



# How to Grow Your Sales with Managed Fulfillment Programs

An InkSoft Guide



Everything you need to know to run highly profitable online stores  
for schools, companies, non-profits, and more.

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Everything you need to know to run highly profitable online stores  
for schools, companies, non-profits, and more.

We help printers grow their businesses, from online sales to  
order management and getting paid on time.

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## Imagine this.

A business owner comes to you looking to buy decorated polos for their employees—eighty for their current employees, and forty to keep on hand for employees to buy if they want a second one.

Normally, this would mean working with the customer to build the order, taking down their desired product details, and sending the customer off with a stack of order forms to distribute. Two weeks later, you'd be plugging the orders into a spreadsheet. After production and delivery, you'd look back on a job well done. Whew!

However, what many garment decorators don't realize is that this process actually causes a lot of undue stress on the buyer's end.

More importantly, the business that is able to *reduce* that stress for the buyer has the potential to turn a one-time order into long-term recurring revenue.

See, while you were busy managing your side of the order, there was a lot happening on the customer's side. First, there was the mad scramble they went through to distribute and then recollect those forms. With multiple locations and busy employees, this was no easy task.

After receiving the products, your customer then was introduced to the struggles of managing inventory. Distributing shirts to the different locations took up time they didn't really have to spare. Then, keeping track of who paid for extra polos was a task in itself, not to mention collecting and cashing all those checks.

At the end, your customer might love your product, but they'll find themselves dragging their feet to reorder. Nobody wants to do that again, especially when they have their own company to run.

## **But now, imagine this.**

Instead of sending your customer off with a stack of order forms, you introduce a better solution: an online store with a built-in ordering system. It's much easier for the business owner to share a single link with their employees than to manage all of those forms!

Each staff member gets a coupon code to get their first shirt free, as that's paid for by the business. They can add other branded products to that order and check out online. Then, all of the orders are shipped directly to the employees' respective store locations, with each employee's name labeled on a crisply branded bag.

Your customer loves the hassle-free experience so much, they decide to permanently keep the store open and work with you to add new products. On top of that, they regularly encourage their employees to buy more branded gear.

Not only have you removed all the friction from the traditional shirt buying experience, but you've increased your total sales and won a loyal customer.

# **Your customers want your goods. They just don't want to manage them.**

The garment decoration industry has been tied to outdated ways of selling for a long time. There's an opportunity here. With some new tools and fresh thinking, you can learn to be massively more profitable.

This is a guide to building fulfillment and replenishment programs for your customers using online stores and solid inventory management practices. We've seen that this model of selling is not only profitable in the short term, but it's ideal for moving your business toward long-term work that doesn't die down seasonally.

As a garment decorator, you're already managing most of the logistics of the production process. It's time to grow those actions into a business model that scales.

# Finding the right customers

Not every customer will be good fit for a fulfillment program. However, there are a few types of customers that will love what you're offering. We've outlined them below. Do they match any of your current customers?

## **Companies with at least 20 employees**

As in the example above, many companies need branded apparel for their staff. However, there may be more opportunities that you can explore.

For example, some businesses have employee recognition programs with status indicators such as pins or different colored shirts. Safety programs, training certifications, or employee achievement levels could mean some extra sales for you. These could be managed with pre-decorated shirts that you then fulfill from online store orders. Your customers will find this much easier to manage than a series of one-off orders every few months.

Now, many companies will want to cover the employees' gear that they order, or at least some of it. Be sure to discuss the expectations and possible scenarios for the different products in the online store. Offer solutions such as coupons for fixed amounts, shipping to the employee's home address, or maybe even personalization.

