their system to take your products. Make sure these are reasonable and within your budget.
- ii. **Order Processing Fees.** This may include a flat amount for each order, plus a charge for each additional item in the package. Rates vary with the number of orders processed per month. Ask if boxes and packing materials included in the order processing fees or if they are in addition.
- iii. **Order Processing Minimums.** If you're a small merchant, you may have trouble making the minimums. Minimums are good for the fulfilment house but not for you when you're getting started. Make sure your average number of orders is likely to easily exceed their order processing minimums or else you'll be paying fulfilment fees even if you aren't getting orders.
- iv. **Return Processing Fees.** Find out what you are charged when a customer returns the merchandise and how this process will be handled.
- v. **Storage Fee.** This is a monthly fee that reflects the amount of storage space your products take in the fulfilment house warehouse. You may be charged per pallet, or per cubic foot, or in some other manner. Your goal is to keep on hand no more than a two- to three-month's supply of your product -- no more, or you'll be paying excessive storage charges.
- vi. **Credit Card Transaction Fees.** A few fulfilment houses will handle credit card transactions for merchants who don't have merchant accounts. They typically charge a percentage of the total transaction amount. How does this compare to the typical 2.5% discount rate that credit cards charge?
- vii. **Fees to receive merchandise.** Look for charges to check in shipments, verify the box count, and look for visible damage.

Ask to visit their premises and meet the person or team you or your staff will be dealing with on a day to day basis. Brief them full on exactly what your expectations are and explain how you like things done. If they are worth their salt, they will then draw up a procedures manual detailing the process for your fulfilment and ask you to check it before it goes on file.

Be realistic with your figures; don't over inflate them just because you think you'll get a better price and don't tell the fulfilment house a job takes 5 minutes if it takes 10! Be honest and up front so that it sets the tone for your relationship.

Shopping Cart Services. You can run your own shopping cart and transmit orders to the fulfilment house via their preferred methods: FTP, secure download, e-mail, EDI, XML, etc. But it may be cost-effective to use the fulfilment house's own shopping cart program order buttons in conjunction with your own website. That way they get your orders directly and painlessly. Some fulfilment houses also offer accounting and banking for foreign clients. Ask what services they offer. You'd be surprised what they can do for you.

Order Transmission Method. Make sure that the method by which you are required to transmit orders is technically within your company's grasp. Is it simple or sophisticated enough to meet your needs?

Product Assembly. A fulfilment house can often assemble your product or kit for you, charging you on an hourly basis or a time-cost per-piece basis. They can also order products or components for you so that you're never out of stock. Ask the hourly rate on which these services are based.

Minimum Contract Period. Be careful of companies that lock you into a six-month or one-year contract. What will you do if they don't meet your needs, or you don't meet their minimums? You need an escape hatch if your product line doesn't take off.

Once you decide on your fulfilment house, you will want to draw up a contract. They will have one that they can send you. Be very thorough and incredibly detailed during this process. You need to be very direct in what services you will require and expect. The two of you need to be on the same page so there won't be any misunderstandings in the future.

Pay them on time and don't muck them about! If you are going to demand excellence from your fulfilment house the least you can do is make sure you pay them on time. It keeps the relationship on an excellent footing and you will notice how much further they will be prepared to go for you if you keep to your side of the deal.

Choosing a fulfilment house doesn't have to be complicated, but it's extremely important and will have a direct impact on the success of your company. Considering the amount of time and effort you have put into creating your business, choosing a fulfilment house is a part of the process you definitely don't want to cut corners during. Don't leave the most important part of delivering your product to your customers in the hands of a fulfilment house that has lower standards than you would expect.



If you have any further questions on this, then please get in touch! You can do so by either calling us on 01622 791232 (Quoting OFEX7 for your first month of storage FREE) or dropping us an email at info@orderfulfilmentexperts.co.uk. Or if you would like a quote for your fulfilment, then simply fill out this form on our website. Don't forget to quote OFEX7 for your first month's free storage!

Finally, yet probably most importantly...

Are we compatible?

If you're going to be working with a fulfilment house long term, an important question you need to ask yourself is; "are we compatible?" In other words, are you going to be able to work in partnership with the fulfilment house?

For example, the relationship between ourselves and our customers is usually very close-knit as we're dealing with the business owner or operations manager on a day to day basis, and there are times where we are working under pressure with tight deadlines to meet.

So, you need to think not just about the size and capacity of the fulfilment house, but also whether you would 'gel' with the people who work there. This is your gut instinct, listen to it, –they will be doing the same with you!

Section 2

Black ops, out in the field...

Stepping it up a Gear

Always plan exactly where you're going put new stock before it turns up, especially if there will be thousands of boxes!

This section is geared towards the established online entrepreneur; perhaps you're re-considering some of your choices regarding your logistics operation? If so then please read from the *Cost Comparison table on page 48* in the previous section, as this information will be a great prompt in terms of your future decision making process if nothing else.

Industry leaders are teaching online experts to 'fulfil like dinner depended on it!'

You must **never** underestimate the importance of the final part of the sales process. Let's face it, there is so much that has to be done first, in order to get that sale, from the creation of the actual product, whether it's intellectual property, or a material product.

I'm preaching to the converted when I say that you need to ensure that your website suits the needs of your products, that you're driving traffic to it and converting that traffic into sales. But, if you fall at the last hurdle and don't actually get the product out in good condition, then it will obviously have the most incredibly bad impact on the image of your business.

Under-promise and over-deliver

Let's face it, most of us just get bills and invoices through the post, so it's quite nice when you've ordered something, and you think, "*Ooh, my parcel's arrived!*"

People *perceive* the value of the product when it arrives in the post, so there's no harm in offering an additional, free item that generates some excitement, and wherever possible, you can upsell and use your fulfilment house to communicate with your customers.

The key here is to **under-promise and over-deliver**, that's it, *exceed* customer's expectations if you can and you will have that *thud* factor people talk about.

Obviously, it has to be cost-effective to your business, and it depends entirely what that business is. If you are selling information and intellectual property, maybe you could add a free interview CD, for example, that way you will have **over-delivered**.

You could use a referral scheme or a survey; or provide a frequently asked questions sheet for a technical product that you're sending out.

Ask for feedback, send out special offers, discount vouchers, or whatever, but you don't

just think, *“Okay, we’ve just got to get the goods out,”* work with your fulfilment house and say, *“Right, this month, we’re going to be running a special offer on this particular product, so I’d like this marketing literature, or this free gift to go in with my orders,”* think a little bit, outside the box.

