



# FULFILLING THE PROMISE OF OMNICHANNEL AND BEYOND

How to future-proof your supply chain with adaptable technology



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## HOW TO FUTURE-PROOF YOUR SUPPLY CHAIN WITH ADAPTABLE TECHNOLOGY

In today's retail environment, the customer wields more power than ever before. A negative experience means you could lose at least one potentially loyal customer because there are so many other places to purchase the same or similar products. And the impact of that one encounter could stretch well beyond that one client if the person writes an unfavorable review online or simply shares the experience with family and friends.

Such disappointing experiences are often a product of outdated or inflexible systems and processes that shape how organizations deliver on their promise to customers. Industry analysts note that consumers think only about "shopping a brand" and not about the different channels – desktop, mobile, in a store – through which they purchase goods. Ultimately, what matters is whether the way the order is handled and delivered matches their expectations.


Retail leaders are keenly aware of these developments. They understand that the customer experience is the difference between a healthy, growing business and a familiar tale of store closures and sinking stock prices. Retailers still need to catch up to the major IT investment required to keep up with a powerhouse like Amazon. Long-term growth can only be achieved with the latest, greatest fulfillment infrastructure. But revamping and aligning strategy, people, systems, and processes is a tremendous undertaking that can make those big-picture goals seem unattainable. Now it's time to show you why it is, indeed, possible when you invest with an eye on the future.

## ADDRESSING THE CHALLENGES OF OMNICHANNEL RETAIL

### THINNING MARGINS

To maintain sustainable profit margins, retailers must find ways to make their supply chains more efficient. That requires a careful evaluation of every link in the supply chain to identify the areas with the most room for improvement. Lay out your current processes and build an executable plan that will put your organization ahead of the curve. Obviously, it's hard to stay ahead in such a dynamic environment. That's why this is not a one-time exercise but rather a continuous process – an approach called continuous process improvement (CPI). It is important to establish a repeatable model that will allow you to complete this evaluation on a regular basis.

Resolving the inefficiencies in your supply chain is directly tied to the solutions you have implemented. You need flexible technology that allows you to change workflows as you see fit. Preferably, your IT team not the vendor – can update your software to account for new processes. Only best-of-breed solutions will allow you to optimize your supply chain so that you can pass on savings to consumers and



To learn more about how Continuous Process Improvement (CPI) could empower your business to overcome its biggest challenges while driving more revenue, read our eBook, *Getting the Most Out of Your Supply Chain: A How-To Guide for Executing Continuous Process Improvement*.

Get your copy at [www.highjump.com/cpi](http://www.highjump.com/cpi).

watch your business thrive. Already, you can see how the investment in the right solutions will help you stand out in an extremely competitive retail environment.

### **MULTIPLE ORDER TYPES AND THE RISE OF WAVELESS PROCESSING**

Another hurdle retailers face is juggling multiple order types in one facility. This typically includes online, retail store replenishment and drop-ship orders. And this is only the beginning. New channels will continue to emerge as innovators popularize them and customer preferences change accordingly. The warehouse must be thought of as a fluid environment. The challenges of today must be overcome so you can focus on the opportunities of tomorrow.

The channels noted above require their own protocols. While a replenishment order could include a truckload full of pallets, an online order is often single-line or single-unit. The volume involved in each of these order types means picking and shipping activities are much different. Instead of one or more full truckload shipments, there could be hundreds or thousands of small packages sent from the warehouse every day. Drop shipping, an increasingly common service for retailers, adds even more complications. For those orders drop shipped by retailers or distributors on behalf of someone else, there are often retail compliance standards they must follow that make it appear as if the package came from wherever the client ordered it.

That multitude of order types, and the unique requirements that accompany each one, explain the rising popularity of dynamic waves (or waveless processing). In this setup, the warehouse management system continuously releases and prioritizes orders based on cutoff times, inventory levels and resource availability. Business rules are set to determine which orders should hit the floor when. Those rules could change based on the time of day. That way if a company guarantees all online orders purchased before 4 p.m. will ship the same day, then those orders go out before a retail store replenishment order that has a more forgiving timeline.