## **Schools**

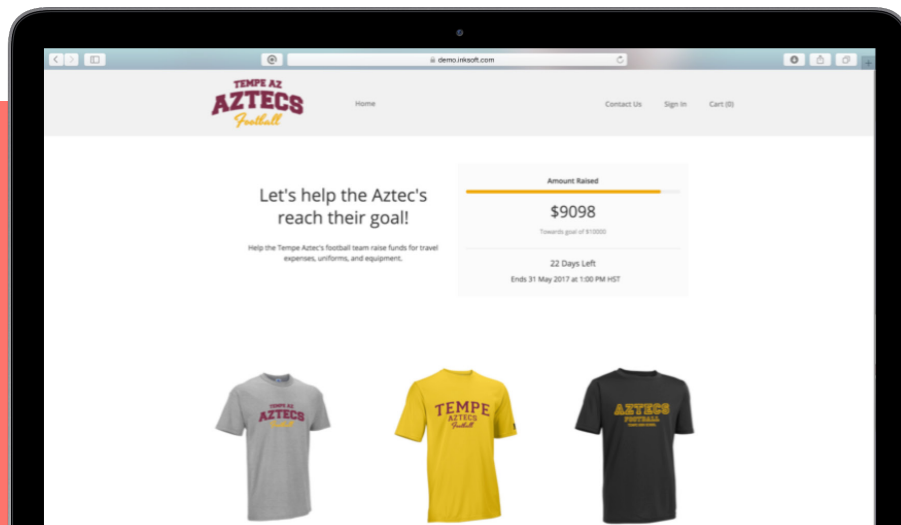
Similar to an employee uniform program, you can create online stores for schools. Creating a one-stop location for students to purchase their school

uniforms, event shirts, and spirit wear can solve a big problem for the school administrators.

Schools are always on the lookout for fundraising opportunities and ideas to keep their student body engaged. A spirit wear store with gear emblazoned with the school mascot is a time-tested method of fundraising through students' families and friends. Consider including designs that address specific family members, making it a go-to gift: *"Proud Grandma of a Scottstown Academy Eagle."*

A store like this could make it easy to help increase game ticket sales as well—for example, you could work with the school to set up a sale where if the customer buys an early-bird game ticket, they get a coupon for a free hat!

With an InkSoft store, it's also easy to set up a fundraising store for a specific cause. Maybe you offer a specialty shirt to help fundraise for the girl's volleyball team trip to the state finals, or to help buy new microscopes for biology class. Set a goal amount and end date, then enable the goal progress and countdown meters to keep donors interested.



## Non-profit organizations

Garment decorators and non-profits have been working together for decades. It's a natural fit. However, those non-profit executives will tell you that fundraising is a stressful job. There's a tremendous amount of anxiety behind trying to sell all the shirts they're ordering from you for the big event.

Some try to mitigate that pressure by collecting shirt orders for the fundraiser ahead of time, rather than managing actual stock. But just as it is for business owners, this process often proves to be a huge hassle.

Everyone is looking for solutions that will make their lives easier. Proving that your online store system will save them time and eliminate hassle will win you the customer. Put together an example store with a fundraiser countdown, progress meter, and sample product. There's nothing like a live demonstration to catch their attention!

Now, with fundraising clients, it's important to clarify a few key topics.

### How much of the fundraising proceeds will the client actually get to keep?

Set the expectation on how the fundraising program is built. There's a big difference between a check for 15% of the *revenue* and one for 15% of the *profit*. Be clear.

### What is the minimum they must fundraise?

You might set a baseline of 24 shirts, or else the fundraiser is called off and every purchase gets a refund. This is a low enough number for most organizations to easily reach, and it will encourage them to promote the online store to their supporters.



### **What will they actually fundraise with?**

From our experience, stores with only a few products tend to be more successful than stores with a lot of products. This is even more true for short-term fundraisers. Keep the decision simple for donors.

## **Non-traditional retailers**

There are some businesses out there that don't sell apparel or hard goods as their primary product, but they could benefit from selling some branded gear to their most loyal customers. Think restaurants, music artists, and events.

Having an online store set up for them can be a huge benefit in their eyes. You run the online store, they drive buyers to it. You keep a portion of the profit, and they instantly have a no-hassle income stream.

For these customers, be sure to review the differences between selling online versus on-site at their physical location. How will these two sales structure work? How will you distribute products and manage payments? Make a plan.

# Sell the benefits

Regardless of who you're pitching a program to, always keep in mind the true value that you're offering: Convenience, cost, savings, and the end-to-end management of a traditionally difficult process.