Exceed expectations

I love it when Amazon says, *“Allow up to seven days for delivery”*, and it arrives the next day. If you say to a customer, *“We deliver within three to five days”* and they receive it on day two, they’ll be very happy; you will have **under-promised, over-delivered and exceeded your customers’ expectations.**

It really does make a difference and your customers will think, *“They obviously care”* or *“Yes, they’ve got it right.”*



So, these little things do add up, never underestimate the importance of them, get your presentation right, generate excitement and use your fulfilment intelligently, work with your fulfilment house and you will achieve your ‘thud’ factor – it’s a great feeling.

CLASSIFIED CASE STUDY # 3

Name of company: Entrix Computing Limited
Name of owners: Kim and Jo Harris
Website address: www.entrix.co.uk
What do you sell? Networking, serial connectivity and communications equipment

What gave you the idea to start this business?

We have been IT system management for many years. In the early 1990s we were invited to become distributors for a company manufacturing serial over Ethernet equipment in the USA. Since then we have become distributors and resellers for a number of such companies.

What made you decide to outsource your fulfilment?

We wanted to simplify our internal operations and reduce costs. We wanted to avoid the necessity to employ shipping staff who may be underemployed and to hold stock in our own offices.

What were the main criteria for choosing your fulfilment house?

Flexibility on costing and space allocation, ability to handle back-to-back orders, scalable operation, affordable fees.

What one piece of advice would you give someone who is looking to outsource their fulfilment house?

Make sure that they can be flexible and provide a service which suits your business and communicates with you responsively.

What are the primary benefits you have so far encountered in making the decision to outsource.

Significantly reduced costs including space, staff and shipping charges.

Ability to run the business from anywhere because we now run a paperless operation.

3 Things to Consider Before Switching Fulfilment House

Is your new fulfilment house interested in helping you grow as a business? If not, then consider one that is!

If your E-Commerce business is having a bad experience with your current order fulfilment house, it is important to make an educated decision about moving your fulfilment elsewhere, and not base your decision on a 'knee-jerk' reaction. So we're going to look at three things to consider before you switch fulfilment house.

These 3 things are:

1. Location
2. Business Plans
3. Values

1. Location

We're all now living in a 'cyber' world, which means that it often doesn't really matter where we are physically. But, for a fulfilment house, location is actually important—because importing and exporting are major components of the service.

For example, we have a customer who regularly requires bulk deliveries into London because he sells to all the major retailers in that area.

Because we're close to London, the deliveries that we regularly make to the London stores for this customer ensures our service very reasonably priced. We can arrange for dedicated vehicles to deliver to those stores within one working day, and at a fraction of the cost of other fulfilment houses further afield.

Similarly, you need to think about how far away your fulfilment house is from where your stock is being delivered in, as this will also impact delivery costs.

Is your new fulfilment house ideally located for stock deliveries? For instance are they close to Airport hubs and ports, like Dover or Docklands? Something to think about when you have large shipments coming in. A fulfilment house which has a central location means that stock deliveries don't cost as much because they don't have to travel for miles after they have arrived in the country.

Having a fulfilment house that is close to you has an added advantage too... it means that you can pay them regular visits and make sure that you have a good connection with

them. You obviously don't want to be spending a whole day in the car just to get down and see your fulfilment house!

2. Business plan

What are your future growth strategies? Will the fulfilment house be able to help you with these and facilitate your growth and scalability? Have they got enough space for you to grow into? And is their infrastructure robust enough for your growth plans? All these questions relate to your business growth plan. You need to consider these, and also whether your plans match those of the fulfilment house that you're looking to partner with.

If you have sales and marketing plans which scale up very quickly, you need to check that the fulfilment house you choose has the capacity to keep up with the growth of your business.

Or, if your business has reached a plateau and you're looking at going into a different market, is your fulfilment house going to be able to exceed customer expectations and retain your current customer base whilst helping you enter that new market?

If the new company that you're considering switching to is genuinely interested in your business and wants to understand your market, customer base, and what you're trying to achieve, they would likely be an excellent service provider.

3. Values

Does the FSP (Fulfilment Service Provider) that you're choosing have similar values to you in terms of integrity, transparency, value for money, and wanting to go the extra mile? Or are they very much a highly price conscious supplier?

Ultimately, things often do come down to price, but the relationship you have with your fulfilment house is extremely important. If you and they share the same values, not only should you quickly build up a close and trusting relationship, but your business will be far more likely to succeed and grow.

So, to summarise, ask yourself the following questions:

- Where are your customers located?
- Where are your imports coming in?
- Where is the best fulfilment house for that?
- What are your business plans?
- Does the fulfilment house have the desire and ability to grow with you? And, finally...
- Do you share the same values?



Does this all sound a little daunting...? Then please get in touch! You can do so by either calling us on 01622 791232 (Quoting OFEX7 for your first month of storage FREE) or dropping us an email at info@orderfulfilmentexperts.co.uk. Or if you would like a quote for your fulfilment, then [click here](#)

How to Have a Smooth Changeover When you Switch Fulfilment Houses

Make sure you have a clear plan before you switch fulfilment houses to save time and money

Moving fulfilment house doesn't have to cost the earth, doesn't have to involve any business downtime, and can actually be very positive for your business.

But you have to plan it well.

Here are 3 top tips for having a pain free switch to your new FSP

Tip #1: Start Reducing Stock Levels

As soon as you've decided that you're going to change FSP, start to reduce your stock levels in the current location, as much as you possibly can, and arrange for new deliveries to go to the new warehouse.

Not only will this mean that you'll have less to transport to the new site on your decided moving date, but also that your new fulfilment house will start to get familiar with your stock; they'll be able to 'check in' what's arrived and start getting the stock on the shelves, labelled up, and onto their systems in advance.

If well planned, this can work extremely well because they will ensure they know exactly what stock they have for you, and should provide you with a total inventory and stock check so that you know precisely what the value of your stock is.

All of this is very helpful both for insurance purposes and ensuring that your orders are fulfilled.

Planning your move in this way also has the added bonus of being less costly!

Tip # 2: Time the Change Over

Do not change over until you've processed your last orders on a Friday afternoon. When you move the business, it should be after your cut-off time for dispatching your last orders on a same-day basis. This means that you'll then have the remainder of the Friday and the weekend to get the stock to the new location, get it thoroughly checked, and do a full inventory, so that you're back up and running by first thing on Monday morning.

