

White Paper

Ten Tough Questions to Ask a Prospective Fulfillment Provider





When shopping for a fulfillment provider, you need to be armed with the right questions. Don't be like the first-time car buyer who is taken in by smooth sales tactics. Here are ten tough questions to put to prospective providers. You'll cut through the sales spiels and zero in on a reputable, professional firm that can help your company prosper.

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Question 1

Can you give me a complete list of your fees (including any actions that trigger penalties)?

Not unlike the sticker in the car window, pricing proposals for fulfillment services seem straightforward but often mask negotiable terms and hidden fees. A leading fulfillment company appears to have no monthly base service fee. When you dig deeper, you discover that you must use the fulfillment provider's technology—with its monthly access fee. Terms of Service sometimes contain fees not disclosed in pricing proposals.

- Ask detailed questions about service pricing, shipping rates and options, and terms.
- Request a list of charges/penalties that apply if you don't conform to various "rules" (such as a \$40 penalty for returns sent back without a returns authorization number).

Question 2

Tell me about the receiving process—what tasks do you perform and what is considered my responsibility?

The receiving function involves "checking in" products arriving at the warehouse, labeling products with SKU labels, weighing and measuring each product, sorting stock, and storing the items according to the warehouse management system. Some fulfillment providers require their ecommerce clients to perform a substantial portion of the receiving functions themselves—most notably, labeling products, providing weight and measurements, and shipping stock to different centers to make the job of the fulfillment center easier.

Your choice of fulfillment partner may depend on whether you can or want to handle receiving duties. Were you planning to send your products to the fulfillment center directly from your manufacturer or

wholesaler? If so, where and how would labeling and other functions occur? Can you afford to pay for labeling (if it is offered as an add-on service) or for the possible penalties for non-compliance?



- Watch for penalties: It is not uncommon for a fulfillment company to charge you hefty fees to do something as simple as adding a few missing SKU stickers (if you agreed to the receiving responsibilities).
- Consider the costs of doing receiving tasks on your end such as labels, label machines, and scales as well as the cost of shipping to you and then to the fulfillment center.

Question 3

How will you help my company maintain an accurate inventory?

You need to know if the fulfillment company conducts physical inspections and audits against packing slips when your products are received and if they do regular cycle counting of inventory. It may surprise you to learn that some leading fulfillment providers actually make no attempt to keep your inventory counts accurate. When new inventory arrives, they simply accept the count printed on the packing slip or the number that you entered in their online system and shunt your products off to the designated warehouse location.

Inventory policies of such a cursory nature can and do lead to trouble. Invariably, suppliers' packing lists have errors and inbound shipments contain broken and unsellable product. Over time, your inventory reports from the fulfillment company fail to match what you actually have in storage there. Who ultimately bears the brunt of "surprise" backorders and out of stock notices? Your customers.

- Get a clear answer on who initially enters product quantities and whether those quantities are verified when your products arrive at the fulfillment center.
- Avoid fulfillment companies that don't inspect and audit your inventory during receiving and don't conduct cycle counts (unless your business can handle a reasonable amount of "slush" in inventory numbers).

Question 4

Is there an in-house I.T. team to assist with shopping cart integration and inventory control?

The most crucial hurdle in a fulfillment deal is the technical integration between your shopping cart or webstore and the fulfillment company's warehouse and shipping management system.

Every fulfillment company makes it sound like a simple matter to achieve integration. Don't get snowed by "how easy integration is with Fulfillment Company X." All integration requires some customization and testing. Your experience will go much better with the support of an in-house I.T. team that can work closely with you to make sure that integration is working. You also need to know the cost for integration or tech support. There are huge disparities among companies with some offering free integration and others charging several thousand dollars.

- Check whether they can provide a testing environment to ensure that everything is working before going live.
- Request an estimate of integration costs or I.T. support fees.
- Find out if they have an I.T. group ready to assist you and if you can talk directly to their tech personnel.

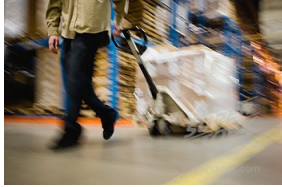
Question 5

Can you outline your service guarantee?

You need to know what the fulfillment company will do if your products are lost or damaged or if your orders fail to ship in a timely or accurate way. Even with sophisticated technology and good work teams, every fulfillment company eventually makes an error. There is no such thing as an absolutely error-free system. And so the question is not, "Will the fulfillment company ever make a mistake?" The question is, "What will they do about it?"

What you're after is a written commitment from the company that they will make right what they accidentally made wrong. In the event that they lose or damage your property, will they compensate you for your costs to get that property replaced? If they send the wrong product, or they send it to the wrong customer, will they issue a call tag and try to recover that merchandise, and will they pay to ship the right product to the right buyer? The answer should be yes.





Question 6
Is there a way to cancel or amend orders “after the print?”

This is a technical question to ask, but it is important. In the fulfillment business, as orders are received, they are batched together and printed in regular intervals throughout the day. These are called “prints,” and they form the basis of the pick/pack/ship work processes.

