

eFulfillment Services providing Online Merchants the Warehousing, Pick, Pack, Ship, Return Processing, Product Security and Backend needed to Satisfy their Customers Orders



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“We specialize in efulfillment services for startup and low volume ecommerce merchants plus some higher volume online sellers who need special processing of their orders. This is the kind of work we are set up for and we don’t try to take on projects that we can’t do well.”- John Lindberg

CEOCFO: *Mr. Lindberg, what is the focus at eFulfillment today?*

Mr. Lindberg: We provide warehousing and pick, pack, ship plus return processing as a shopping cart back-end for online merchants. Our client’s fulfillment orders come to us automatically and the sale proceeds go directly to them. It is a pretty simple service, but a useful one.

CEOCFO: *What is involved in housing merchandise for different companies and getting it out to the right people and handling returns correctly? What are the different parts involved and how do you do it better than others?*

Mr. Lindberg: The process itself is exactly what you think it might be. In our particular operation we have 75 thousand SKUs, about three and half million items sitting in a 165 thousand square foot facility with about 130 employees. That basic footprint services about 730 clients, most of whom start up and smaller ecommerce merchants, but we do have some quite large ship volume clients too. In any case, the process begins with a careful receiving process during which the incoming merchandise is inspected, counted and perhaps bar code labeled if needed. Received items are then put away taking into account what we call “slotting”—meaning active items are closer to our processing line to minimize picking travel time. From there our computer listens to the 730+ client computers out there that are sending us fulfillment orders constantly, 24 hours a day, seven days a week. We run two shifts and every few hours we compare what has been ordered to what is available to ship. The available items are then picked, packed and shipped. As part of our service we rate shop between FedEx, USPS and other shippers to find the lowest delivery cost taking into account the many pricing variables involved. The rest of what we do is assembly and processing returns if our client wants that done. All of this is a big physical process - lots of very hard work done by dedicated employees supported by specialized software that is constantly adapting to an ever changing marketplace.

CEOCFO: *Give us an example of something that might have changed in the software in the last couple of years.*

Mr. Lindberg: One of the big changes in the ecommerce world over these last few years has been the amazing growth of Amazon.com in online sales. Amazon in turn has indirectly become a customer of ours requiring important changes to our software. They have a service called by Fulfillment by Amazon and another that allows independent merchants to sell through the Amazon website and both of these involve Amazon storing consignment merchandise at their many warehouse locations worldwide. But—there is a problem. Amazon has strict limits on how much and how little supplier inventory they will store and everything changes day to day based on rates of sale. The result is frequent return of inventory from one location and shipment of inventory to another and all of that subject to unyielding Amazon processing rules including special bar code label requirements. The net result is a new opportunity for a service provider like us

because we can store client merchandise and work closely with Amazon to send and receive merchandise continuously at affordable rates. That is a whole new kind of ecommerce fulfillment market—called Amazon Prep—and we are glad to have this opportunity.

CEOCFO: *How do you decide on packaging so that items are protected but not annoying the customer with too much excess to discard?*

Mr. Lindberg: I suppose we have all struggled with packaged merchandise delivered to our door. It seems like there is always way too much or way not enough - it isn't easy as a volume shipper like us to get it just right. There is an interesting subset within that by the way which is called the DIM rule. What that means is UPS, FedEx and the post office all have DIM weight calculation procedures. It can be complicated, but it all comes down to the LxWxH physical volume of a shipping carton creates a billing weight that may exceed the actual weight. For example a 12 inch by 12 inch by 12 inch box has a FedEx or UPS DIM weight of thirteen pounds. If you put something that weighs two pounds in that box, you are still going to pay the thirteen pound rate. This rewards shippers who minimize the size of their shipping cartons and the savings can add up to millions of dollars for merchants who are shipping a lot of parcel volume. This is happening because most parcels are transported by air, so physical volume relative to weight is important. What this means is that in addition to traditional "not too much and not too little" packaging design, there is this new consideration of weight per cubic inch of the shipping carton.

