

**Fulfilment Checklist:**

# How to Select the Best 3PL Provider for Your Business





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# Introduction

Customer demand for **fast, low cost** and **hassle-free** shipping has **never been higher**.

For online sellers, this means getting your ecommerce fulfilment right is more important than ever. But where do you start?

With so many moving parts when it comes to ecommerce logistics, from storing, routing, managing, tracking and everything else in between, it's vital you have a strong fulfilment strategy in place that's right for your business.

Your order fulfilment model will depend on several factors, such as the type of products you sell, your order volumes and how much of the process you're prepared to handle yourself.



# The **three main methods** of order fulfilment are:

## **1. In-house order fulfilment**

Typically, brand new or small businesses will use this method, whereby the merchant completes each step of the fulfilment process internally, from taking the customer's order to picking, packing and delivering, without any third parties getting involved.

## **2. Third-party order fulfilment**

When the merchant no longer has the time or capacity to complete the order fulfilment process themselves, they can outsource to a third-party. This 3PL company can handle the entire fulfilment process from start to finish, including receiving stock from the manufacturer and handling customer returns.

## **3. Dropshipping**

With this method, the merchant never holds the inventory they sell online, instead the products are sourced straight from the supplier and dropshipped directly to the end customer. While offering an easy way to get started with selling online, dropshipping provides very limited control over the product fulfilment process.



So, let's delve a little deeper.

# How is your current fulfilment process **performing for you?**

## Ask yourself:

1. Is your stock processed and booked in as quickly as it should be?
2. Do you have a clear idea of your current stock levels?
3. Are your orders being picked and packed efficiently?
4. Do you have visibility on any delayed orders or oversold items?
5. Are your shipping methods cost effective?
6. Do you know what picking errors and returns are costing your business?
7. Are your operations set up to grow?

## And most importantly

8. Are your customers happy with the service you're providing?

If you think you could be operating better in any of these areas, find the answers to these questions in the following chapters.



## Chapter 1

# Is your stock processed and booked in as quickly as it should be?

If you are self-fulfilling all of your orders, the time it takes you to process and book in your stock will largely depend on what methods you currently have in place.

With manual processing, there is far greater risk of things going wrong as you'll likely be relying on yourself or another person to process each item individually.

This method can be slow, inefficient and leave room for human error and mistakes that can lead to delays in delivery, overselling and unhappy customers at the end of it.

As your inventory grows and you can no longer stay on top of processing your stock manually, it's crucial that you automate as much as possible with the help of fulfilment technology.



Streamlining your ecommerce fulfilment processes means relying on software for speed and transparency to minimise errors.

With third-party order fulfilment, advanced 3PL companies will have automations in place to ensure your stock is booked in quickly, efficiently and within a given timeframe, such as 24 hours.

What's more, working with a top fulfilment provider means added measures for safety, quality assurance and accuracy will be in place, such as double scanning stock individually as it arrives in the warehouse, so you can feel assured that no item is going to be missed.

### **Top tip:**

If your stock sells quickly and you are often facing friction due to overselling, good data insights can help with stock forecasting and therefore reduce the pressure on stock processing time. The dream? Quick stock processing, great forecasting and supply chain planning guarantees many more satisfied customers.



## Chapter 2

# Do you have a **clear idea** of your current **stock levels**?

Without good visibility over your stock levels, you run the risk of overselling, which can have a catastrophic result on both your reputation as a seller and your sales performance.

Customers don't like to be told no, and angry customers mean added pressure on your support team, negative feedback and potential costs to your business in the form of future discounts or other compensation in a bid to retain the customer.

If you sell on multiple platforms, such as your website as well as Amazon and eBay etc, then you'll know how difficult it can be to manually synchronise stock across all of these channels every time you make a sale.

What's more, the inevitable delay in doing so can very quickly lead to you selling products you don't actually have available. In short, it's just not a feasible option if you want to scale.





In fact, the more you grow, the more important it becomes to automate this process, so all your sales channels are updated in real time and low stock levels are flagged in advance.

If you're still overselling or struggling to keep up with seasonal changes in demand, your software is likely outdated and no longer serving its purpose.

In addition to this, inaccurate stock levels could also lead to inventory shrinkage due to input error, goods becoming damaged, lost or stolen between the point of manufacture and the point of sale, which would likely be a result of weak stock security.

Both stock security and shrinkage mean a cost to your business as stock levels are skewed and product margins are affected.

Already have technology in place? Ask yourself if it gives you enough accurate insight and security over your current stock levels.



Without modern, connected technologies, your performance as a whole will suffer from a lack of speed, automation and data-driven decisions.