**Distribution**



**Direct ship to retail partners and events**



**Payment processing**



**Inventory management**



**Kitting**

# Setting expectations with your customers

When offering any kind of additional benefit to a customer, it's tempting to slap a price sticker on it. However, if you are using the right tools, offering a fulfillment and management program should not be much more work on your end. Also, the benefits of offering it as merely a different way of doing business - rather than an add-on - far outweigh the costs. For this reason, we suggest offering these stores at zero extra charge to your customer.

Think of it this way: the long term financial benefit of creating multiple revenue streams from customer-driven online stores will far outweigh any recurring gain you might make with an inventory fee. In fact, unless the program is overly complex, charging extra fees to manage the inventory may drive away a potential customer.

However, you don't have to offer a store to whoever walks through your door or stumbles onto your website. If you have a customer who is interested, be smart and set expectations from the beginning. When you're discussing a program with a potential customer, here are the questions you'll need to have answered before the deal is sealed.

## How are products priced?

Does every shirt have the same sale price, or does an XXL cost more? How much will personalization with names or numbers cost? If the store is for fundraising, how much of the proceeds will go back to the organization?

### Who purchases the blanks?

You may be more than happy to purchase the apparel blanks on an as-needed basis. However, hard goods might be a different story. You don't want to take an inventory position on 500 blank mugs, as maybe the program only sells 200.

For hard goods, we suggest having the client purchase them up front. In this situation, you'll need to account, report, and reimburse the cost of the mug to your client for each order. Otherwise, they'll be paying you twice: once to buy the blanks, then again when the employee/student/donor buys the decorated product. Keep accounting tidy.

Finally, set an agreed-upon time frame for doing regular inventory counts for any blanks owned by the customer. This might be weekly, monthly, or never—just make sure it's clear.

### How much stock will you keep on hand?

If your suppliers offer one-day ground free shipping, you might be able to handle fulfillment on an as-needed basis. However, if there are shipping charges or a longer lead time, you may want to keep stock on hand.

“Minimum Floor Level” is the term for the base number of products you should have on hand at all times for a given client. Here's what to consider to determine that number:

- What is the total number of shirts or other products for the program, if set?
- How will you ensure there's nothing left at the end of the program?
- What is the average number of units sold per order? Per size?
- What quantity makes financial sense production-wise to keep pre-decorated items available?

### **How long will the turn-around be?**

Will the program be production on demand, or will you establish a minimum before creating the production work order?

### **How many orders can you expect on a regular basis?**

Set the expectation with your client on the program regarding the inventory. In their mind, they may be thinking they will sell \$10k a month online. In reality, they have only marketed and sold \$1k a month.

If blank inventory has been purchased for the program, what would happen?

Be clear about the situation with written contingencies that detail what the next steps would be. For example, be sure that unopened cases of apparel can be returned to your distributor, and determine who would pay the restocking fee.

### **What is the minimum number of orders (or sales dollars processed) in order for the store to stay open?**

You might be offering the store for free, but make it clear that you can't be processing two shirts a month. Set a clear minimum.

### **When will they be invoiced?**

Constant positive cash flow is important to keep a business running like a well-oiled machine. The best practice is to always invoice the day after an order ships.

However, some customers will require different invoicing terms. Grouping invoicing for all orders throughout the week, or breaking up payment into a 50% deposit and balance due upon completion, are two examples.

Even still, some clients may want to only be billed once a month. Be careful when agreeing to this infrequent method as this could hurt your cash flow. Remember, if you wait until 30 days to invoice for the order, and then they have 30-60 days to pay, that long of a window may have a detrimental affect on covering costs.

### **What happens if there is an unexpected sourcing problem with the inventory?**

Occasionally, items could be hard to source due to out of stock challenges with sizes or colors. What happens if a shirt blank used for a program is discontinued? Make sure you have a discussion about these situations, especially if they could potentially cost you more money.

### **What happens if the client wants to change the design halfway through the program?**

If you're keeping a stock of decorated products for the sake of more efficient production runs, what happens to it? Who pays for it?