There are numerous advantages to this approach in this omnichannel environment. Throughput increases because you avoid the slow times around when a wave starts or finishes. Similarly, labor is never wasted thanks to a steady flow of work. Additionally, items that need to be picked can be added in real-time, when an associate is already on a pick path. That means no doubling back to the same aisle several minutes after finishing a wave for a different item. Ultimately, waveless processing empowers you to meet the increasing customer expectations that strain your supply chain. Orders will always leave the warehouse as quickly as possible, and same-day delivery is realistic in some cases. You will always meet promises made to clients because orders are constantly reprioritized, a critical competitive differentiator long-term.

### **MANAGING RETURNS**

More orders means more returns. That drives home the importance of reverse logistics – an aspect of the business that can be easy to overlook but must grow with the number of orders you fulfill. Today's customers return more items – 25-30 percent of online orders are sent back compared to just 8-9 percent of in-store purchases, according to Supply & Demand Chain Executive<sup>1</sup>. You need systems that support processes to restock and repackage items when they arrive back at your warehouse. Make sure your solutions have the adaptability to not only optimize the fulfillment process but also the returns process. The two go hand-in-hand, and both are crucial to the ultimate goal of providing a memorable experience for the customer.

<sup>1</sup> Vehec, Dave. "About Face – Reversal of Fortune," Supply & Demand Chain Executive, Jan. 21, 2015.

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**EVER-EVOLVING MARKET NEEDS AND REQUIREMENTS**

Even as you build a supply chain that satisfies current customer preferences, you must remember this is an ever-evolving world. New customer expectations and new channels will demand additional capabilities from your operations. If your company embraces that fluidity rather than resists it, you are built for consistent long-term growth. But to embrace change you need a system that allows you to adjust and deploy processes in a timely manner whenever necessary. Relying on the vendor or a third-party consulting firm to execute these adjustments is not sustainable. You need the ability to control your own destiny – a key objective to keep in mind when evaluating different solutions.

**HOW AN ADAPTABLE WMS FULFILLS THE PROMISE OF OMNICHANNEL AND BEYOND**

Crafting a strategy that will allow you to deliver the positive customer experiences that generate loyalty starts with technology. More specifically, adaptable technology that will enable your business to keep pace with your consumers. The centerpiece of your IT infrastructure is the warehouse management system (WMS), an indispensable tool for directing order fulfillment, tracking those orders and handling reverse logistics.

You understand why supply chain optimization is critical to your business' long-term success. But how can you identify areas with the most room for improvement and act on them? Our eBook, *Your Supply Chain: From Cost Center to Strategic Differentiator*, breaks it down step-by-step. Get your copy at [www.highjump.com/supplychainbook](http://www.highjump.com/supplychainbook).

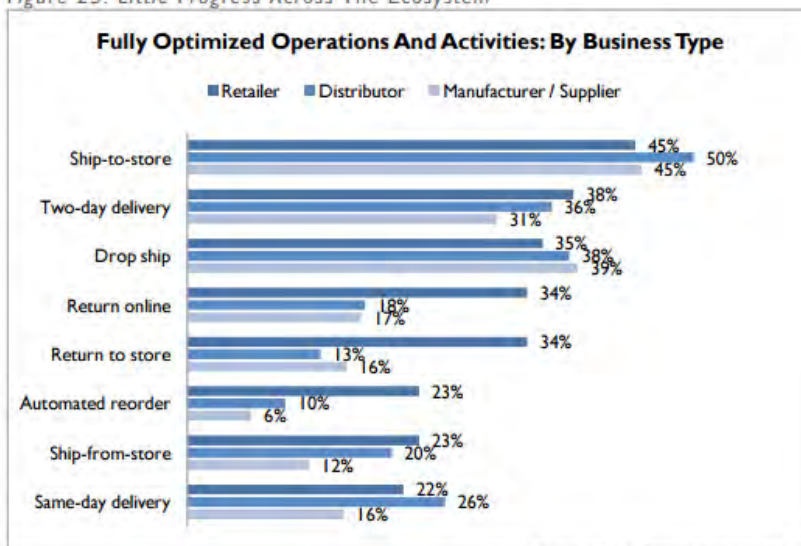
It therefore makes sense that you should seek a flexible WMS. Your WMS should have the basic functionality needed to execute basic warehouse processes built-in. But from there it should give users the power to create business processes that optimize your operation. The definition of optimization could obviously change over time, which is why that adaptability layer is so crucial. It means you can build differentiation from the competition with smarter, more efficient processes. If you find a better