CEOCFO: *Tell us a little more about how you handle returns. What is the key to efficiency?*

Mr. Lindberg: Return processing demands good software and dedicated employees just like the pick, pack and ship part of the fulfillment business, but there are some added considerations too. As the return processor we are caught between the dissatisfied customer and an unhappy seller and handling the situation requires tact and attention to detail. And there is the ever present possibility of fraud. For example, a 500 dollar dress is sent to someone, they wear it to the prom one night and send it back for a full return credit. It may be obvious it has been used but they still want a full credit. This comes down to a question of judgment, fairness and reasonableness plus the ability to communicate effectively. Something else by the way is that online sales are credit card transactions and the return credit must be issued quickly. The Federal Trade Commission enforces strict rules about the how long a return credit can remain open which means there is a clock ticking in the background every time a return is received.

CEOCFO: *What do you look for in your people? What are the intangibles?*

Mr. Lindberg: These are really great questions. Of course, for most CEOs the number one struggle is finding the right employees--and then if you are lucky enough to find them--how to then hold on to them? Of all the things that I can think of, and I have been doing this for 40 some years now, you have to give good people a reason to want to work for you instead of working for someone else and that means great pay and benefits. With top pay and benefits comes high standards for workplace performance, but expecting top performance without top pay and benefits is a waste of time. I wish I could impart some clever insider secret to hiring and retaining a great workforce, but the fact is you get what you pay for as an employer just like in everything else in life.

CEOCFO: *Tell us about the international side of the eFulfillment.*

Mr. Lindberg: Ecommerce is an international business, not a national one as international boundaries are literally invisible in the world of e-commerce. I have about 75 thousand different things in my warehouse, and I would have to say at least 90% of everything is sold online is made someplace outside the United States. The vast majority of it is manufactured in China, but other countries as well. Although virtually nothing that I am aware of that we handle is made in Western Europe. I would say North America and Western Europe have been literally forced out of manufacturing, at least in these consumer products - the things that you or I might buy online. In a way, I am involuntarily part of the process that is destroying American industry and I feel bad about it because in a former business I did industrial metal finishing. I had 200 people working for me at four plants, it was a great operation, but I was producing car parts and office equipment parts almost all of which are no longer made in the United States. So here I am; on the other side now. I am really a part of this giant international system that has basically replaced American manufacturers. It is an unhappy report, but it is the one I can contribute.

CEOCFO: *Do you talk with the end customer, or are you dealing strictly with your clients when there is a problem or a question about an order?*

Mr. Lindberg: In almost all cases I am dealing with our client, and then our client in turn is dealing directly with their customer. Our mission is to be virtually invisible as a back-end service to online shopping carts and payment gateway software systems. We are really an addition, if you will, to that software. As a result, we really do not have much contact with the end consumer, certainly trying to do the best we can for them, but our contact is with our client.

CEOCFO: *How is your customer service is a cut above others?*

Mr. Lindberg: In our business model, we try to avoid that miserable situation that all of us have experienced which is a customer service rep who is authorized to apologize, but not authorized to actually do anything. What sets us apart is the fact that our customer service folks are authorized to do something - they work closely with operations to find and fix the causes of repeating problems and they are able to spend what it takes to make our client whole again if we make a mistake. Above all, the number one rule here is no lying! We do not lie to each other, we do not lie to our clients, and we do not deal with those who lie to us. That is really how it works. Empower the person on the frontline and make certain that you are dealing in the truth all the time.

CEOCFO: *Why choose eFulfillment?*

Mr. Lindberg: First of all, in many cases is we urge prospective clients to NOT choose eFulfillment. Our folks spend half their time trying to help potential clients select someone else to handle their order fulfillment work if what they need is not a good fit to what we do. There are all kinds of companies that specialize in lots of different niches in the overall warehousing and pick, pack and ship business. We specialize in efulfillment services for startup and low volume ecommerce merchants plus some higher volume online sellers who need special processing of their orders. This is the kind of work we are set up for and we don't try to take on projects that we can't do well.

