

Checklist for Selecting an Outsourced Fulfillment and Customer Service Center

Whether you go through a formal RFP process or not, careful consideration of your requirements and the prospective fulfillment center's capabilities to meet those requirements is necessary to making a decision that works for you and your customers in the long run. To end up with a fulfillment partner you are truly satisfied with, please don't short shrift this decision – spend the time necessary to make the right choice. If you don't have the internal time or expertise to evaluate your options, consider hiring an expert to do this for you. The time to discover a fulfillment center cannot handle your business or is mismatched to what you do is before you sign a contract with them, not after.

I. Document Business Requirements

Identify all your requirements – include those that must be performed, as well as those that would make your life easier but may not be mandatory.

- Types of Distribution
 - Single Order
 - Distribution to QVC, HSN or Retail
 - Continuity
 - Catalog
- Volume Expectations for each program – customer orders, calls, email, returns, inventory volume, etc. Is the size of the fulfillment center you are considering matched to your size? Does it serve other clients with similar size to your current business and is it scalable when your firm reaches the next level of growth? These are important considerations.
 - Start Up/Launch
 - Roll Out
 - Wind Down
- Service Needs
 - Warehousing and Inventory Management
 - Pre-pack versus regular stock
 - Document any special needs such as lot tracking, climate control, etc.
 - Consider proximity to ports is importing merchandise is a significant part of your plans
 - Fulfillment and Data Management
 - Detailed Order Processing Requirements

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- Detailed Order Fulfillment and Shipping Requirements –this includes existing or planned replenishment, continuity or club programs as well as EDI requirements for retail distribution
- Returns Processing Requirements
- o Customer Service and Contact Management Requirements
 - Phone and email response needs
 - Include any Non-English language or other specialized skill needs
- o Integration of off-line functions with eCommerce site and on-line functions
- o Integration with your internal IT department and other service vendors (media, call center, etc.)
- Tax and Legal Requirements
 - o State sales tax implications, if any
 - o Impact on state income tax of fulfillment location, if any
 - o Capabilities to comply with 30-day rule requirements
 - o Capabilities to comply with privacy requirements (Telemarketing, email and COPPA regulations as applicable)

II. Document Reporting Needs

Be sure to document what information you need, how frequently you want to see each report, whether it is available in real-time, and in what form you prefer to see it (hard copy or electronic, faxed, mailed, emailed, web access, etc.).

- Sales and Returns Reporting
- Inventory Reporting
- Financial Reports
- Contact Management/Customer Service Reporting

III. Account Support

- Regular account support and management -- who your contacts will be, and what happens when problems crop up and your regular support contact is out of town.
- Credit Card processing and merchant account – does the prospective fulfillment vender provide a 3rd party merchant account you can use or have relationships with existing charge card processors
- What shipping services does the prospective vendor offer – discounts with UPS, FEDEX, Airborne, USPS parcel consolidation, etc.? Document the estimated benefit to you in shipping savings.

IV. Other Concerns and References

- Today's marketing company wants to be virtual - assess how well the fulfillment company can meet your needs in that area. This includes reporting,

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communication with you and your other vendors, and communication with customers.

- Evaluate and consider the firm's longevity and financial health. The longer the management and programmers have been in place, the better able they will be to provide the service you need because they have likely run across something similar before. Ensure they are on solid ground financial, and carry sufficient insurance to protect your merchandise and data while it is in their possession.
- Managing Costs – how well does the prospective fulfillment vendor “squeeze every penny”
- Site tour – before you sign on the dotted line, be sure to visit the facility. Not only does this allow you to verify what you are hearing about their capabilities and services with your very own eyes, you will also get the opportunity to be sure that you are comfortable with working with this firm.
- Security Concerns
 - What kind of back up and security procedures are in place?
 - Does the prospective vendor have an adequate disaster recovery plan?
 - What systems and procedures are in place to secure your inventory from theft and sabotage?
 - Does the physical location of the warehouse facility enhance security or detract from it?
- Clients
 - Determine what similar type of clients the prospective vendor has worked with, particularly if you are doing continuity or other complicated fulfillment/data management.
 - Obtain 3-5 references. Call each reference with a list of questions. Determine both how closely the client's programs and needs mirror yours, and then assess how well the vendor is meeting the needs of the client.

V. Pricing

Ask the vendor to provide you with a contract to review, as well as both detailed and total pricing. You need to be able to determine how your pricing will go up or down as your program grows or contracts over time. Identify any minimums and start up fees. Make sure you completely understand the contractual terms, what is included in the prices provided and what services and tasks are considered extras. Ask to see a sample invoice, and ensure that the level of detail you are going to need will be provided.

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