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FULLFILLMENT

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# Continuous Improvement

Audits help marketers keep their fulfillment programs in optimal shape

Over time, fulfillment programs can grow complicated and unwieldy, becoming less efficient if marketers do not carefully assess the impact of incremental changes to materials and processes.

To keep a program running in Olympic form, marketers should invest in regular audits that take into account the full spectrum of operations and materials needed to achieve the desired goal—balancing cost with response.

“What’s key to this audit process is helping to meet the audience’s communication preferences and make future contact based on the activity that has taken place and what the lead has indicated is the best next step . . .,” says David Lowndes, director of product development for Iron Mountain Fulfillment Services, a fulfillment solutions firm based in Milpitas, Calif.

## Finding the Leaks

The biggest challenge marketers struggle with is identifying their true costs in the fulfillment process, especially if they handle any of the work in-house, explains Mike Moroz, president of Archway Marketing Services, a fulfillment solutions company with headquarters in Rogers, Minn. And that makes it all the harder to determine where

opportunities for improvement exist.

From a supply chain perspective, Moroz advises marketers to take a closer look at freight, labor and print/manufacturing costs. These areas are the most likely to spring leaks as your program evolves. Obsolete inventory and related storage costs, printing/mailing from too-distant locations, overstaffing at nonpeak times, are just some of the inefficiencies that Moroz says need to be rooted out and addressed.

“We have clients that are literally destroying tens of thousands of dollars worth of material because it’s become obsolete,” Lowndes agrees, adding that marketers also should consider lost-opportunity costs. While they’re difficult to quantify, he allows, it’s not hard to see that if marketers’ materials are out-of-date, not appropriate or not addressing the needs of the audience, then they’re not going to be doing their jobs in terms of generating sales.

Digging a little deeper into program setups, Lowndes divides audits into two categories: single piece and communication cycle.

Audits of single pieces involve evaluating a letter, brochure, product information sheet or other campaign element “in isolation, determining its life cycle, how often it gets changed, what the usage pat-

terns are and then looking at the actual piece itself to determine the best way to produce this tool,” says Lowndes. For example, a two-sided, black-and-white form with relatively low usage that gets updated frequently might be better produced digitally on-demand.

Auditing a whole communication cycle means reviewing many individual pieces and channels that play different roles in the process, including application forms and brochures, e-mail messaging, phone follow-up, and other fulfillment touches.

“When we’re looking at that type of process, the analysis becomes more complicated. But the principles are really the same, in looking at producing the most effective communications tools in the most efficient manner. So, we’d look at the same types of things with an individual piece but extend it further to what the competition is doing, the purpose of the communication piece, the value of the sale (which determines how much you can afford to spend on communication), and the types of compliance or legislative issues related to the marketers’ industry (such as HIPAA),” Lowndes explains.

For example, one of Iron Mountain’s clients was sending out a package to prospects for which the speed of delivery was critical. The piece was an 8½” x 11” enve-



## Tech Advancements to Explore

Mike Moroz, president of Archway Marketing Services, points to two of the more recent technological developments that are revolutionizing fulfillment programs:

**RFID**—Short for radio frequency identification, RFID has proven to be an efficient tool from both inventory accuracy and management standpoints.

**Web-based Sales Portals**—These tools, especially for B-to-B firms, allow marketers to order, print and distribute a push campaign that features personalization to drive transactions.

lope pack sent via the U.S. Postal Service. To shave a day off delivery and save on postage, it decided to reduce the size of the piece. Because of the role this effort played in converting leads, the approach required more than switching to a smaller package, but rather re-engineering the format. So, says Lowndes, sometimes a fix requires going beyond production to meet the overall goals of the program.

One factor that's becoming a bigger consideration in fulfillment programs is respondents' communication preferences and more targeted messaging. "The need to communicate on a more individual level will drive some of the production techniques you're going to use to produce your material," says Lowndes. "In addition to being what everybody's talking about now, it's where digital print comes in ... integrated with offset in the right combinations to help you achieve that relevance for an appropriate amount of money."

In terms of how long an audit might take, Moroz estimates that simple projects shouldn't take more than a week to a month to review and determine a course of action. Even full program audits, he says, can be done in a month's time.

"The key dependency is getting up-front scope ID and agreement between the company helping perform the audit and the [fulfillment service provider]. Whoever is asking for the audit needs to commit to pulling information necessary to the performance of the audit, so it can be done accurately and quickly," he states.

### Quick Fixes Versus Overhauls

Depending on the inefficiencies and opportunities identified by the audit, as well as the resources marketers can

devote to improvement, a few considerations exist for addressing program weaknesses.

First, quick fixes (such as adopting a new printing method or negotiating a lower parcel rate) are easier to implement and tend not to greatly affect overall program operations.

Often, says Lowndes, marketers will spread the transformation of single pieces over a couple months to avoid destroying all inventory and starting over from scratch. But analysis on each new piece that's added to the program is needed to safeguard against performance lapses as the gradual rollover takes effect.

When it comes to fine-tuning an entire communication cycle, the conversion process is more complicated. If a marketer is restructuring resources or changing print vendors or freight carriers, those are longer-term fixes that require more detailed planning to ensure risk elements are minimized. "Especially," Moroz explains, "from a systems point, when you're parallel-pathing to ensure that once a transition is complete, it's seamless to the end customer."

Lowndes advises marketers not to jump into large overhauls without performing some due diligence. "I like to do some degree of prototyping and, ideally, some focus groups with existing and potential customers to get outside feedback." Marketers should consider building into their improvement processes the ability to test different market approaches, because "a process like this should incorporate some learning, such as with granular messaging or offers," he says.

And in many cases, Lowndes adds, there might be more than one company

involved in running the fulfillment program, which requires extra coordination to ensure all parties have the necessary data and program rules to achieve the stated objectives.

For this reason and others, it's always a good idea to conduct a postmortem on the transition process with your vendor to see what worked well and what didn't, producing insights the parties can apply to the next program alteration, says Megan Nelson, Archway Marketing Services' director of marketing.

"Speed of implementation is always related to risk/reward: How much efficiency, whether it's cost savings or improved response rates, is predicted? And what's the confidence in getting it, and what's the risk?" asks Moroz. "Weighing those two elements prioritizes what you tackle first."

### How Often to Audit

Both Lowndes and Moroz agree that fulfillment programs must be audited on a continual basis.

"You should always be gathering information on your program and be looking for ways to optimize what you're doing, either from a cost-savings standpoint or a lead-conversion standpoint," says Lowndes. And an audit can be used to test the performance potential of a new piece before it's put into place in the program, he notes.

Moroz concludes: "The whole mantra is one of continuous improvement. If you look at [fulfillment] as a whole marketing supply chain ... if you get through each of [the key] elements on a rotating basis, tackling each one every year to two years, doing it continuously ... that's where you see your biggest gains." ■