In other words, there's no business downtime at all.

Tip #3: Prevent Nasty Surprises!

Find out exactly what costs are going to be incurred in your move to avoid any nasty surprises. Your new fulfilment house should be able to help you get the best possible deal for moving any stock that needs to be moved.

You'll also need to find out what costs are going to be incurred once the stock actually arrives. Be sure you know what costs are associated with the initial move, as there could be hefty charges, depending on who you move to, this can be anything from £200 to £500.

You should also ask about the costs of any ancillary services that you might require but are not included in the day-to-day function of your fulfilment plan. Will you require repackaging or product assembly, for example? The trick is to find out as much as you possibly can about any 'hidden' costs involved in your changeover so that you can budget for these, prior to your actual move.

So, ensure that you have a clear plan and know *exactly* what it is you're trying to achieve; ask your potential new provider the right questions, especially with regard to costs, before you make your decision, and plan your changeover so that you're moving over the weekend and don't get any business downtime.

All of these things should lead to a smooth changeover when you
switch fulfilment houses!

The Critical Importance of Systems Integration

API should facilitate order processing and speed things up, but it shouldn't then dictate how business is done.

If you visit fulfilment house websites, you'll see statements like "We've got a great API" cropping up quite a lot. I've also had people phone me up to ask me "How's your API?" But what exactly does 'API' mean? API means 'Application Programming Interface' and allows you to gain access to specific data in a controlled manner.

To use an analogy, an API is a doorway that only people with the right 'key' can use to translate information requests and then allow a response to pass. In the context of a fulfilment house, such as our own, having an API means that the system can talk, not only to the customer's website, but also to all the customer's sales channels.

What this allows is a seamless transfer of information about the customer's orders and stock. Fulfilment houses have stock control and order processing systems, and it's important for you to learn what functionalities those systems have. Ideally, these systems should be able to allow you to sell across multiple sales channels –these might be eBay, Amazon, and Play.com, for example, as well as your own website, whether that website be Zen Cart, Magenta, OS Commerce, or even bespoke.

The system should also allow you to send all of this information to the fulfilment house's internal stock control and order processing system. So, the really great thing about APIs is that they avoid you having to re-input data and keep tabs on all your different sales channels yourself; they also allow the information to flow in a two-way stream.

The API here at OFEX means not only that we can offer you daily reporting and total visibility on your current stock levels, but you can sell through multiple channels without ever having to collate orders yourself or pay for software to do the job for you.

For example, many online retailers sell through eBay, Amazon, their own website, and Play.com or similar sales channels; these customers have to somehow consolidate all of these sales channels, whilst ensuring that they give accurate information about their stock to eBay, Amazon, and any other sales channels so that they can fulfil all their orders.

It's incredibly important for you to be able to have multiple sales channels if you want to increase your sales and market penetration.

We recognise this at OFEX – our API means that we're thinking about your needs just as much as our own. There is the danger, though, of allowing the system to totally dictate

how business is done - as in the example of where the larger, more established fulfilment houses might say...*"Yes, if you want to come on board, there will be a £500 set-up fee for integrating into our system but then you will be charged one pence per package."*

The balance between using the benefits of technology and offering the customer the flexibility needs to be just right – an API should facilitate order processing and speed things up, **but it shouldn't then dictate how business is done.**

APIs also help your customer service because they ensure that you always know what is happening with your order fulfilment – your customer can even receive email alerts saying, "Your order is on its way and this is the tracking number," and "Would you like your product to be delivered? We're delivering today between 10 and 11".

Knowing that a product is going to be delivered in a narrow time window like this is very helpful – it means that a customer does not need to hang around at home all day waiting for their delivery!

So, to wrap things up for this section, the key message is that you should always check with your potential fulfilment house exactly what infrastructure they have in place to deal with your fulfilment—*especially if you sell via multiple websites*. To what extent does that fulfilment house allow itself to be dominated by their system, and *how flexible can they be in using that system?*



If you have any further questions on this, then please get in touch! You can do so by either calling us on 01622 791232 (Quoting OFEX7 for your first month of storage FREE) or dropping us an email at info@orderfulfilmentexperts.co.uk. Or if you would like a quote for your fulfilment, then simply fill out this form on our website. Don't forget to quote OFEX7 for your first month's free storage!

The Key Difference Between Standard & Bespoke Order Fulfilment Services

Do you prefer a Rolls Royce or a Fiesta? What type of order fulfilment service suits your business best?

Let's talk about the key difference between standard and bespoke order fulfilment services, so that you choose the most appropriate service based on what you sell.

As you'll see, it's false economy to base your choice **solely upon price**.

The key difference between a standard fulfilment service and a bespoke one is rather like the difference between a Ford Fiesta and a Rolls Royce. The former is basic, whereas the latter offers much more for your money, and can be fully customised to your requirements. (Okay, a Ford Fiesta can be customised... but only to a certain extent!)

A standard FSP is one that simply picks, packs and posts, and that's all.

But a bespoke service can provide extra attention to detail, with quality control for the product as well as packaging and presentation of delivery. For instance, need your tissue paper ruching? Or love hearts scattered in your gift wrapped present... then a Ford Fiesta style service probably won't be able to fulfil this need. However, your fully bespoke Rolls Royce service will even ask what style of ruching you require!

So, how do you decide which of these services to go for?

A key factor to consider when deciding on which of these two types of fulfilment service to choose, is *your product* and *your market*.

Do you have a price-conscious product; a commodity, perhaps?

If you're selling a dishcloth then taking it straight off the shelf and putting it into a jiffy bag, quickly sticking on the address label and sending it off in the second-class post with no recorded or registered delivery could be good enough. But many products are a little more special than this.

Some things need to be handled with a lot of love and care. This is where the bespoke service would be a far better choice. (And remember: if you've paid for a Fiesta then you're not going to get a Rolls Royce, and you're not going to get the walnut interior either!)

Adding value with a unique bespoke service

If you want to stand out from the crowd, you need to be able to *add value*. To do this, you need to have more than a price-led sales and marketing strategy – you need to try and sell at the highest price the market can withstand and try to avoid *competing* on price.

Whether you add value by selling a unique product or by doing things better than everyone else, this will allow you to make more money.

If you're dealing with something that anyone can buy from anywhere, as is often the case, you can add value by outsourcing to a company that offers bespoke service. This will help you to stand out from the crowd; to *differentiate your business from the rest*.

