

Maximizing the Effectiveness of Outsourced Literature Fulfillment Operations



By Midwest Distribution Systems – Milwaukee, Wisconsin
January 2005

Introduction

This paper takes a closer look at some key functional areas within the literature fulfillment operation in order to offer “best practice” recommendations for improving work flow efficiency and quality of program information. This is seen as critical to client management success, program efficiency, and to providing consistent, high quality services to end-users of the fulfillment service. Driving out unnecessary cost is a derived benefit from the application of these tools and practices.

Systems Interface

Online systems are recommended to afford the greatest ease of accessing, trading, and analyzing program data. The fulfillment service provider (Fulfillment) should provide a compatible, online interface for the client to realize the speed, convenience, and real-time nature of the Internet. Orders, purchase orders (PO), advance shipping notices (ASN), receiving, inventory, database, and information management should be administered via the Internet, although offline options should remain available.

Receiving

Direct communication and close collaboration between Client Vendors and Fulfillment should be practiced. Tracking materials from originating purchase order (PO) to Fulfillment receiving docks gives visibility to Fulfillment so that systems, facilities, and personnel can be primed to respond quickly. Things such as optimal pallet cubes, carton selection, and best packaging methods need to be shared between Vendors and Fulfillment.

- Vendor PO is copied to Fulfillment [Incl. Item status: New item (reorder points), Revised item - Obsolescence, FIFO / scrap]
- Printer provides electronic ASN / Packing List to Fulfillment
- Vendor Packing list detail
 - Client / PO Reference
 - Vendor information
 - Date
 - Item Number [stock keeping unit (SKU)]
 - Revision (and / or print date)
 - Description
 - Department or other category (state, etc.)
 - Item Quantity
 - Pallet / carton count
 - Delivering carrier
 - Average Piece Weight (APW) and carton Tare

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Barcoding

Fulfillment should furnish code 128 barcode specifications to Vendors for barcoding inventory items at the carton and pallet level. With moderate to high volume literature programs, this application of technology should deliver immediate and significant cost / service paybacks to the program. To take full advantage of the technology, an RF or radio frequency barcode Warehouse Management System (WMS) is required by Fulfillment.



Sample Item (Carton) Barcode

Benefits

- Fractional dock to stock times from days to hours, hours to minutes
- Instant visibility to order picking activities upon RF scan of new / replenishment stock – supports a "real time" system
- Reduced backorder incidence
- Receiving has its own (bar coded) picking locations
- Technology driven FIFO execution
- Rapid item count / PO-Packing list validation via scale based counting

Cycle Counting

Fulfillment should work closely with Clients to tailor formal cycle-count plans based upon conventional ABC or other appropriate strategies. Finer splits within ABC can accommodate Client sub-categories (SKU, department, type, geographic, etc.). Cycle count frequency should be determined by category. Business rules for on-demand cycle counting should be established, including items at re-order point, "0" balance, or for special projects, orders, and events, as examples. The WMS should be configured to run cycle-count processes and thereby enforce correct procedure.

Order Management

All necessary order channels should be provided by Fulfillment. However, the order capture process at fulfillment is electronic either by end-user entry via the Internet or Client capture and batch electronic file transfer. Fulfillment provides automated record / file import to the order management system. A mutually agreed cut-off point for same-day shipping is set while the default shipping timeframe for orders received after the cut-off is the next business day. Fulfillment provides "customers" with access to order / shipping status via the Internet.

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Additional order management considerations

- WMS Technology enforces 100% correct & complete order pick
- WMS Technology delivers speed
- WMS Technology supports alternative picking strategies such as batching and order consolidation
- Quality checkpoints - Packing audits all picking
- High-end weigh scales enhance weigh counting methods
- Detailed packing lists inform the end-user
- Barcoded picking lists for added control
- Automated Backorder Management System – custom to the Client
- System supports FIFO policy
- System is flexible to allow for exceptions
- System supports bill-of-material items (kits, manuals, packets)
- Customers track their own orders
- Supports Client preferred carrier and best-way shipping options
- Special packaging capability (air-pillow void fill systems, shrink-wrap, glue, tape, label, collate, insert, band, bag, etc.)

Shipping

Order batching opportunities provide for consolidation of multiple orders into single orders, potentially lowering fulfillment and shipping costs. Fulfillment should provide cost-effective shipping options and gain discounts on shipping and postage by any means, e.g. using third-party billing to harmonize with Client contracted rates with the major parcel carriers. Fulfillment should have relationships with major third-party package consolidators / expeditors to leverage alternative parcel delivery systems for cost and contingency purposes, covering domestic, Canada & Mexico, and overseas international.

Fulfillment should provide online shipping systems to achieve Client benchmarks for order turnaround, tracking, accuracy, and to interface with Fulfillment order-entry systems.

Adding Value

Fulfillment should provide value-added and special capabilities for the Client. Fulfillment should leverage third-party opportunities for service to exact price, delivery, or any other desired enhancement or special “product” for the Client, also contributing to a single-source fulfillment experience.

- In-house and seamless 3rd-party short run printing & Print On Demand (POD) programs – custom to the Client
- Light assembly and specialized packaging
- Broad based systems expertise
- Compliant labeling and barcoding proficiency
- Creative use of the Internet and practical web-centered tools
- Sourcing cost-effective materials used in fulfillment processes

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Conclusion

Fulfillment should have strong literature management experience serving large corporations. Fulfillment should demonstrate a focused ability to troubleshoot issues quickly and effectively. A system of supporting documentation specific to each Client, covering issues, opportunities, problem resolution, procedures, and practices ought to be developed and maintained by Fulfillment. Persistent Client problems, inherent program weaknesses, and high-risk program areas need to be identified. Specific corrective and preventative measures should be proposed, designed, and implemented in collaboration with the Client to alleviate any and all problems or issues.

Fulfillment should provide a clear, scheduled means to measure its own performance in support of Client quality standards and provide performance results to the Client. Examples ought to include at minimum, inventory accuracy, on-time shipping, and order fulfillment performance metrics. Fulfillment should practice continuous improvement processes (CIP) with the Client program, reporting significant advances in quality and productivity and sharing any available cost savings with the Client.

Fulfillment should give an extremely high degree of attention to the Client, choosing, dedicating, and training skilled individuals whose roles should be within a team setting. This team should render service to the complete satisfaction of Client customers, agents, end-users, and management.

Pricing for fulfillment services and materials should be according to usage and be supported by a straightforward transaction based model carefully measured to fit the Client program profile. This model should conform to the following or to a similar representation of Client activity.

- Program set-up (Systems & Facilities preparation – initial transition)
- Receiving new & replenishment stock (on-going program)
- Warehousing (storage)
 - Bulk reserve (by the pallet)
 - Forward pick (by the square foot, shelf, or carton slot)
- Order fulfillment
 - By the order
 - By the line-item (SKU)
- Cartons & Packaging Materials sourced by Fulfillment
- Kitting, collating, & assembly activities
- Special projects, mailings, and distributions likely to warrant special pricing to the benefit of the Client through economies of scale
- Administration & Reporting