

## Logistics Best Practices

1. **A logistics strategy includes all components of the fulfillment process.** Provider costs, service levels (product availability, lead time), value-added services (packaging, labeling), returns and flexibility (alter strategy based on customer needs) should all be included. Do not focus on just one of these areas as they all are integrated pieces of the supply chain.
2. **Plan for your demand, predict it.** Demand forecasting is not an exact science, but it is getting closer. Demand forecasting can be used to understand your future logistics needs and help you plan for them.
3. **A flexible order-sourcing strategy can reduce logistics and distribution costs.** Order sourcing is often set up to be fulfilled by the closest geographical location. However, other factors such as lead time, subsequent orders, manufacturing costs, backlogs, availability and reliability of transportation can influence the best source for the order.
4. **Understand your order profiles, mix of products, size of orders, and lines per order, when establishing your picking strategy.** Since picking product is the most labor-intensive process in the warehouse, optimization based on your order profiles is critical. Since most of the time, 80% of the orders are made up of 20% of the SKUs, optimizing the fulfillment process can drastically reduce labor costs. Place more frequently picked products in the easiest to reach locations, lay out pick areas to minimize excess travel, and compromise between manual and automated systems.
5. **Control the returns process through “returns authorizations”.** These pre-approved returns will simplify and expedite this process. RA (or RMA – return merchandise authorization) labels can be shipped with the order to eliminate the need for a customer to ask for an RMA prior to returning the item.
6. **Consider using multiple carriers, ship by lowest cost.** Many retailers only ship via one carrier as it is easiest. Since each carrier calculates costs differently, using multiple carriers and selecting which carrier and method to use for each order can help them save shipping costs and reduce transit times for customers. Having multiple shippers may help you offer shipping upgrades with little additional cost.
7. **Workflow planning is key when implementing a Warehouse Management System.** Inbound workflows start with receiving the products at the warehouse and how they are “put away”. Outbound workflows start with the fulfillment of the product when it is “picked”. The WMS software should be able to be optimized to your current workflow process.
8. **Utilize handheld scanners in the return process with RF screens of RMA #, SKU, quantity and disposition, for optimization.** The improvement in labor efficiency will quickly pay for the cost of implementation.
9. **RFID technology enables visibility of the movement of goods throughout the supply chain.** When an item is used, purchased or consumed, triggers initiate the correct and appropriate action from the supplier all the way to the raw goods procurement. Global Data Synchronization Network (GDSN) should be implemented as well, to ensure all trading partners are using common data standards.
10. **Companies that ship more than 500 packages a day should consider replacing their manual work cell process with an on-line packaging system.** On-line packaging systems can reduce space (no need to store packing materials), improve time and save money (by creating operational efficiencies).

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