For example, with a bespoke fulfilment service you will know that delivery will be guaranteed, within a short-time frame and perhaps with ruffled tissue paper in place!

In other words, you are exceeding your customers' expectations and standing out from the crowd.

A bespoke fulfilment service also helps you to add value in many other ways. For Instance, does your new company offer special labelling and packaging service, later cut-off times, and or a Saturday fulfilment and dispatch? Do they also have stringent quality control checks which means that your customer will not receive their product in a box that is dangling with loose threads or finished with shabby edges?

A packet of sweets could be gift-wrapped and sent with a personalised message of love. These are things that you might not have spent two minutes thinking about before but they are important, they show your customer that a lot of care and attention has gone into the packaging of your product.

All of this *adds value* and adding value will help you to get a better customer base and a higher profit margin.

So remember when deciding to outsource to a fulfilment provider, you need to think long and hard about whether you expect your fulfilment house to provide the Rolls Royce in services, the Fiesta, or something in between. Which type of service meets your business needs best?

Packaging Economies of Scale

Consider buying packaging in bulk; but make sure you're not shooting yourself in the foot - be aware of extra storage costs

As you grow your business, your requirements obviously increase, and one of these areas is **packaging**. Initially, perhaps you decide to buy it off of your FSP, and they charge you as you use it. However, if your fulfilment house allows you to use your own packaging, then buying it in bulk might seem like a better option, you obviously want to get the best deal you can, which is totally understandable.

You've got to weigh up the pros and cons of buying in your own packaging. The more packaging that you purchase in bulk, the more you can negotiate a better price, and it will mean more profitability for each package you send out... **but then you've got the cost of storage.**

So, there's a fine line between saving money by buying in bulk, but then having the costs of a massive warehouse to keep it in.

It's all about getting a proper balance, and it will depend on a number of things:

- ✓ What packaging do you require?
- ✓ What products are you sending out?
- ✓ What are your sales and business plans for the year in terms of increase in volume?

Pro's and Cons of buying bulk packaging

So, the thing to consider here is to look at your packaging costs and see if you can bring them down.

Buying in bulk is one solution, but make sure that you're not shooting yourself in the foot. We've had customers that have thought that they have good contacts and can get their packaging much cheaper, but then they find that it's not that much cheaper at all.

Also from a cash-flow standpoint, they've purchased it all up front, paid for the storage, and it can then just sit there doing nothing.

There are some packaging companies that allow you to pre-purchase large amounts of stock, but of course, if you do that, then they would attach a cost to that as well (because they've got to deliver it to you more times, they've got to store it for you, and it's stock that they can't sell) So don't be lulled into ordering huge quantities at one time, it might be more cost effective if you buy what you need at the time. So let's say you order 10,000

postal tubes, delivered in 100's (delivered to you, 10 times) – they will probably add a storage cost for the remaining stock, and add in the extra delivery charges somewhere along the line, so it would probably be just as cheap to order them in 100's at the beginning, when you need them. (Or order the actual quantity you require)
So sometimes it can be wiser just to get a bit more insight and study the trends of your sales before you make a big purchase like that.

Make sure you can justify purchasing a very large amount of packaging. Of course, there are cases when it absolutely makes sense to do it, but not all the time...because it isn't always the most cost effective way to do it.

Fulfilment houses can be an incredibly accommodating solution

We buy a lot of packaging, which our customers can then buy, and they only pay for it when they get an order, so they're not paying for it upfront, or for storage costs.

Of course we make a little bit of a margin on it, but nothing astronomical. It's part of the service, and is what we do, and means that then you only pay when you've actually got an order to get out.

BEHIND THE SCENES FILE 2A

Our Toughest Assignment Yet!

A new customer had integrated their stock with us, and they had a delivery that came through to us from China.

Two 40-foot containers arrived; everything inside the containers was **totally loose**, and we only had a **three-hour** window to get the whole lot unloaded!

So, we got all hands on deck. There were six of us set up as a human chain, sorting all the boxes into different products. It was really hot hard work because there were thousands of little boxes that had to be unloaded by hand from the containers within this three-hour window, so the pressure was on big time.

It was chaotic, but we were organised about it, we were working off a packing list that the manufacturer had sent, some of which we'd had to have translated.

We had a team of two in the back of each container, two sorting the stock as it came off, putting it onto the correct pallets, and the other two taking the pallets away once they were full, then setting them out in the sequence on the stock list, so we knew where to place it in the warehouse to help the picking flow, getting it all done in a logical fashion.

Get Organised

When these things happen, it's actually a great test of the business and team spirit. The fact that everyone just wants to get the job done, rolls their sleeves up, and works together – it's exciting..

However, you've got to be **organised** and really **systematic** to make sure that once the stock is in, you're not moving it onto pallets many times over, because if you just quickly move it off the container, you then have to spend a whole day sorting it out.

Make sure that the manufacturer has supplied picking or packing lists before the containers turn up, because the last thing you want to do is to quickly take off all the stock and then check it later, only to find you're missing something.

Stock check it as it comes off, and make sure you're getting it on to either pallets or trolleys. Then you can move the checked stock wherever you want until you know it's in the right location.

Plan exactly where you're going put the stock before it turns up. Look at the product description and work out the volumetric measurement, so you know what amount of space it will take up – especially when there are thousands of boxes!

Conclusion

So in conclusion, give some thought as to when your consignment will be arriving at your fulfilment house – give it a lot! Plan it so that you know exactly when it's arriving, have people on deck waiting for the truck to turn up.

Make sure you know how much space it's going take up, how you're going to stack it, and the best way to stack it in product order for facilitating picking and packing later.

Or take the other option—simply outsource to an *order fulfilment company* that has lots of *successful experience* coping with what for others would quickly become a logistical nightmare!

See how Easily you can Reduce Returns

Ensure your customer service staff know the product well!

How can you reduce returns on your products? It's actually easier than you might think!
Ensure your customer service staff know the product well!

Know the product

Returns are an inevitable part of any E-Commerce business. The most regular item that we see coming back, with regards to returns, tends to be clothing because it can be very difficult for customers to know what size they need when they're buying online.

It's very frustrating for customers if they buy something online, get really excited about receiving it, and then find that it doesn't fit when it arrives!

But, if you have good customer service staff, who know the product very well, you can *avoid all this hassle* for the customer, because they can answer any pre-purchase questions honestly and, as a result, help to make sure that the customer receives the right size or the correct product on the very first delivery.

