

E-COMMERCE FULFILLMENT FOR SHELTERED WORKSHOPS

We can spend too much time and effort pondering and too little doing. E-commerce fulfillment is a case in point. The fulfillment need is here now and it can be met by sheltered workshops. Get it now. The opportunity won't last forever!

Ecommerce is defined as selling online, with or through a website, or by means of email. Ecommerce or electronic commerce is usually subdivided into B2B (business to business: wholesale), B2C (business to customer: retail) and C2C (customer to customer: auctions and information portals). The best opportunity for workshops is serving the business to retail customer market segment.

The retail ecommerce market has grown very rapidly. Perhaps as important, the percent of Americans classified as "online users" has grown to almost 70% of the total population!

There are several important ramifications of this market growth and development:

	1999	2000	2001	2002	2003	2004	2005	2006
US Online Retail Revenues (\$Billions)	\$12.3	\$24.1	\$34.1	\$47.8	\$63.9	\$82.9	\$104.4	\$120.3
US Population (Millions)		283.00	287.00	290.00	293.00	297.00	300.00	304.00
US Online Users (Millions)		124.7	141.5	157.6	178.1	187.5	200.5	210.8
% US Population		44.1%	49.3%	54.3%	60.8%	63.1%	66.8%	69.3%

- There are 2.3 million small businesses in the US, 370,000 of which are retailers. Of these small-business retailers, 220,000 (60%) have an on-line presence. Everything these 220,000 retailers sell on line has to be fulfilled by someone – ordered, warehoused, picked, invoiced and shipped.
- Most of these retailers are pretty small to build and manage their own fulfillment processes. Order fulfillment seems low on these retailers' lists.
- There is strong precedence for fulfillment companies that serve multiple ecommerce customers, including direct competitors.

Said another way, in the "Pure Play" category, a product with a retail price of \$5.00 will have a fulfillment cost of \$1.45. This includes shipping charges, but most of the \$1.45 will be revenue to the fulfilling sheltered workshop.

What is the nature of the work the sheltered workshop would do? All the distribution functions are possibilities, depending on the customers' capabilities.

- Receiving, warehousing
- Electronic order entry
- Inventory status reporting
- Pick/pack/ship
- Shrink wrapping
- Invoicing or reporting shipments/ order tracking
- Returned goods processing

The differences in what each category spends on fulfillment is pretty profound.

Percent of Selling Price	All Companies			
	Pure Plays	Catalog	Stores	
Fulfillment	10.0%	29.0%	5.0%	22.0%
Customer Service	12.0%	8.0%	1.0%	8.0%

Note the "Pure Plays" who are spending 29% of revenue on the fulfillment tasks.

Sheltered workshops have shown they can do this work as subcontractors. The work is the same; the differences are rapid market growth and the opportunity to serve many customers with specialized services. The opportunity is now.

The Role of the Executive Service Corps

The Executive Service Corps is a non-profit agency with highly skilled volunteer consultants, mainly retired, whose experience is in the corporate sector. ESC volunteers also have deep experience in sheltered workshops.

We can assist with strategic planning, system design and implementation. Because we are volunteers and have a low cost structure, we can help you at costs well below the costs of comparable private management consulting firms.



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Fifth Paper in a Series
on Sheltered Workshops

“I will strike while the iron is hot.”

The Mystery of Edwin Drood
by Charles Dickens

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