

3 COSTLY MISTAKES

**When Choosing a
Fulfillment Company...
and How You
Can Avoid Them.**



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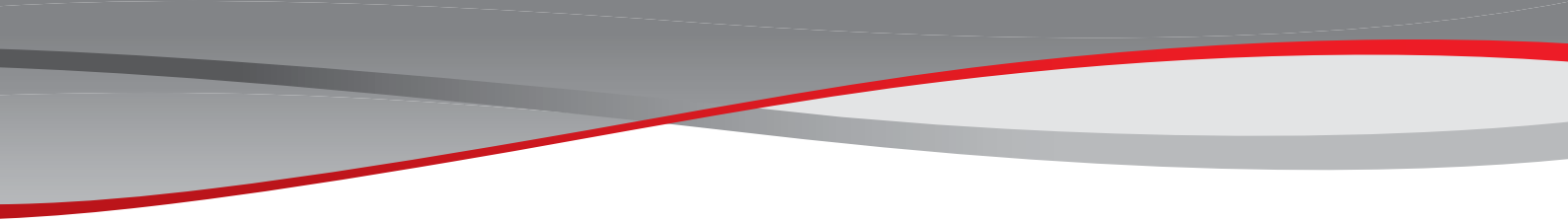
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Contact: Mike Lore
Southern Fulfillment Services
1650 90th Avenue | Vero Beach, FL 32966
P: 772-226-3609 | E: mlore@southernfulfillment.com



Choosing the right fulfillment solution for your business today is more important than you may realize. One of the key traits that any reputable fulfillment partner should demonstrate is a flexible infrastructure that can accommodate any of your special needs, should they arise.

For example, if a customer special orders your product and wants it shipped overnight—or even shipped quickly overseas—the fulfillment company you have partnered with should be able to accommodate your customer's rush order efficiently. Or if a customer wants to place a large bulk order, your fulfillment provider should be able to rush that order out the door, no matter how large.

Meeting customer expectations is especially important if your business is transitioning from fulfilling orders in-house to using a third-party company. Customers expect the same level of service and attention to detail that your staff has always provided. Your existing turnaround time for order fulfillment and shipping should be considered the baseline for any outside fulfillment company that you contract with. In summary, they must be able to exceed the best that your staff now offers!

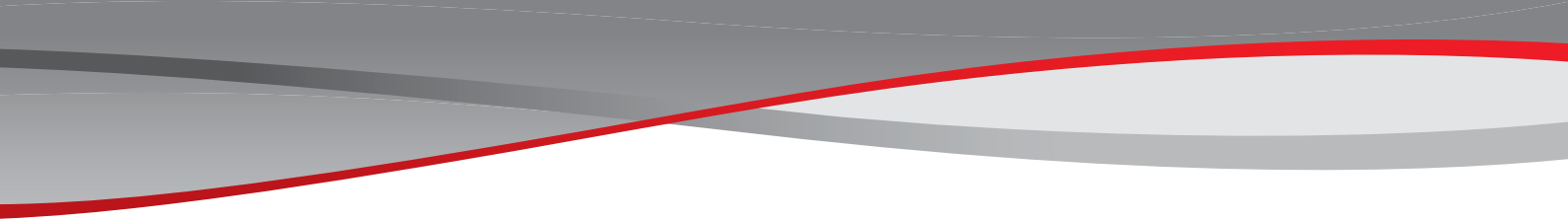
Unfortunately, not doing enough in-depth research when choosing a fulfillment partner is a common mistake that many business executives and owners make, but it's not the only one. Here are three other common mistakes, and how you can avoid them.



MISTAKE

1

Choosing a fulfillment company that can't meet the needs of your business.