Get the packaging right!

If you get your packaging right, you'll reduce your returns because everything should (technically) arrive in good condition.

Whatever your product, whether it be a mobile phone, a watch, or a tea cup, you'll always get more returns if you don't get the packaging correct and it doesn't arrive in good condition or worse still, broken.

So, getting this bit right is vital for making sure your returns are kept to an absolute minimum.

Give detailed and accurate product descriptions!

Ensuring your products are described accurately and that you have up-to-date photographs of your stock are also easy ways to reduce the number of returns you might be experiencing.

It may be that you have a standard stock line that's a good seller and, when you go to reorder that particular product from your usual supplier, the product has suddenly changed. When this is the case, it's always advisable to update your product description, even if it has changed only slightly.

For example, you could simply get an up to date photograph and adjust the description so there's absolutely no disparity between what your customer thinks they're going to get and what they really receive.

Make sure your pricing reflects the quality of your products

In general, it's not a clever idea to buy cheap goods and then think, "Well, I'll make a massive mark up on this and sell it for a really high price," when it's clearly not worth that, you're guaranteed to get a big influx of returns!

People will only pay for quality, so you need to ensure that your products are priced fairly. Fair pricing will definitely reduce your returns.

Use quality control

The final, easy way you can reduce product returns is by putting your goods through a quality-control process when they come in to the warehouse. For instance, would the FSP go that extra mile, like snipping off tiny threads on travel sleep masks, to make sure that they arrive in perfect condition before they're sent back out?



Remember, as long as you're as upfront, transparent, and clear with your customers as you possibly can be, things that go out of your door should rarely come back. It's really as simple as that.

Why it's Critical to Handle Returns Immediately

If your company doesn't offer a returns policy it's a missed opportunity to demonstrate really good customer service

If you handle the returns **immediately** and refund customers very quickly, that sends an excellent sales and marketing message out, making your customer more likely to either replace an order with you or to come back at later stage.

Have a clear *returns policy*, it doesn't have to be anything complicated. Make sure there's a procedure in place so that your fulfilment house can actually identify what they need to do with returns, where they've come from and where they have to go.

Communicate with your fulfilment house as well, to make sure they handle *all returns within 24 hours* so that you can refund your customer and get back in touch with them very quickly and to ultimately ensure that they're happy.

Once you have a clear returns policy...

Make sure you include a simple returns form with your deliveries. You don't actually have to go to the expense of having a special perforated slip made up; you can just print the necessary details on the reverse of your dispatch note, which can then be used as the returns form.

These details need to include how long the customer has to return an item, if there are any special conditions, (especially with clothing etc.) where you would and would not accept returns, and why they're returning the goods, which you can cover with a short list of reasons with a relevant tick box or numbering to keep it simple.

It's essential to get the customer to fill out their order number and name, because there's nothing worse for the fulfilment house than getting an unlabelled return sent back, leaving them with no idea who or where it's from, when it was sent back, what it relates to, whether they're supposed to be re-stocking the item on the shelves, or whether they're supposed to be sending a replacement.

In some instances, we've had two different customers that sold similar products, and without the relevant information, we haven't even known which customer within the fulfilment house the return was actually for.

Make sure you have a procedure in place

I've had people say to me, "*We don't offer a returns policy because it makes it more difficult for the customer and reduces returns*", but I think, in this day and age, people are a lot more savvy and can expect that if they're not happy with something, they can return it, and as long as it's a justified return there's no reason why they shouldn't.

If a company doesn't offer this, then I think that it's a big opportunity that's missed in terms of demonstrating really good customer service.

Making the Transition to Wholesale Distribution

Wholesale Distribution has a much more complicated logistical set up than just 'popping orders in the post'!

This is something that our customers experience as they start to grow and expand. Rather than just sending orders out to the individual customer via their websites, for example, they'll now need to send bulk loads of their product to retailers or wholesalers.

The logistics behind one type of fulfilment and the other are similar in many respects, but can also be quite different and need changes in thought and planning.

If we were just sending out one teacup to someone, we would obviously pack that one individual item and send it off. If, however, our customer managed to set up a meeting with the buying team of Selfridges, and they wanted to trial their product for them, then we would be looking at sending a consignment of cups to the retailer.

Follow the Rules and Regulations

When moving over to bulk distribution, the recipient of that stock, whoever it may be, will send through a guide detailing how to send stock through to them.

It will be very explicit in terms of exactly how they want the stock to arrive at their warehouse, and will cover the instructions for labelling boxes, how they need to be stacked on the correct sized pallets, how the pallets have to be shrink wrapped, how the shrink wrap needs to be labelled and how large the print has to be on the labels for visibility etc.

Also, delivery slots have to be booked accurately; otherwise the delivery may be refused at the warehouse if it doesn't arrive at its allocated time slot.

Don't get caught out by customs!

If your goods are coming in from overseas, China perhaps, then you've got all the customs issues to consider as well.

You'll need to make sure that lead times are correct and that your stock will arrive in plenty of time to enable it to get turned around, re-presented and delivered into a distribution point, whether it's a wholesaler or a retailer, in the manner that they will require it to be delivered.

The rules, regulations and requirements, can be incredibly strict, and delivery can be refused for what would perhaps be considered a minor thing and all of these aspects need to be looked at in detail.

You will need a fulfilment house that knows all the common pitfalls, one that can work with you as you make the transition. As you can see, it's a much more complicated logistical set up than just packing one teacup and popping it in the post!

It's an important business decision for each of our customers in terms of what they want to achieve; some are very happy to continue just selling to retail end-users because the margins are better, but if they can get their products into a retailer or wholesaler, then their volume's going to go up, but their margins may be squeezed so this is something to consider.

Therefore, if you're going to go to start distributing either to wholesalers or retailers, then *make sure* your new FSP will work with you to cover all these aspects and pitfalls. They should make sure that the transition is as easy and smooth as possible.



If you have any further questions on this, then please get in touch! You can do so by either calling us on 01622 791232 (Quoting OFEX7 for your first month of storage FREE) or dropping us an email at info@orderfulfilmentexperts.co.uk. Or if you would like a quote for your fulfilment, then simply fill out this form on our website. Don't forget to quote OFEX7 for your first month's free storage!

Section 3

International Infiltration...!

E-Commerce in the UK

The opportunity for the UK, recognised in the E-Commerce@its.best.uk report remains – that of being the ‘best place for E-Commerce in the world’

I’m intentionally going to keep this section relatively succinct because if you are considering setting up a distribution point in the UK, then you no doubt have an established business already or have done your homework. However, I have included information which I hope you will find useful and informative.

