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Linking Faster Order Fulfillment to Customer Satisfaction

Real-time inventory management can improve a wide range of processes.

Even with millions of components moving through its systems, Wellborn Cabinets, a 50-year-old cabinetmaker, gets the right component to the right dealer 99.9% of the time. This impressive rate of fast, accurate order fulfillment stems in part from an integrated system that removes errors. The company tracks all material through its plants by bar codes and puts up displays measuring how well workers are meeting fulfillment goals. When first instituted, those metrics resulted in an immediate 20% boost in worker productivity.

Delays in order fulfillment irritate customers—and send them to competitors. “You live and die by your customers,” says Bob Ferrari, managing director of The Ferrari Consulting and Research Group LLC. “Customer service and order fulfillment go hand-in-hand, especially for a small business.”

He notes that some smaller companies may think that periodic snapshots of their inventory may be sufficient for their fulfillment systems. However, in an Internet age where business is conducted around the clock, real-time inventory management requires a company to know not only what’s in inventory, but what customers have ordered.

Such a high level of visibility demands integrated, automated order management from customer-facing to supply-chain processes. As Rob Weinstock, director of Archstone Consulting, notes, manual order management—“fingers on the keypad”—is a source of error and delays. Ferrari adds that the technology choices have improved and become more affordable with the current availability of more Software-as-a-Service vendor offerings in the market today.

Constant attention

Order fulfillment radiates throughout many processes—from the functions and features of product lines to options available to customers. “From a business-process standpoint, you must ensure that order fulfillment has constant attention and it’s not something that’s an afterthought,” Ferrari says.

Weinstock says many smaller companies tend to overlook process visibility and often don’t align sales and demand planning. “This continues to be an area of opportunity,” he says. “You have to build capabilities into your processes to manage uncertainty.”

A key step is to develop metrics for individuals and functions linked to better order-fulfillment rates. “Too often, companies have very localized metrics that don’t connect to these objectives,” Ferrari notes. “To correct this, the owner or management team needs to look holistically across the organization. You need to look at the big picture. It doesn’t do you much good to have a 95% utilization rate that reduces cost if that means you miss a lot of revenues because you can’t ship out products.”

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Be proactive

Large companies now expect smaller suppliers to be able to interact with them seamlessly with high visibility into their inventory systems. "Before, a retailer would call a small supplier about a shortage," Ferrari says. "Now, there is the expectation that the smaller suppliers will be proactive and head off a problem before anyone needs to make a call."

Ironically, Ferrari says, most smaller companies understand that order fulfillment is very critical so they're reluctant to make changes to their system. They have a fear of suddenly not being able to fulfill customer orders, which leads to a 'if it's not broken, don't fix it' attitude," he says. "But with expectations for order fulfillment ever-increasing, that's not good enough."

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