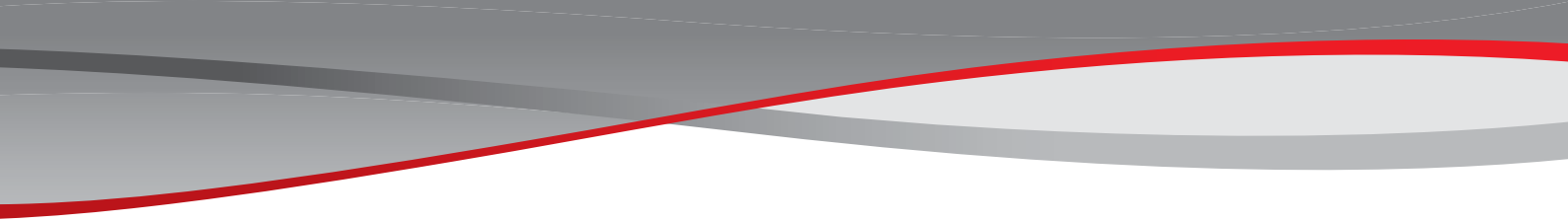


Businesses succeed or fail based on their ability to meet or exceed customer expectations. Therefore, it is essential to have a partner company that can store items safely, process orders correctly, pack items securely, and ship them quickly. Each aspect of the fulfillment process requires flexibility in order to meet the individual needs of all clients ordering your products. This process should ultimately allow your clients to experience your fulfillment partner's procurement process.

A fulfillment partner must be able to anticipate your company's needs in order to protect your company from losing customer loyalty and ultimately, sales. Whether it's more storage space during a busy sales season, or extra customer service personnel to answer customer questions during the Christmas holiday, a skilled fulfillment partner will know your current business and anticipate your future needs by having the necessary infrastructure in place.

In order to avoid making the mistake of choosing a company that can't meet your needs, you must first know what your needs are! Investing in an analysis of how your business runs can provide the data you need to make an informed decision when it comes to choosing a fulfillment partner. Here are a few issues to factor into your self-analysis:

- What is my average warehouse storage need?
- How many products do I produce per shift?
- How long does a product remain in inventory before going to my customers?
- What time of the year is my production schedule at its peak?
- When is my low season for production and order fulfillment?
- What are my weekly needs for warehousing and shipping?



Internal audits are excellent tools for analyzing what your needs are throughout different seasons. An analysis of the production numbers and sales figures from previous years can help you determine exactly what your needs are. Discuss any concerns that you have with your fulfillment partner before signing a contract and make sure any issues are addressed in the contract.

Once you have a solid idea of your business needs, it's time to address the requirements of a potential fulfillment partner. Each company will have its own rules, SOPs, minimums and other requirements that can impact your business. Talk to the account representative of your fulfillment company about important operating procedures that can impact your business. These include:

- How much notice is required for shipping?
- What types of fast shipping options are available?
- How often is inventory picked up for warehousing?
- What is the minimum number of customer service employees on staff?
- Are facility tours available?
- What types of order processing are available
- What languages can the customer service staff speak fluently?

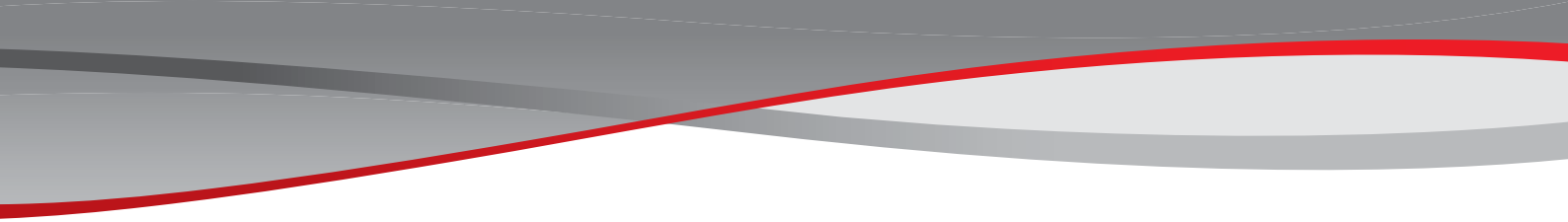
Another key trait of a reputable fulfillment partner is world-class communication. Make sure that the company provides full disclosure of its hiring policies, retention and recruitment plans, and seasonal staffing numbers. For retail businesses, having extra seasonal customer service support is critical to achieving yearly financial goals.



MISTAKE

2

Choosing a fulfillment company that cannot help you grow your business.