4 great reasons for attacking the UK Market

1. £78bn - estimated value of the UK online retail market
2. 300% - growth of mobile E-Commerce
3. €825bn - estimated value of the global B2C E-Commerce market
4. 80% - percentage of smart phone and tablet owners who use their devices while watching TV

Challenges

As I mentioned in my introduction, the greatest challenge to the UK’s e-strategies in general and E-Commerce in particular, is its lack of broadband capacity which will require significant further investment in fibre and cable upgrades to improve quality.

This said, it certainly hasn’t prevented E-Commerce growing here in the UK, mainly thanks to our mobile networks so tablets and smart phones are booming. This basically means if you intend to sell to B2C markets, making sure you have developed an App or at least got your website mobile ready will put you in good stead.

SWOT Analysis

Strengths

The UK has many natural strengths that propel it towards an even stronger E-Commerce future, amongst them are:

- ✓ One of the largest domestic markets in Europe.
- ✓ Large sophisticated ‘high street’ retailers (Boots, Marks and Spencers, Tesco, etc.)
- ✓ Innovative SMEs and a positive entrepreneurial spirit – a ‘nation of shop keepers’.
- ✓ Large and sophisticated audio visual and financial service sectors
- ✓ A competitive environment (ranked 10th. WEF’s GCI index).
- ✓ Broad Internet penetration and high E-Commerce usage (over 50%)

- ✓ High e-procurement within government with the mechanisms for suppliers to supply the government marketplace.
- ✓ One of the strongest and most competitive international trading economies in the world.

There is long-standing recognition by the UK government of the importance of E-Commerce as the next revolution and an opportunity to re-invent the UK within the digital age (remembering its role in the industrial revolution).

Weaknesses

Given the size of the UK's population and its density the UK will always struggle to maintain the heavy investment in infrastructure needed to keep up with demand, as it has in other communications and utility infrastructures, e.g. transport (roads, railways and air travel) and electricity and water.

Opportunities

The opportunity for the UK, recognised in the E-Commerce@its.best.uk report remains – that of being the 'best place for E-Commerce in the world'.

As the above report highlights, the opportunity presented by E-Commerce is twofold. First, it enables industry to reduce cost and increase competitiveness (lower prices) within existing business models and to raise efficiency by integrating supply chains through B2B.

Secondly it provides 'double win' in B2C by outsourcing work (thus costs) yet improving the buying experience and customer satisfaction, a fact long accepted in the financial services industry.

E-Commerce also offers the UK the opportunity of meeting its commitment to becoming a 'green economy', reducing its carbon footprint and easing pressure on an overstretched physical infrastructure, e.g. road, rail and air travel through greater e-consumerism.

Threats

The main threat to the UK's aspiration will be:

- Insufficient or delayed government support (possibly due to a change in administration) for private sector investment in infrastructure to meet the broadband quality needs of the future.
- Difficulties protecting the UK's most valuable E-Commerce assets, e.g. audio visual media, against copyright infringement whilst maintaining more open access to content.

Inward investment into the UK

If your business is based outside the UK and you're thinking of making a significant investment here, HM Revenue and Customs (HMRC) can help. Inward Investment Support (IIS) is a service HMRC provides to businesses that aren't resident in the UK

and don't already deal with HMRC: www.hmrc.gov.uk/international/iis.htm

Benefits of UK distribution hub

- ✓ Cost savings in distribution to the UK and rest of Europe
- ✓ Fast Delivery times to your end buyer
- ✓ Customer service levels increased
- ✓ Ideal European distribution point
- ✓ Increase in market share
- ✓ Brand awareness

Choosing the Right Location for Your Distribution House

It's always sensible to choose a fulfilment house that's within reasonable proximity to where your products are being imported.

3 Little-Known Facts About Order Fulfilment in Kent

People often don't think about where their fulfilment house is located; yet, location is a **very important factor to consider when choosing a fulfilment house.**

In this section we're going to be looking at three little-known reasons why Kent is a very useful location to choose for your order fulfilment services.



Firstly, all the major **UK airports**—Heathrow, Gatwick, and Stanstead—are in very close proximity to Kent.

Second, Kent is also very close to the **seaports** of *Dover* and *Ramsgate*, as well as the Channel Tunnel – Dover, in particular, is still a very busy port, and a lot of goods come in by train from the continent now.

The third reason that Kent is such a useful location for order fulfilment is because it is **close to London.**

Being the UK's capital city, London offers the largest potential in terms of business development for getting into retailers. And because London is very advanced from a technological standpoint, the City also offers enormous potential in terms of the market of people buying online there!

But what are the benefits of being close to the airports, seaports, and the UK's capital city?

Well, firstly, all of these three things reduce costs! Kent is pretty much equidistant from all the various ports where goods can come in from... whether by sea, land, or air.

Being close to the ports and London has environmental benefits too, because being in such close proximity to the airports, seaports and capital city also reduces the carbon footprint.

As soon as the goods arrive into the port, they have a lesser distance to travel to get to the warehouse (and then on for further distribution) compared to if they were being delivered to, say, Norfolk to then be redistributed to London.

It's always tempting to choose a fulfilment house that's within reasonable proximity to where you, the customer, are based. But if your goods are going to be coming into the major ports, it can make more sense to have a fulfilment house in Kent.

That way, the distance your goods are travelling will be kept to a minimum and you won't have to pay the extra needed to get them further afield!

In conclusion, Kent is actually the 'perfect triangle' from a logistical standpoint. It's slap-bang in the middle of the major airports, seaports, and channel tunnel, and within close proximity to London and, therefore, ideally placed for tapping into an ever-increasing market demand.

Even if you or your businesses aren't located in Kent, it's a serious contender for choice of location for your order fulfilment house!

Check list when looking for a UK fulfilment house;

Wherever possible always carry out a site visit

Tie this in with meetings to potential retailers, UK foreign investment advisors and always visit your own Chamber of Commerce here in the UK, they have so many contacts.

Meet the team/primary contact you will be working with at your chosen fulfilment house.

Go through your business plans, your expectations and make sure you understand the fulfilment houses capabilities.

Make sure you mention any specific requirements you may have from the outset
Legalities, import and customs costs can all be nailed down with your UK foreign investment advisor.