way to execute a certain task, your WMS and supporting solutions should allow you to do so. When the system stands in the way of that innovation, it nullifies a potential competitive advantage. And best of all, you save money. A system that allows you to adapt to the times means you don't need to replace it down the road. Additionally, if the changes can be made in-house, that eliminates or at least reduces services bills.

This flexibility is also important in supporting a feature that could help your business realize major efficiencies, like dynamic waves. The WMS needs to have a rules engine that dictates when orders are released and how they are prioritized. You should be able to design specific rules around carrier and time windows, for example. In addition, the software needs to support real-time notifications that will change the number of a product that should be picked. And to make dynamic waves effective, your system needs to offer actionable analytics and live dashboards. A dashboard should show where more labor is needed to get orders out the door on-time, and allow a supervisor to reallocate associates as necessary. All of this functionality is necessary to keep costs sustainable while providing a seamless experience for the customer.

**Adaptable  
technology**  
enables your  
business to keep  
pace with your  
consumers.

Figure 23: Little Progress Across The Ecosystem



Source: RSR Research, January 2017 <sup>2</sup>

Two-day to even same-day deliveries and returning items through any channel – even if it's different than the one through which they purchased it – are both something customers expect today, according to analysts. It is a high bar, but the bottom line is it must be met at risk of a shrinking customer base and declining revenue. Investing in the best systems and adopting the best processes is the only way to win.

### CONCLUSION

The emergence of new sales channels and the processes that support them will continue to shift in the years to come. There has been a sharp turn in the road, but more await in the years to come. That's why you need a way to future-proof your supply chain so it can keep up with these constant changes. Customer preferences will continue to rise and shift, and only companies who have the flexibility to accommodate them will thrive. The future is immensely bright for those who leave a lasting positive mark on their clients.

<sup>2</sup> Rosenblum, Paula and Baird, Nikki. "Retail Insight: Moving Beyond Omnichannel." Retail Systems Research, January 2017, Page 23.

<sup>3</sup> "Retail Insight: Moving Beyond Omnichannel." Page 23.

### ABOUT HIGHJUMP

In almost every industry, buyers are becoming more fickle, and more demanding. For logistics executives, effectively meeting buyer needs has become a relentless quest for speed and agility. Traditional supply chain solutions – siloed, complex and hard-to-implement – no longer suffice, as competitors find ways to deliver goods faster and more profitably.

In today's "now" economy, HighJump helps you stay agile, with adaptable, connected solutions that harness the power of your trading partner community. From the warehouse to the storefront, from the desktop to the driver's cab, we can help you achieve new levels of supply chain responsiveness, performance and profitability.

HighJump's suite of warehouse management, business integration, transportation management, and retail/DSD solutions form a complete, powerful and adaptable platform that allow you to drive growth, customer satisfaction and revenue. **HighJump: supply chain accelerated.**

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### THE HIGHJUMP TEAM IS HERE TO HELP!

If you have any questions regarding HighJump or how our products can improve your business, our passionate team is here for you.

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