



Guide to Scaling Order Fulfillment



Purchase orders are flying in and your team is facing a logistics crunch while trying to keep up with customer demand. It is time to think about streamlining the customer process from point of purchase to final delivery. Read on to learn whether in-house order fulfillment or adding a third-party logistics provider (3PL to the team is the right decision for your business.

How to Know If You're Ready for 3PL (or In-house Order Fulfillment)

What should you consider when deciding between keeping your shipping capabilities in-house or outsourcing them to a 3PL provider? It helps to know the services that a 3PL can provide and what you'll have to do if you decide to keep these capabilities in-house.

3PL

A 3PL partner acts on your behalf to fill in the blanks of your ordering process. Here are some potential services they can outsource on your behalf:

- Warehouse solutions, both public and contract
- Transportation and freight services
- Shipping
- Distribution management

In-house Order Fulfillment

Fulfilling orders in-house removes the middleman and allows you to handle all of your shipping needs. You are responsible for the whole process, which includes the following:

- Order picks
- Packaging
- Warehousing
- Inventory management
- Distribution
- Processing returns
- Overhead
- Liability
- Rent
- Insurance

If you think your business will benefit from keeping your shipping capabilities in-house, then you may need to hire more people to handle order fulfillment, so your team can focus on their core strengths. However, if you choose to work with a 3PL, you can outsource some or all of your logistics needs to them. This can be especially useful if you want to minimize your footprint and focus on product development or if you need to scale rapidly and don't have the time to build your own logistics capabilities.

Options for Order Fulfillment

Whether you have a home-based business, an e-commerce storefront, or a brick-and-mortar store location, there are many ways to help you and your team fulfill customer purchase orders. You may want to physically pick and pack from your business's physical location. On the other hand, if your business is an e-commerce site, you may want to outsource the pick and pack process via a drop-shipping service. If your business is large, contracting with a 3PL whose services include inventory management, warehousing, fulfillment, and shipping may be a wise choice.

Here's an overview of different fulfillment strategies available to you along with their pros and cons:

- **In-house Pick and Pack:** You have the most control, and associated headaches, with this order fulfillment strategy. You are responsible for picking the correct product, packaging it appropriately, and creating and paying for shipping labels. Then you must have a shipping source in place, whether UPS, FedEx or USPS, to get the final product to your customer.
- **E-commerce Drop-Shipping:** If you do not have space or wish to maintain an on-hand inventory, then drop-shipping is a viable option. All you have to do with a drop-shipper is provide a purchase order for the item, proof of payment and they will do the rest. The drop-ship merchant maintains inventory, fulfills your product requests, and ships the product to your customer.
- **3rd Party Logistics Partner:** If you are running low on time for order fulfillment and high on product orders, then a 3PL service provider is a viable option for order fulfillment. They can maintain your inventory, pick and ship your orders, provide data to help you monitor trends, minimize loss on returns, and develop sales to targeted customer demographics.

Should you decide to work with a 3PL, you can outsource some or all of your logistics needs to them. Let's look at some of the services 3PLs offer along with their pros and cons.

Shipping & Management

As stated earlier, a 3PL is not a one-size-fits all service provider. They provide specific logistic services for a business depending on what is needed. Sometimes the services for shipping and management of your inventory are comprehensive. A 3PL can take over everything from beginning to end, including providing pertinent reports and setting up shipping distribution channels.

Warehouse & Distribution-based

A provider who specializes in this niche physically stores your product and ships it through established distribution channels to the customer.

Advantages

- Storing inventory off-site frees up space in your location.
- You don't have the headache of storing and tracking current inventory.
- There are no overhead costs, except for the contract with the provider.

Disadvantages

- You have less ability to oversee quality control.
- You don't have full control over fulfillment.
- You may not have the option of using packaging that utilizes your branding efforts.

Transportation-based

When utilizing this service from a 3PL, the provider can arrange for product distribution through independent transportation companies such as UPS, OnTrac, or FedEx.

Advantages

- You don't have to worry about how your product is delivered to your customer.
- If leveraged, the 3PL will take care of the transportation cost.

Disadvantages

- You can't control shipping costs or the type of container used to move your product.
- If the company is not leveraged, you will be responsible for making sure total payment is made to the shipping company.

Forwarding

Freight forwarding companies act as a go-between between 3PL and shipping or transportation companies. They work with air, train, ocean, or trucking companies to move your goods. They do not touch your product, but provide the best way to get it to your customers at the best possible price.

Advantages

- They can provide the most cost-effective way of getting your freight moved.
- Their prices are better than what you can probably find on your own.
- They are very knowledgeable about shipping practices, banking procedures, and international shipping codes.

Disadvantages

- They never see or touch your product.
- Miscommunication can occur, as you may be in a different time zone.
- They are sometimes not in the position to track your freight if shipped overseas.

Financial

A 3PL service provider who specializes in financials may offer the following services:

- Accounting
- Auditing
- Freight payment
- Inventory management
- Inventory tracking

Advantages

- You're relieved of total inventory maintenance and control.
- You don't have to worry about figuring out the costs of moving freight.

Disadvantages

- Not having control of your inventory means not staying on top of current buying trends, unless your 3PL provides you with sales reports in a timely fashion.
- You lose a certain amount of autonomy when you allow another party to provide financial audits.

Information

This is a growing 3PL niche that offers services in B2B, internet-based, and electronic markets.

Advantages

- Outsourcing establishes a long-term relationship with a 3PL that can provide maximum transparency to create supply chain clarity.
- Contracting with this type of provider gives access to a specific software technology not affordable to the average business.

Disadvantages

- You need to make sure the company has the highest security features in place to protect the data of your customer base.
- You have no quality control if the company co-partners with yet another company to deliver results.

Tips for Scaling Order Fulfillment

How can you sustainably scale your business's order fulfillment capabilities? Here are some tips to get you on your way.

- Pay attention to seasonal demands on your product. If you notice an increase or decrease in various SKUs, then you can plan to order the appropriate amount of stock to have on hand. You do not want to be caught with too high or too low of inventory.
- If you have an e-commerce store, make sure you have software that connects your store to the 3PL.
- Make certain that you have a quality control person in place to ensure your product is shipped as it should be.

Scaling your order fulfillment doesn't have to be difficult. However, your business needs a plan to routinely monitor sales or returns during peak times, as well as to monitor logistics quality.

Is Your Business Ready for 3PL?

Running a business is challenging, especially when you have to worry about shipping and order fulfillment. If your business is having trouble keeping up with orders or could make better use of current resources by focusing on its strengths, consider outsourcing to a 3PL. Whether or not you have logistics infrastructure already in place, it could be one of the best business decisions you ever make.

Focus on your business making sales, while we handle all of the logistics behind it.

[Request a custom quote! Get Started »](#)

© 2020 Ship My Orders Inc.

LAS VEGAS

4031 Industrial Center Dr. Suite 705

N. Las Vegas, NV 89030

Phone: 702-666-0400

Toll-Free: 888-355-5545