Consider working with a third-party logistics company that integrates with all of your sales channels to streamline your order management process and automate your stock synchronisation to minimise the risk of overselling, security breaches and stock shrinkage.

### **Top tip:**

In order to make the best data-driven decisions, you need technology in place that offers total transparency over your ecommerce fulfilment, and has the capability to spot errors ahead of time, try to correct them using AI or flag them for you so issues like overselling can be avoided.



## Chapter 3

# Are your orders being **picked** and **packed efficiently**?

Fast and efficient picking and packing is essential to the smooth running of any ecommerce fulfilment operation.

If you're fulfilling orders yourself and using traditional picking and packing techniques, you may often find yourself wasting valuable time and money from inefficient processes.

For instance, the boxes you choose, and how you pack your orders, will have a huge impact on your overall shipping costs.

Not only this, but if you miscalculate and undercharge a customer at checkout, you'll be the one paying for it in one way or another.

So, what systems do you have in place to ensure every package is shipped with the best rates possible and in the most appropriate box size?



If you're still sending out items in oversized boxes, or missing opportunities to box items together, then outdated or manual processes will be to blame.

To combat this, investing in fulfilment intelligence technology that automates as much of the picking and packing process as possible will significantly reduce the risk of human errors that can slow things down, and ensure efficient warehouse operations throughout.

What's more, advanced fulfilment technology can also spot errors such as mispicks or overselling in real time and correct them before they become too much of a problem.

For example, mispicking can lead to skewed stock levels, an increase in customer service demands, as well as an increase in costs due to returns and of course, unhappy customers.

### **But what about how your stock is stored?**

How well your inventory is stored and managed in your warehouse, plays a crucial role in streamlining your fulfilment operations.



Your fulfilment centres need to be using the latest warehouse technology to ensure your stock is stored safely, securely and optimally to avoid any items getting damaged or becoming obsolete.

Also, be mindful of how they are charging you for storage; you could be wasting money on half-empty pallets and shelves.

Furthermore, your inventory needs to be stored efficiently to ensure it can be easily located and accessed, and warehouse staff don't waste time when fulfilling your orders.

### **Top tip:**

Make sure your warehouse uses real time pallet billing, so storage and billing are done live per day using volumetric on cubic metres, for the most accurate costing. If you're sharing warehouse space with other businesses, you want to ensure one area is dedicated to you only, and not scattered in different parts of the warehouse.



## Chapter 4

# Do you have visibility on any **delayed orders** or **oversold items**?

It's no surprise that shipping delays and overselling can cause a lot of stress for online sellers.

Unhappy customers often turn into negative reviews which can damage your brand reputation and impact your sales performance.

Especially during peak ecommerce seasons when more people are shopping online and there's already added pressure on courier services, the likelihood of delays and oversold items becomes even greater.

So, how can you significantly reduce the risk of these issues occurring?

By using automation to streamline your fulfilment operations you can feel confident that all orders are going to be shipped on time, every time.

Moreover, finding a 3PL company that partners with all the major international and domestic couriers is crucial to securing the best shipping services for each order.



Using AI, advanced fulfilment technology can actually map the optimal shipping option for the delivery address of your customer, thereby minimizing the chance of delays.

What's more, investing in intelligence tools will allow you to track your orders every step of the way, giving you a clear overview of what's going on at all times. You can then share all this tracking information with your customer so to avoid those "where's my order" questions.

In addition, any orders that require action are flagged right away meaning you can view processed orders, make changes to orders or process returns from the same portal, and problems like bad addresses can even be troubleshooted without requiring your attention.

If you're regularly dealing with the repercussions of over-sold items, fulfilment intelligence can help by giving you total transparency over the status of your inventory in real time and across all sales channels, as well as give you the insights you need for accurate stock forecasting.

### **Top tip:**

Take advantage of inventory software insights so you're always in the know of when stock is about to run out, where your orders are in real-time, average days in transit and much more. Use this data you have at your fingertips to make the changes needed to prevent these issues happening down the line.



## Chapter 5

# Are your shipping methods cost effective?

If you self-fulfil, finding the most cost-effective shipping methods every time will take you hours – hours you simply don't have as an online seller.

The consequences? You'll end up undercharging your customers and paying the difference to ensure you meet your expected delivery times, as overcharging to make sure shipping costs are covered will only create unhappy customers and barrier to sales.

In doing so, not only will your shipping margins suffer, but you'll also threaten the long-term sustainability of your business as a whole.

If this sounds familiar, then you'll likely still be using manual processes to research, analyze and estimate your shipping prices.





