

Outsource Your Fulfilment Successfully

An ILG Guide to Choosing the
Right Outsourcing Partner



Choosing the Right Outsourcing Partner

Today, consumers are placing ever-greater demands on e-commerce brands. They expect an easy, seamless online purchase process when browsing, ordering and receiving their products. They look for a high-quality buying experience that lives up to your brand promise. And, if something does go wrong, they want it put right quickly without any hassle.

Fulfilment is a complex chain of functions that gets the right product to the right customer at the right time and place. If you are managing your fulfilment yourself and considering a change, this ILG guide explores the 'whens' and 'whys' of outsourcing and offers some useful tips for picking your perfect fulfilment partner.

- **When to Outsource**
- **10 Good Reasons to Outsource**
- **Finding the Right Fulfilment Partner**





When to Outsource

The decision to outsource your fulfilment is not one to take lightly. Like entrusting your children to a babysitter for the first time, you will need plenty of reassurance before you feel ready to let go. So, when is the best time to outsource? Here are some of the most common triggers:



Significant Growth Forecasted

If business is booming, how will your facilities, people and technology cope when demand for your products surges into the future? Assuming your fulfilment and delivery processes are running efficiently right now, there may not be much slack to accommodate significant extra workload. This could be a good time to take on a fulfilment partner with plenty of scalable capacity to support your longer-term growth.



Warehouse Lease Ending

Do you need to move out of your current facility in the coming months? If so, it will be important to avoid disruption to your stock-keeping and fulfilment functions. Rather than find another facility and commit to a new lease, this could be an ideal opportunity to outsource.



New Product Launch

If you are expanding your product portfolio you will need to consider flexing your fulfilment capabilities to cope with more orders and extra demand. Why not ensure your new product launch is a complete success by outsourcing its fulfilment? This could be a good way to trial a new fulfilment supplier without moving your entire business.



Finances Add Up

Your books show that it makes good financial sense to outsource. Your fulfilment spend is fairly easy to evaluate. As a general rule, the total annual cost of your logistics excluding carriage should not be more than 6% of your yearly turnover.



Outgrown Facilities

If your warehouse is almost full to capacity and you are facing the need for extra fulfilment space, outsourcing to a third-party could be an easier, more cost-effective alternative to acquiring, equipping and resourcing additional facilities of your own.



10 Good Reasons to Outsource

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There are plenty of compelling benefits to outsourcing the stocking, picking, personalising, packing and delivery of your precious products. Here are our top ten:

1 Only Pay for What You Use

If your fulfilment partner runs an activity-based cost model, you will only be charged when your products are touched (eg. when they are booked in, quality checked or dispatched). This results in much lower fixed costs, compared to running your own fulfilment operation, where you pay the same warehouse costs, whether you process 100 orders a day or just one. At ILG, the only fixed costs our clients receive are storage, IT and management fees.

2 Pass on Responsibility for Health and Safety

Running a warehouse comes with risks, particularly where heavy machinery is involved. Outsourcing shifts the responsibility for health and safety issues on to your fulfilment provider, which should already be set up to comply with safety regulations and provide the correct equipment, training and procedures to safeguard its fulfilment staff.

3 No Staff Absence Worries

Members of staff calling in sick can really hurt your business, especially if you run a small fulfilment team. Outsourcing to a fulfilment partner will give you access to a much larger pool of trained labour and put an end to your unforeseen staff shortages. You can be assured that any absences are fully under control and your fulfilment operation is always well resourced.

4 Focus on What You Do Best

This is one of the most compelling reasons for outsourcing. After all, very few people start an e-commerce business with the ambition of running their own warehouse! Outsourcing to a trusted logistics partner removes the stresses and strains of managing day-to-day operational pressures, allowing you to focus your core skills and get creative.

5 Fine-Tune Your Marketing Strategy

As well as giving you more time to perfect your products and designs, outsourcing your fulfilment frees up more time for you to study your competitors, research customer insights and refine your sales and marketing strategies to achieve better business results.



More Good Reasons

6 Reduce Your Shipping Costs

Typically, fulfilment companies manage logistics for numerous clients and ship thousands of items each day. This gives them considerable purchasing power with carriers and enables them to pass on savings to their clients. At ILG, we secure highly competitive rates from a range of carriers, and offer our clients delivery charges much lower than they would be able to negotiate themselves.