Get to know the area/government funded organisations helping inward investment to the UK i.e. Locate in Kent

Dipping the toe... how to Start

Don't just plunge in, test a few of your best seller's first and be prepared to do some research

It can be a daunting prospect launching into a new market but if you are serious about developing your business here in the UK and you recognise the massive potential our little island offers, then there is plenty of help at hand.

Instead of plunging straight in you would be best to test your current best sellers and fast moving products in the UK. It doesn't automatically mean people will want to buy exactly the same things over here, that will need to be tested, but it's a great starting point.

So, find a fulfilment house and distribution point that suits your needs. Ideally a company that is willing to go the extra mile to help you become established. Being able to call and speak to them outside of 9am to 5pm GMT for example would be useful. Also can they offer a telephone answering service or help you with mail shots if required.

When sending your first batch of products, always ask the courier company you are using for best advice regarding customs and import duties. All of the main courier companies like Fed Ex, DHL, UPS etc. Have a wealth of information about international shipments and their own departments that deal with imports and exports.

Outside of this be sure to do your homework. Use the useful links at the end of this chapter to send off for your own starter kit – you'd be surprised how much invaluable free information is available from HMRC (Her Majesty's Revenue & Customs) as well as UKTI (United Kingdom Trade & Industry). They want you here so they will help you as much as they can!

Check list

- ✓ Carry out a competitor analysis and order their products
- ✓ Get to know any nuances in the UK market opposed to your domestic one you are accustomed to
- ✓ Check your language/anglicise your marketing spiel
- ✓ Start with your best sellers
- ✓ Read section 2!!!

CLASSIFIED CASE STUDY # 4

Name of company: BerryWhite®
Name of owners: Andrew Jennings
Website address: www.berrywhite.com
What do you sell? Fruit Drinks

What gave you the idea to start this business?

I launched BerryWhite® in the UK in 2012.

I wanted to create a drink packed full of flavour that was not only good for you but also tasted great and was good for others. The trick was matching the health benefits of my ingredients with their flavour combinations to create a unique drink that was both organic and good for you.

I've been interested in the properties of superfruits and white tea for a while and they were a natural (pardon the pun) choice for my key ingredients, so I sourced the finest organic produce, found a brilliant mixologist, and we began blending and blending...!

I'm super proud of the result; BerryWhite® drinks are light and refreshing, whilst retaining their intensity of flavour.

What made you decide to outsource your fulfilment?

We started out as most people do very basically; I was packing our bottles in boxes in the kitchen at home and then going to the post office to send them off. As soon as I could I immediately outsourced this activity to give us the scalability we need.

What were the main criteria for choosing your fulfilment house?

The most critical factors are efficiency, price and reliability. I saw an article about Sam in a newspaper and thought it was an unusual industry for a woman to start a business in, she mentioned in the article that her team were predominantly women, offering more care and attention throughout the fulfilment process and I was interested to receive her proposal.

What one piece of advice would you give someone who is looking to outsource their fulfilment house?

Make sure you go with a fulfilment house that has someone who looks after your account and is at the end of the phone. It is really important for me to be able to pick up the phone and deal with any urgent deliveries or issues straight away with

someone who knows my business and has our best interests at heart.

What are the primary benefits you have so far encountered in making the decision to outsource.

Quite simply my focus is now on selling rather than sending out product. Within the first year I've managed to set up distributors and retailers in over 15 countries worldwide, and this is just the beginning.

Useful Links



For getting started these following links can offer a wealth of information for helping you get started

- ➔ www.ukti.gov.uk/invest.html
- ➔ www.dutycalculator.com
- ➔ www.gov.uk/starting-to-import/importing-from-noneu-countries
- ➔ <http://customs.hmrc.gov.uk/channelsPortalWebApp/channelsPortalWebApp.portal>

Lastly, this Applies to Every E-Commerce Business Owner - Don't Forget to Market *Off-line* to your Online Customers!

The information you hold on your database is marketing gold dust. Use it to its maximum by using direct mail campaigns

You've got their contact details, you know what they are 'in to', you already know a lot about your customers including their postal address, so why not build on that?

We're all taught as business owners to ensure we have as many pillars holding up our businesses as possible. This doesn't just apply to customers but every aspect of the business including marketing. For sure, PPC, SEO, Auto-responders, E-Mail Marketing, Blogging, Webinars, Affiliate Programmes, Strategic Alliances, Video Marketing, Your own YouTube Channel, Podcasts, Bannner Ads, Linked In, Facebooks Ads, or writing your own Book (!) are all excellent ways of driving traffic to your website – however...

Don't overlook the art of Direct Mail Campaigns. I say art as there is an art to getting it right. Here at OFEX we not only carry out our own Direct Mail Campaigns which have worked brilliantly for us, but we also help our customers use their existing data to send out mailshots to launch referral programs and special offers, we also work closely in conjunction with Royal Mail to obtain the most up to date data to help our customers launch affiliate programs and find joint venture partners.

We test and measure response rates and use the latest hooks, whether it means hand writing all the envelopes, using colourful envelopes or sending 3D (otherwise known as 'Lumpy Mail') to ensure a massively increased open rate. Done properly, Direct Mail Campaigns can have massive impact on your business. Give it a go!