## **How do you know you're getting the best rates?**

With the help of fulfilment technology, you can automate your dimensional shipping calculations to ensure you're always taking into account the physical size and weight of each shipment.

When it comes to choosing the most appropriate courier for the job, keep in mind that each will have their own variables they work to. Always make sure you are pulling live rates directly from carriers to get the most competitive rates.

And don't forget to check that whichever carrier you choose includes additional costs like fuel surcharges and congestion charges already in their prices.

Consider working with a 3PL provider to automate your courier selection process, while taking into account the analytics of each courier to know how they're performing.



The dream? Relying on a powerful algorithm to secure the best shipping prices for your orders while saving you time and leading to more 5-star customer reviews.

No matter how much you ship, or where you ship to, it's vital you have access to a global partnership network with the biggest courier companies such as DPD, Hermes, UPS and Royal Mail, to guarantee the most cost-effective shipping rates every time.

### **Top tip:**

Use data insights to keep track of metrics such as average cart value per shipping method, shipping cost, your fulfillment cost per order, storage cost per unit and much more. Staying up to date and informed of all related shipping costs will help you to easily identify areas that can be improved.



## Chapter 6

# Do you know what **picking errors and returns** are costing your business?

In order to know which areas of your ecommerce fulfilment process need improving, it's vital you have access to accurate, real-time data to allow you to make the best informed decisions.

These insights should include how many mispicks and returns you had in a given time period, as well as how these issues impacted your business in terms of performance and your bottom line.

Having this valuable information at your fingertips, means you can easily identify the problems so you can do something about them.

For example, what procedures do you have in place right now to prevent mispicks?

If you're a small business, this might happen manually, but as soon as you start to grow, failing to identify picking errors early on can lead to problems, delays and unhappy customers down the line.



Investing in fulfillment technology with advanced artificial intelligence can alleviate the pain of mispicks by automatically flagging them in the system and taking the necessary steps to correct them before they become a problem.

What's more, ensuring your warehouse has practices in place such as double scanning or scanning products individually rather than by box or pallet, will help to eliminate the risk of picking errors altogether.

Technology is great for streamlining and automating your fulfillment operations, but let's say an issue did arise in your warehouse that required manual attention. What would you do?

You need to be able to rely on your warehouse staff or 3PL provider to handle this issue promptly, accurately and efficiently. Ask about on-site reps at fulfillment centers to help troubleshoot any issues.

When it comes to returns, much of this process can be automated to ensure the smooth running of your returns operations and minimize the risk of errors occurring when putting stock back online.



A smart returns system will allow your customers to generate return shipping labels themselves and track their returns, while getting your products processed and back into your available inventory automatically.

The customer is happy because the process is quick and simple and they have full visibility over their returned items, and you're happy because the process is automated meaning you don't need to get involved or worry about manual errors on data entry.

The system will be able to sort returned stock into available and damaged, so damaged stock is not entered back into your inventory and instead taken care of elsewhere.

### **Top tip:**

When choosing a third-party logistics company to help you to manage your mispicks and returns as well as give you full visibility over your data in real-time, be sure they have a strong support team in place that will deal with any customer queries or complaints so you can focus on running your business knowing your customers are always in good hands.



## Chapter 7

# Are your operations set up to grow?

There comes a point for all online businesses when inhouse fulfillment hampers growth. In order to build customer loyalty and bring in repeat sales, your ecommerce fulfillment needs to do a lot more than the basic picking and packing.

Working with a top 3PL company can help you to tackle the fulfillment challenges you face when attempting to keep your customers happy and coming back to your online store.

A big challenge is being able to provide fast, low-cost or free shipping without impacting the cost to your business too much.

Strategically placed fulfillment centers can help alleviate this problem by putting you within one or two shipping zones of your customers.

Fast shipping relies heavily on having accurate order fulfillment, as errors will cause delays that may lead to late shipments and result in unhappy customers that will shop elsewhere in the future.



So, make sure you have processes in place that can guarantee the smooth-running of your ecommerce fulfilment and minimize the risk of errors like mispicks and overselling, as well as wasted resources.

Providing world class customer service is crucial to achieving loyal customers that will ultimately grow your brand.

A 3PL provider can be a valuable asset when it comes to your customer service, with dedicated teams in place that can provide consistently great support to your customers 24/7.

Another potential barrier to growth is your returns process. Moreover, your fulfilment center can help you put the systems in place that will allow your customers to make easy, hassle-free returns and get your products back online automatically, without delay.

What's more, if you're looking to scale your business internationally, a good third-party logistics company will have access to the best global shipping providers and knowledge of the foreign ecommerce market to ensure a successful transition.