Meeting your company's basic fulfillment needs isn't enough. The partner company that you ultimately select should primarily be focused on servicing the needs of your business, and ultimately your customers. Any partner that you contract with needs to be able to help your business grow, otherwise there is little advantage to choosing fulfillment instead of in-house order processing. A solid infrastructure is what will provide the greatest growth potential. Companies that will help your business grow will have a state-of-the-art infrastructure already in place. This infrastructure should include:

- High-tech information networks built to adapt to future advances in technology.
- A suite of complex management tools that help you run your business more efficiently.
- Data management tools that give you the data you need to plot future growth.
- A focus on customer service and support that will keep your customers coming back.
- Storage facilities that can easily be adapted for a wide range of products.

If you are planning on adding new products or branching out into new product lines then the partner you choose should already be experienced at dealing with product needs such as:

- Dry storage
- Storage of perishable products
- Cold and frozen shipments
- Overnight shipping
- Knowledge of customs regulations for shipping outside of the United States if needed
- Delivery and storage of any hazardous materials

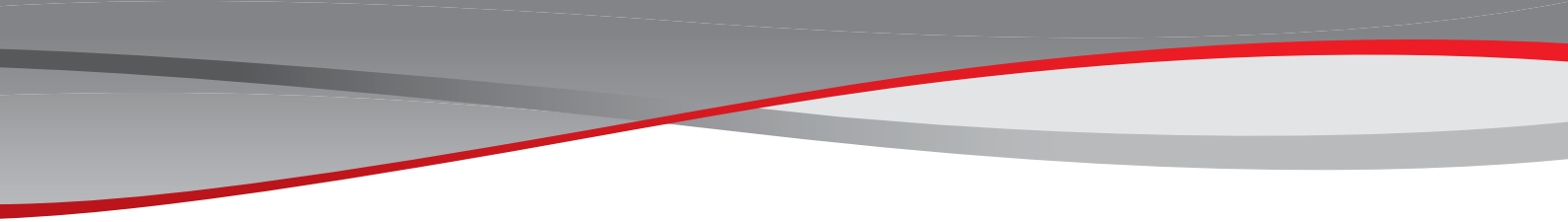
If you wait until you are ready to roll-out new products or expand your business, it will be too late. The time to find a reliable company that is capable of providing the backup you need to achieve the kind of growth you want is now—while you are still plotting your growth strategy!



MISTAKE

3

Choosing a fulfillment company that cannot offer you a range of shipping options and discounted pricing.



Shipping is a huge cost for businesses, and the cost of shipping shifts radically based on the price of fuel. One of the biggest advantages of partnering with a fulfillment company is getting discounted shipping rates. If the company you're considering doesn't offer steeply discounted shipping rates it is not the right company for your business.

Your customers are averse to paying high shipping prices. Studies of consumer behavior have shown consistently that retail businesses which ship products will lose customers if they raise shipping costs. The less you pay for shipping, the less you have to charge your customers, who ultimately remain loyal to your company in order to save on shipping costs!

A large fulfillment company can negotiate discounted shipping prices because of the volume of items that it ships. Your business can directly benefit from that, and so can your customers. In order to make sure that you are getting the best possible deal on shipping, ask any potential fulfillment partner about:

- Shipping options for expedited or international shipping
- Shipping costs
- Volume of items shipped monthly
- What tracking methods are they able to provide
- Returns and shipping costs

Being able to quickly and easily track your shipments is also essential. Customers expect to be able to instantly locate their packages electronically. If the fulfillment company doesn't have integrated shipping tools that allow you to track packages electronically, that company is unlikely to meet your needs.

CONCLUSION

All of these mistakes are avoidable, but they occur frequently because some businesses do not see the big picture when it comes to choosing a fulfillment partner. It can be difficult for a business to stand out in the market today, just based on the products it sells. The best way for a business to stand out, get noticed, and get customers is to consistently exceed the expectations of their customers when it comes to the ordering process.

Attention to customer service, fast turnaround, and low cost shipping are what a fulfillment partner company should give your business. The best fulfillment provider will always be improving their infrastructure, building new technology networks to bridge the gap between your business and the order fulfillment process, ultimately finding new ways to help your business grow.

Have more questions about your current or future fulfillment needs?
Please contact:

Mike Lore
Southern Fulfillment Services
1650 90th Avenue | Vero Beach, FL 32966
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