7 Maximise the Working Day

Most fulfilment houses run on a start early/ finish late timetable to maximise the working day. One of the big advantages to your customers is that this allows a bigger window for same-day dispatch and next-day deliveries. Be sure to check cut-off times, as more timely deliveries could give your sales a real USP.

8 Access the Global Marketplace

These days, access to global markets is much more challenging due to Brexit, the pandemic and other macro-factors. If you are opening up your products to a worldwide audience and shipping orders overseas, it makes good sense to engage a fulfilment specialist with expert knowledge of international logistics. This will help you to navigate local customs regulations and get your shipments to overseas customers on time, at the right cost.

9 Scale for Your Growth

If you have plans to grow, your fulfilment operation will need to scale up too. Instead of buying or renting a bigger warehouse, why not outsource to a fulfilment partner that can grow with you? At ILG we look after a wide range of clients, from smaller companies with just a few orders per day, to well-established brands selling thousands of products daily. We understand the needs of growing e-commerce businesses and can adapt our resources to match spikes in demand. We have helped some clients grow from start-up to processing over 30,000 orders in peak months.

10 Access Industry Expertise

Outsource to an e-commerce fulfilment specialist and you benefit from a wealth of knowledge and experience. ILG's clients draw on our expertise in shipping, gift-wrapping, personalisation, returns management, accreditations, sustainability and so on. This ensures their fulfilment is managed for maximum efficiency from the start, and creates an exceptional experience for their customers.

→ **Finding the Right Fulfilment Partner**



Finding the Right Fulfilment Partner

Choosing the right company to handle your goods is no easy decision. Different fulfilment companies provide different service levels and their costs vary accordingly. Ultimately, the one you choose should be the best suited to your products, your brand and the standard of service expected by your customers.

Choose a Specialist

Make sure your partner offers professional fulfilment services and not just space. You will come across a lot of non-specialist companies that have other core interests and only offer fulfilment services as a secondary source of income. Steer clear of anyone that is not a fulfilment provider first and foremost, and ensure you appoint a professional company that shares your goals and objectives.

Activity-Based Cost Model

Keep your fulfilment costs in line with your product sales and business performance by ensuring you only pay for what you use. Choose a fulfilment partner with an activity-based cost model that only charges you as and when you are selling product. Expect fixed costs for storage, IT and some admin or management functions, but most of your costs should be tied to activity.

Try Before You Buy

Road-test your potential partner by trying out their fulfilment service. Become a mystery shopper to trial the customer experience and see how they perform. What is their communication like? How good is their packaging? How well do they align with their client's branding? Is the product you receive the one you ordered? Did it arrive well wrapped and in perfect condition? See what you like and dislike and consider these when assessing your outsourcing options.



Retail Experience

Look for a fulfilment partner with expertise in distributing stock to retail outlets and distribution centres, as well as fulfilling e-commerce orders. Use their knowledge of vendor manuals and time slot management to ensure all your stock shipments arrive on time and meet retailer requirements. Keeping all your B2C and B2B order fulfilment under one roof will make your operations more efficient and drive significant savings.

Do They Understand Your Brand?

A good fulfilment partner should be an extension of your brand and invisible as far as your end-customer is concerned. Any goods or communications your customers receive should look like they come straight from you. So make sure your potential partner understands your brand, products, target audience and business objectives. Look for a provider with experience in your sector and proof of success via case studies, testimonials and reviews.

Feel Confident

This is probably the most important factor. You are placing your goods and brand reputation in the hands of a third party. A good fulfilment provider will do everything it can to reassure you that your brand image is just as important to it as it is to you, and demonstrate the capability and attitude to make you look good. This reassurance, together with positive personal chemistry, should give you the confidence to make the right choice.



About ILG

Founded in 1990, ILG has grown to become a market leader in outsourced order fulfilment and delivery. With the latest technology, state-of-the-art facilities and expert, highly trained staff, we specialise in retail and e-commerce fulfilment services. **We employ over 530 people across 11 warehouses in the UK and EU** and serve around 350 customers worldwide, from young, fast-growth boutique e-commerce businesses to high-profile brands such as Charlotte Tilbury, Belstaff, Trinny, NEOM, Self-Portrait, MORI and Bordelle. As part of Yusen Logistics, we offer global air, road and sea freight services. **Our mission is to make our customers more successful.**

“ILG is a company shot through with passion and professionalism at every level. They truly stand out in their industry and understand the importance of building a rewarding and sustainable business partnership.”

Head of Operations, Charlotte Tilbury



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