Ultimately, it's essential that you automate your fulfilment operations as much as you can in order to scale efficiently and cope with the increase in order volumes.

With the support of advanced technology, you can not only automate your ecommerce fulfilment, but also gain access to valuable insights in order to forecast effectively and make data-driven decisions about your business.

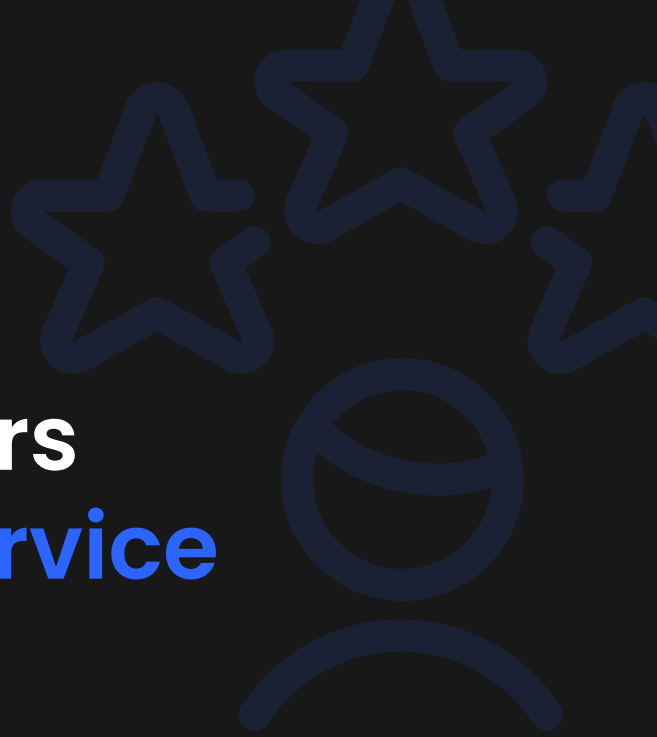
In addition, investing in software that facilitates EDI processing (electronic data interchange) will make it considerably easier to expand into superstores, as information such as purchase orders and invoices can be sent electronically rather than with paper.



### **Top tip:**

Providing a bespoke customer experience will help you to stand out and leave a lasting impression on your customer. For example, ensure your packaging is well-branded and consider sustainable and eco-friendly packaging options too.





## Chapter 8

# Are your customers happy with the service you're providing?

At the end of the day, the customer is king, and it's the customer that will make or break your business.

If they're not happy, you can bet on receiving negative feedback, high return rates and low repeat purchases, which can all have a catastrophic affect on your brand's reputation, performance and longevity.

In order to safeguard against this, you need to ensure every customer is happy, every time they purchase from you, no matter how big your business gets. In other words, each customer needs to feel important and know how much you value their order with you.

How? Deliver what they asked for, on-time, without delay or hassle, all while providing impeccable customer service throughout the entire buyer's journey.



### **Let's break this down further.**

Ensuring speedy delivery means your fulfilment process must run smoothly and efficiently, like clockwork, to minimize the risk of errors that can cause delays.

For example, errors like mispicks and overselling can be a major problem for ecommerce businesses. Adopting advanced software will allow you to automate much of these operations and use AI to flag issues like bad addresses and troubleshoot where possible.

Furthermore, be sure to provide your customers with easy access to detailed tracking information so they are always in the know about their order and when to expect it. Again, this is something that be automated with the help of fulfilment intelligence software.



It's important to be able to provide a human level of customer service when required. If you self-fulfil orders, or rely on a small team, it can be hard to always provide a high level of customer service to everyone.

If your support team are flooded and service is suffering, consider working with a 3PL company who can take this over for you and handle any customer complaints effectively.

### **Top tip:**

Your aftercare is equally as important for securing repeat purchases and 5-star customer reviews. Make sure your packaging is on-brand, so they're satisfied the moment they receive their package, and your returns process is easy and hassle-free, so they feel confident and comfortable buying from you again even if the product did not meet their needs.



# Conclusion

To summarize, if your online business is struggling to keep up with demand, dealing with unhappy customers and negative reviews, or is ready to scale but doesn't have the processes in place to support this, then it's time to re-evaluate your order fulfilment strategy.

Self-fulfilment is considered the old way of doing things, because it's manual, inaccurate and often not suitable for long term growth.

In 2021, ecommerce fulfilment should rely on intelligence, data insights and AI to enable you to make key decisions and automate as many processes as possible to save time, increase your profit margins and give the customer a great experience, from start to finish.

# Any Questions?

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