

# The Road To Cross-Channel Inventory Management

System and process integration is the key to a true cross-channel shopping experience.

by Steve Warren

**D**elivering a cross-channel shopping experience is, quite simply, an issue of system and process integration. The goal is to enable purchasing, pickup, and returns through any sales channel at any time.

This sort of integration can be incredibly complex. Brick-and-mortar inventory management requires vastly different processes from online, catalog, and call center channels. Both types call for retail basics, such as sales forecasting and safety stock, but the direct channel is a store that never closes. In many cases your online store competes with your physical locations for the same pool of inventory. While your stores are replenished in weekly batches, your website and call centers take a constant stream of orders directly from the warehouse. To accomplish cross-channel competence, you need sophisticated merchandise planning and analysis (MP&A) software, integrated cross-channel order management software, and well-trained staff.

## Do You Operate A Fully Integrated Cross-Channel Operation?

If your current processes and systems were built to support physical stores, they are probably inadequate for your direct channel operations. The first step toward higher customer satisfaction and fewer inventory headaches is to establish dedicated systems and processes for your direct channel. Set it apart, and save yourself the headaches created by trying to sustain a fast-moving direct sales operation with your brick-and-mortar infrastructure.

Your direct channel deserves to be treated like your largest, most successful retail location. When planning for this operation, consider nearly everything that you would for a brick-and-mortar location: merchandise mix, forecasted sales volume, and — most importantly — internal resource allocation.

These are some of the physical resources you'll need to make the direct channel successful: dedicated warehouse space, streamlined and efficient pick/pack/ship processes, dedicated operations personnel (order fulfillment, returns, vendor management, etc.), and experienced management staff.

Here are some of the software and technology resources you'll need: real-time inventory tracking for your direct channel warehouse(s), real-time inventory visibility for customer service agents, and integrated order management systems across all direct channels.

## Making It Happen

Your customers' expectations are high, and rising, and they're not likely to move a different direction anytime soon. You must be prepared to deliver the same exemplary shopping experience through your direct retail channel as you demand of your brick-and-mortar store. You can't successfully meet customer expectations of reliable product availability, timely delivery, and returns flexibility without the proper systems in place.

This investment of time, human resources, and capital represents an overwhelming barrier for many retailers. If you're not in a position to develop a new infrastructure for direct channel operational success, partnering with an outsourced order fulfillment provider may be the most profitable and efficient path to take. Such providers leverage economies of scale by sharing the same integrated systems, infrastructure, and expertise across multiple retail operations.

In addition to the benefits of volume and specialized expertise, good order fulfillment providers supply a broad network of system and technology integrations. They may have technology partners or existing systems to enable purchases, order fulfillment, tracking, returns, exchanges, or refunds regardless of sales channel.

If the time is right to expand across channels, take a hard look at your existing internal resources, the capacity you anticipate needing, and the back office requirements of each channel. You may be wise to take advantage of outsourced partners. You'll have a more sophisticated order management platform than ever before, and you won't have to tackle the challenge by yourself. ■



**Steve Warren** is VP of business development for Fifth Gear, a provider of outsourced order fulfillment and contact center operations for retailers. Warren provides guidance for retail companies seeking order fulfillment, contact center, and technology services. For more information about structuring

your cross-channel retail operation for growth and success, you can contact Steve at [swarren@infifthgear.com](mailto:swarren@infifthgear.com).