

ARE YOUR FULFILLMENT OPERATIONS GETTING IN THE WAY OF GROWTH?

**Determining When to
Outsource to a 3PL**



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The internet and the rise of e-commerce ignited rapid growth in the 3PL (third-party logistics) industry in the early 2000s, and outsourcing fulfillment to specialists is becoming more common than ever. According to a recent study by Armstrong & Associates, 86% of domestic Fortune 500 retailers and 96% of domestic Fortune 100 retailers use the services of 3PL's for their fulfillment.

It's also no secret that consumers' expectations of low cost or free shipping and quick ship times has been forever changed by Amazon Prime, thus raising the bar for small businesses. The many facets of fulfillment—transportation, warehousing, distribution, and shipping & receiving—can be challenging for emerging businesses to learn and navigate, and mishaps in these areas can adversely impact the customer experience, creating barriers to growth.

WHAT DOES A 3PL ACTUALLY DO?

While many 3PL's have a particular specialty they focus on, these are the basic functions a 3PL partner performs:

01

WAREHOUSING. Warehousing means that a 3PL will store your goods in their facility, in addition to inventory management. Your 3PL will most likely integrate inventory management software with your e-commerce platform.

02

SHIPPING & RECEIVING. A 3PL will receive your goods from the supplier and also ship them from their facility to the consumer.

03

PICK & PACK. When orders are received, your 3PL will pick items from inventory and package them prior to shipping.



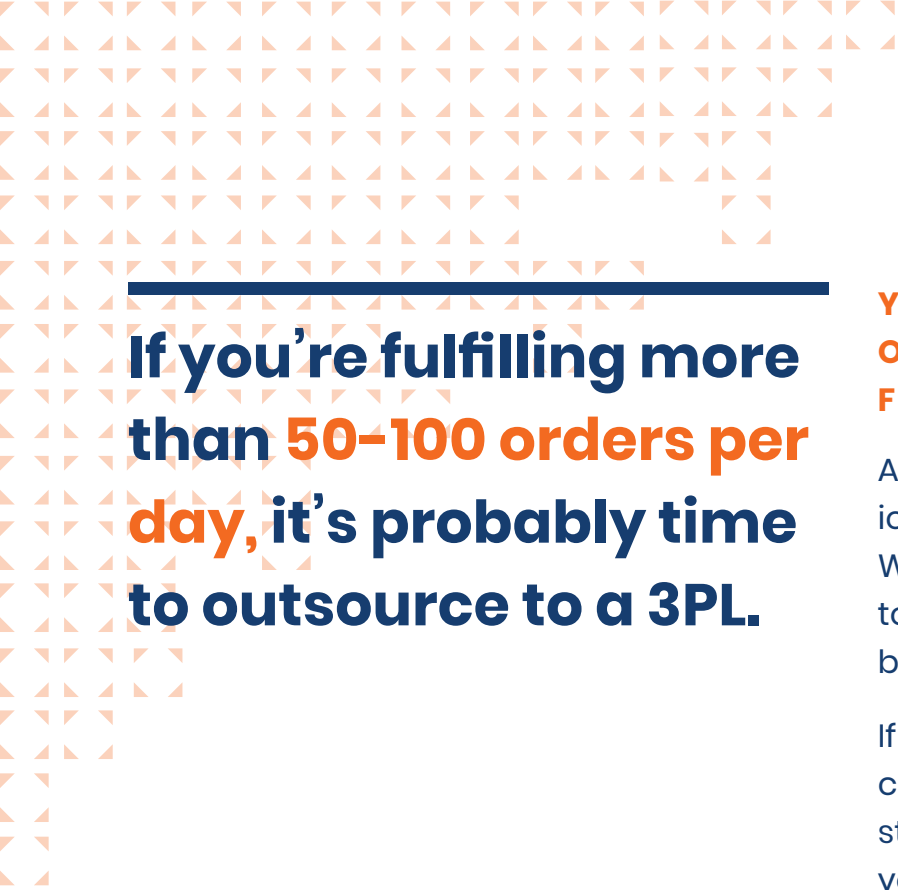
HOW DO YOU KNOW WHEN IT'S TIME TO OUTSOURCE YOUR FULFILLMENT?