### **How will you end the program?**

Have an exit plan from the beginning, especially if you're planning on working together indefinitely. What happens when your client decides they want to remove an item or discontinue a store? Can blank inventory be returned? Set the framework in place so it's clear who pays for any remaining inventory.

# Managing inventory

Many shops have a difficult time with inventory control. Unless there are clear managerial policies and accountability in place, your program could face a disastrous situation, especially if you are handling customer supplied items.

The best way to manage inventory is to have a clear system of how it's handled. Create an "inventory transfer card," a little form that details what is being removed from the inventory area and why. Train your staff that it must be filled out every time someone removes blanks from the box. Consider adding an "Inventory Manager" role to your team. It's that important.

Remember: It's not a box of shirts. It's a box of money.

Do counts of inventory regularly. There are two rules of thumb that will make this incredibly easy.

1. **Have only one open box at a time.** This makes it simple to keep track of how much is on a pallet.
2. **For the open box, use the printer's fold for easy counting.** Keep the incomplete stack at the top of the box folded over a second time to indicate that it's not a full stack.

To ensure that everything is accounted for, keep your inventory counts on a master spreadsheet.

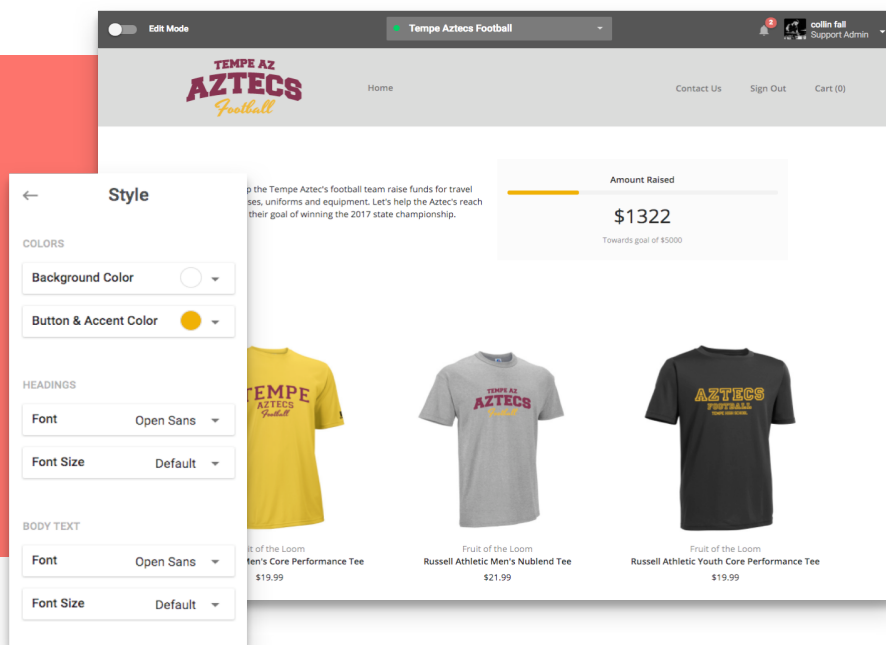
# Legal matters

Finally, the last thing you want is to invest in a high-volume client, only to have them back out, leaving you fiscally responsible for any unused inventory.

Although it may seem like overkill, having your lawyer draft a standard contract that you can use for your store could be good protection for your business.

In addition to using a standard agreement for your stores, make sure you do your due diligence in creating your Terms and Conditions. Along with a Privacy Policy and Return Policy, having standard language posted on your website regarding how things should work may protect you in case of problems in the future. We're not lawyers, though. Speak to a professional to determine exactly what you need.





# Starting a fulfillment program with InkSoft Online Stores

We designed the InkSoft Online Stores platform to be the easiest way to create fully functional, professional stores in minutes. That way, you can focus on managing production instead of managing your website.

Over 2,000 garment decorators use InkSoft to grow their sales. We'll show you how. To request a personal tour with one of our product experts, give us a call at 800-410-3048 or visit us at [www.inksoft.com](http://www.inksoft.com).