Conclusion

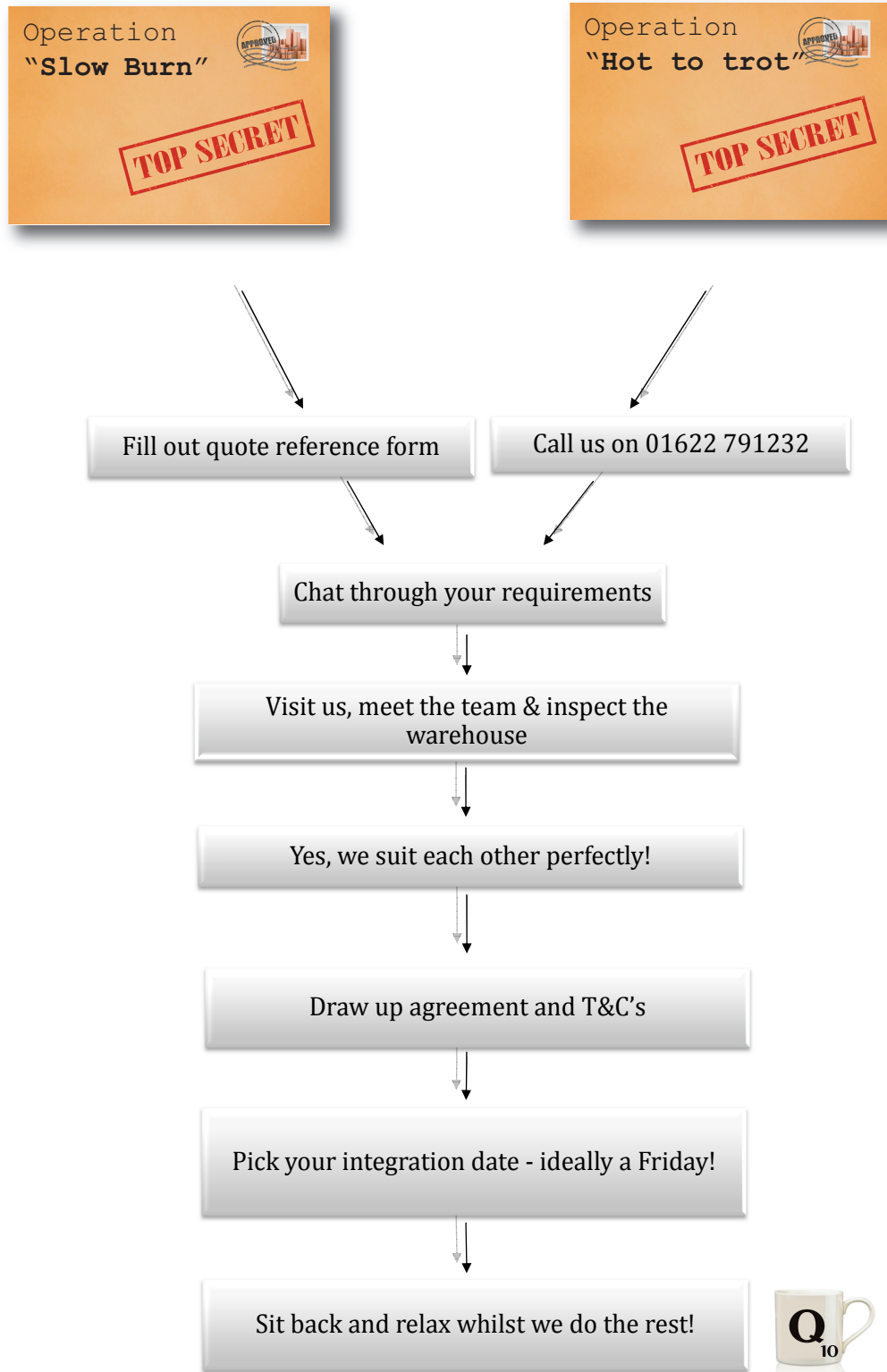
Don't over complicate things unnecessarily, remember if you want to increase your income from your E-Commerce business - keep a note of what your time is worth to you (page 14), don't do anything other than spending your time actively growing your business, delegate and outsource the rest to experts in the domains you need outsourcing.

Smart E-Commerce owners are making sure they spend their time working ON the business not IN it. Even if you think that outsourcing your fulfilment is too expensive, you might find that actually you will save money, if you then spend your time working on marketing and growing your business. And you can't do that whilst you're picking and packing or constantly fire fighting with your logistics team.

Also, remember to make sure that when you do decide to find a fulfilment house, that you find one that is in line with your growth projections. Make sure they have the same core values, and that you're not being dictated to when it comes to YOUR fulfilment.

Also, for those that are thinking of moving their distribution to the UK, having a central fulfilment house is critical. So make sure you do your research first.

What to do Now?



About the author

Having done my fair share of waitressing and pulling pints when I left school at 16, and back packing on my own around Malaysia for 3 months, (I was 19) I thought I ought to get 'a proper job'. So, I started working for a manufacturer in Erith on the factory floor. After a couple of modest promotions to reception and sales administrator I landed myself a job in the Export Sales Department. They needed a brave (or silly) soul to open a French office for market research purposes. I was the only one that volunteered!

After a year of being in France, I spoke French fluently, and having acquired a taste for French life I decided not to go back to the factory in Erith. I managed to get a job working for the British Consulate in Lille. They knew of sales jobs becoming available at Abbey National France so I applied – got the job and was promoted every 18 months until I was Branch Manager and Responsible for the International Sales Division. I then hit that "hmmmm, what now?" moment, so I packed a ruck sack again and went travelling around the world for 18 months.

Back in Blighty my Dad had set up a small retail postal outlet and wanted me to 'have a look'. So I flew in from Mumbai to this little postal shop in a shiny new, spotlessly clean development in Kent. It was the first time back in the UK for over 10 years – quite a culture shock! It turned out Dad was very ill so I took this shop on and then recognised an opportunity to work with E-Commerce business owners offering them fulfilment services. So, I did. Lots of sharp learning curves ensued and after an incredibly bumpy ride I set up my own business OFEX in November 2011. I just LOVE working with an eclectic mix of entrepreneurs. The warehouse really is an Aladdin's cave of different products.

When the business first started up I was doing everything; picking, packing, unloading vans, bookkeeping, answering the phones, responding to the emails, quotes, early morning networking, sales calls, cleaning – you name it, I did it.

I've now learnt the painful way, to delegate as quickly as the business will allow so that I can grow OFEX into the business I know it can be. This experience is very far removed from my previous role, working at a corporate level for a blue chip company in France for ten years, I used to have to dial "192" to get my computer fixed not scramble around on my hands and knees with a maze of cables!

When I'm not working I'm planning adventures with my other half, like climbing Kilimanjaro, training for a 45 mile night time ultra- marathon or simply lapping up the Lake District. I also love catching up with my friends on both sides of the channel. Nothing beats a good few rounds of kickboxing, it's a great stress buster and I'm absorbing and putting into practice as many lessons from business books I can get my hands on in my spare time.

Acknowledgements

A special thank you Simon for being such a phenomenal support and looking after me, ensuring I've been sufficiently fed and watered to keep going until the early hours of the morning. Sorry for keeping you up clattering away on the key board at silly O'clock!

Thank you to all the OFEX team, especially Emily for putting up with me burying myself away to get this done.

Thank you Alexa for cracking the whip and making sure I finished this project and for all your help and expertise in delivering the final product.

Thank you Ed for your *Foreword*, but also for being such a great sounding board with all my online marketing and for being a very decent person and friend.

And most importantly, thank you to all my customers past and present, without whom there wouldn't be a book. Thank you for being part of the OFEX journey and for demanding excellence.