As a business leader, you probably already understand that there are aspects of your operation that are important, but fall outside your area of expertise. Fulfillment is a complex process that presents a large set of challenges, many of which owners never considered when they set out to start their companies. So, what are the signs that you can benefit from outsourcing to a 3PL? These are the key indicators that you're ready.

YOU DON'T HAVE TIME FOR MARKETING AND GROWTH EFFORTS.

As a successful online seller, you know that it takes work to continue to drive sales. Even the best possible website is useless without traffic. Competition is heavy for brands vying for the attention of online users, and if you're not consistently getting your message seen, then your brand runs the risk of getting lost in the shuffle. If managing your inventory and fulfilling orders has you struggling to keep up, consider it a clear sign that it's time to look for a 3PL partner who can allow you to get back to doing what you do best.





If you're fulfilling more than 50-100 orders per day, it's probably time to outsource to a 3PL.

**YOUR BUSINESS IS ABOUT TO SPIKE
OR YOUR ORDER VOLUME TENDS TO
FLUCTUATE**

Anticipating a spike in business is exciting, but can also be panic-inducing if you're not confident in your fulfillment operation. Whatever the reason for your anticipated sales spike, it's important to capitalize on the opportunity to create more raving fans for your brand, rather than cause frustration by mishandling orders.

If your order volume isn't consistent, outsourcing can be a great cost-saving solution. If you are warehousing and using internal staff for fulfillment, your costs are fixed no matter how many orders you ship. With a 3PL partner, your cost remains more in line with the volume you're doing in sales, giving your cash flow a much needed boost during slow seasons.



YOU HAVE A GROWING SET OF INTERNATIONAL CUSTOMERS.

International shipping is complex and costly. Not only is the price of freight significant, but there are many other factors that affect the cost and complicate the process of shipping goods internationally, including customs, taxes, tariffs, and other fees.

Attention to detail is paramount when it comes to international shipping. Even the slightest error in an address can cause major problems—your products won't reach the consumer and you'll still be charged for shipping, not to mention the frustration your customer is likely to experience when their products don't show up or get delayed. Outsourcing to a partner who is an expert in navigating the complexities of international shipping can help you avoid these problems, thus protecting your brand and your customers' experience.

When your subscription service reaches 250 subscribers, it's time to engage a fulfillment partner.

YOU'RE FRUSTRATED WITH TECHNOLOGY

As e-commerce platforms and warehouse management systems (WMS) continue to evolve, their capabilities are growing. There is tremendous opportunity for e-retailers to leverage data: forecasting trends and honing production and inventory levels to meet demands while conserving costs are just two examples. A WMS that integrates with your e-commerce website is also a valuable tool to prevent over-orders and other mishaps that impact the customer experience.

While these increased capabilities are pretty exciting to fulfillment geeks in the industry, they can be difficult to leverage without expertise and time. Some sellers even give up on these systems entirely and rely on spreadsheets to track inventory, which can be a recipe for disaster. A 3PL can implement the software you need to optimize your operations, allowing you to take a data-driven approach to decision making and prevent problems before they occur.



CONCLUSION

86% of domestic Fortune 500 retailers use 3PL partners.

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All of these indicators are great problems to have—it's true, bear with us—they're signs that you've grown your business to the next level, and that is pretty awesome. However, warehousing and fulfillment are complex operations that impact your customers. When you sell online, how your orders are fulfilled is often the first opportunity you have to make an impression. Most business owners we talk to admit that they don't have a strong skill set when it comes to fulfillment, and that's why we and other 3PL's do what we do... that, and the fact that we live for this stuff. Handling the details and helping businesses grow are what gets us excited to come to work every day.

Do you think it's time to explore how outsourcing fulfillment can help you achieve your growth objectives? Give us a call, and let's discover how we can remove...wait, destroy, whatever obstacles fulfillment is presenting to your business goals.



LEARN MORE ABOUT PARTNERING WITH MATERIALOGIC



At Materialogic, we're more than just a 3PL. We partner with companies to deliver operational excellence and smart logistics solutions. We'd love to hear more about your business and learn how our team of supply chain experts can help you achieve your goals.

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