Once an order has been printed, it can no longer be altered electronically (meaning that you can’t change details like the shipping address, the SKUs to be included, the ship method, etc.).

But, because the order has not physically left the fulfillment center, there is still time for a manual change to the order. A manual change generally involves canceling the order, finding and pulling the paper documents, and then individually re-entering the corrected order in the system for the next print.

The truth is that, on occasion, you may need an urgent, last-minute, after-the-print change—due to payment declines, customer errors, or other problems. Some fulfillment companies refuse to modify an order after the print for any reason and for any price. It is the sign of a good company if they express a willingness to go the extra mile for you when you really need it in exchange for reasonable compensation.

- Check what procedures or fees the company has in place to handle “after the print” emergencies.

Question 7
How are packing lists and boxes branded (or not branded)?

This new issue has emerged with the increasing importance of both branding and confidentiality. Ecommerce retailers who use *Fulfillment by Amazon* have their orders go out in an *Amazon*-branded box and an *Amazon*-branded packing list. Would you be comfortable with the fulfillment company’s logo on the box and not your company logo?

Many fulfillment companies can print your logo on the packing slip, if desired, and some can brand boxes with your logo for a modest fee. Alternatively, the nature of your products may require an unbranded box for confidentiality reasons.

On a related note, some fulfillment companies use a Package Insert Program (PIP). Ads for steak companies, sporting goods, and loan modi-



fication programs may be inserted in all outgoing packages. You may be presented with an opt-in or opt-out choice for the PIP program, but generally you have no control over which ads are inserted.

Package branding ultimately relates to your company's image and reputation, and you'll want to assess how their branding options fit your goals.

Question 8

What is the scope of your international shipping services—worldwide or specific countries?

No international shipping? Really. Some fulfillment companies do not provide for international shipping of your products or only ship to certain regions. Some won't ship to Canada. Does domestic-only shipping work for you or is it a deal breaker? International shipping to both Europe and Asia has been on a steady growth curve, and if your fulfillment partner will not ship out of the U.S., then you're closed off from expanding to those markets.

- Look at the geographic locations where you are expanding or hope to expand your client base and see if the fulfillment company's shipping destinations coincide with where you anticipate doing more shipping.

Question 9

What accessory services do you offer?

Fulfillment companies are structured around three core services: offsite inventory storage, packing and shipping of orders, and returns. Many companies also offer a robust array of supporting services that may add value to your particular business. Some examples are product photography, kitting and assembly, COD shipping, printing, and DVD replication.

Having on-site photography to create product images for your website, for example, could allow you to ship direct from your manufacturers and save you considerable time and money to roll out new products or lines.

Light assembly or "kitting" might be another helpful service. For example, you might run regular promotions that require a special SKU to be put together of different items, inserts, boxes, etc. Fulfillment personnel can pull the relevant items from your inventory and assemble the kits. Would access to certain services from the fulfillment company streamline your work processes and/or keep your costs down?

- Go beyond viewing their menu of services. Get a price quote for a typical job you might need: 200 kits that bundle three items and a flyer.



Question 10

How do you handle account closeouts? What are the options for getting my inventory back?



Account closeout terms are typically buried in the fine print. Who wants to talk about leaving when you are just getting started? However, if you do read that fine print, you may be surprised to discover a common, and potentially very expensive, closeout provision.

What you may discover is that the closeout procedures specify that you pay the fulfillment company *at standard fulfillment rates* to have your inventory sent back to you. For example, if the company charges .75 per item for fulfillment, then they charge you .75 per item to pack up your products for return. If you have an inventory of 2,000 items, you can expect to see a \$1,500 bill just to get your inventory out of the fulfillment center—and that does not include the freight costs.

Why the expensive provision? Here's why. Many fulfillment companies offer their clients *free receiving*. They fold their actual receiving costs into their fulfillment fees. So, if you close your account—thereby bypassing fulfillment—then they need to make up the cost of your “free” initial receiving somehow—thus, the provision.

A reputable fulfillment company will not have these exorbitant closeout terms. It is reasonable to charge a per-hour labor rate for packing up inventory and a reasonable freight charge to return it, but sending a client's inventory back to them or to another location is hardly a fulfillment activity and does not deserve to be priced this way.

- Think ahead to the possibility that you might someday need or want to close your account. Get reasonable terms in writing for how your inventory will be handled during closeout.

To hear our answers to these Ten Tough Questions and to learn for yourself why hundreds of ecommerce merchants trust eFulfillment Service to store their inventory and quickly fill their orders, contact us:

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About eFulfillment Service

eFulfillment Service (EFS) allows small-to-medium ecommerce merchants to manage their businesses from anywhere—providing product storage, order processing, shipping, and returns with the speed and reliability that builds company reputations. Using eFulfillment Service’s web-based technology, ecommerce professionals can view inventory, check orders and shipments, and request additional services or support from experienced, professional teams. Friendly business terms include no contracts, no minimums, and pay-as-you-go. Integration with shopping carts is free, and a 30-Day Test Drive and 100% Satisfaction Guarantee demonstrate our company’s commitment to service.

