HOW TO BUILD YOUR E-COMMERCE BUSINESS

This download explains how using your ERP system you can get started creating an e-commerce business in days.

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HOW ERP CAN HELP BUILD YOUR E-COMMERCE BUSINESS

GETTING AN E-COMMERCE BUSINESS STARTED

To succeed in today's very challenging economy, you must build an e-commerce business. The idea can be daunting, how do I start, where do I begin and on and on. But ... if your ERP solution is already linked to online stores or online marketplaces this is actually very simple. How so? All you need to do is decide which e-commerce platforms (e.g., Magento, Shopify, Woo Commerce) and/or which marketplaces (e.g., Amazon, eBay, Walmart) you want to be on. Then, set up an account, download a theme and customize the look and feel of the online store. That's it! Once the store is set up, you can automatically push products as well as product updates and inventory from your ERP system to the online store and automatically pull in the orders placed on online store. The ERP system will function as the order processing and management, fulfillment engine, inventory management and purchasing system for your online stores. You can be up and running and selling online within a few days.

WHY YOU NEED AN E-COMMERCE BUSINESS

E-COMMERCE IS HERE TO STAY

E-commerce has been around for a long time. However, the Coronavirus pandemic of 2020 and 2021 and the lockdowns that ensued, fundamentally changed the role of e-commerce. According to the US Census Bureau's Annual Retail Trade Survey for 2020, e-commerce sales increased by 43% in 2020, the first year of the pandemic, rising to $815.4 billion in 2020. Through the pandemic, most consumers and many businesses were forced to use e-commerce and did. For the most part, they were impressed by the convenience, ease of use and ability to easily compare options, that e-commerce provided. Now, even after the lockdowns have ended, this experience has permanently changed buying habits. Your customers now demand e-commerce options, and you have to deliver these kinds of options if you hope to retain your customers. You can create a single online store on platforms such as Magento, Shopify or Woo Commerce, or you could consider multiple online stores as well as selling on online marketplaces such as Amazon or eBay or Walmart. You can also create an online Self-Service Portal.

SETTING UP AN E-COMMERCE BUSINESS

TYPES OF E-COMMERCE SOLUTIONS

Traditionally, e-commerce solutions were thought of as either B2B (business to business) or B2C (business to consumer). The original distinction between B2B selling to businesses and B2C selling to consumers is blurring as both types of customers continue to embrace e-commerce. B2B solutions are typically online Self-Service Portals for your existing customers that have pre-established credit terms and pre-negotiated complex pricing including contracts, matrix pricing, quantity breaks, etc. B2C solutions are more limited and allow customers to purchase items typically at a set price and prepay by credit card. Both types of e-commerce solutions allow customers to search for items, place orders, view status of their orders, and view their account history and invoices. E-commerce solutions can be online Self-Service portals, or stores on e-commerce platforms like Magento, Shopify, Woo Commerce or online marketplaces such as Amazon or eBay or Walmart.

HOW THE RIGHT ERP SYSTEM CAN HELP

Regardless of the type of e-commerce solution you implement, there are several challenges that need to be addressed. These include figuring out how to update your products and prices, how to manage your inventory, how to sell online across multiple platforms as well as through physical stores, how to fulfil your orders, how to purchase products from your

SETTING UP AN E-COMMERCE BUSINESS

HOW AN ERP SYSTEM CAN HELP

suppliers, how to track your customers, etc. Most e-commerce solutions do not have robust inventory, order, fulfilment and purchasing capabilities. That is where the right ERP solution comes into the picture. ERP solutions excel at (1) inventory control and tracking across multiple warehouses and multiple units of measure for each product, (2) order processing and order management, (3) warehouse management for picking, packing and shipping operations including multi-carrier shipping, (4) purchasing management (5) customer relationship management and (6) Reporting and BI. If you have an existing business, chances are that you already have an ERP system. If it is the right ERP system that has an online Self-Service Portal and is already linked with multiple e-commerce platforms and marketplaces, then you're in luck. The next steps will be simple.

USING ERP TO BUILD YOUR E-COMMERCE

ERP solutions can be particularly helpful where your e-commerce strategy includes multiple online stores and/or Self-Service Portals. The ERP solution serves as your central source of truth across all selling channels. We discuss below each of the areas in which an ERP solution can provide the operational capabilities to power your e-commerce business.

POWERING YOUR E-COMMERCE BUSINESS

INVENTORY MANAGEMENT

Without a comprehensive inventory management system that includes inventory control and inventory tracking across multiple branches and warehouses, your e-commerce business could quickly run into trouble. Your inventory management system will need to also allow multiple units of measure for each product, since products are often purchased in pallets or cases and sold by the each.

- *Inventory Control:* Allows you to view products by group, by category, by sub-category, by product, what is committed, what is available to sell, where the products are located in the warehouse, what is coming in on purchase orders, and when.
- *Inventory Tracking:* Purchasing goods from suppliers often involves taking ownership of the goods before they arrive. This means you need to be able to track the flow of goods from the supplier through the Supply Chain to your warehouse and/or from your warehouse to customers.

ORDER PROCESSING AND MANAGEMENT

Orders can come in from e-commerce stores, or through an online Self-Service Portal, or a variety of other channels. A critical requirement for success is being able to process and manage these orders quickly and efficiently.

- *Order Processing:* Orders go through various stages from receipt of the order to fulfilment by the warehouse which includes the operations of picking, packing and shipping, then delivery to the customer, managing backorders and invoicing the customer.

POWERING YOUR E-COMMERCE BUSINESS

ORDER PROCESSING AND MANAGEMENT

- *Order Management:* Order management entails keeping track of the orders received from all the different channels in one place and ensures that orders are not overlooked as they are processed through the various order processing stages.

WAREHOUSE MANAGEMENT

Many e-commerce-only sellers will outsource warehouse management to a third-party. However, if you operate online alongside other physical channels, your ERP solution's warehouse management system is critical to being able to get the goods ordered quickly to your customers without error.

Warehouse management covers six key processes:

- *Receiving:* Includes checking in and logging incoming items to verify that you're receiving the right quantity, in the right condition, at the right time.
- *Put-away:* Involves moving items from the receiving dock to their correct storage locations.
- *Storage:* Includes safely storing and logically arranging your inventory to enable fast and accurate picking.
- *Picking:* This is the process of collecting the items needed to fulfill sales orders.
- *Packing.* To prepare the picked items for shipment, they must be safely packed into the correct packaging with an accurate packing slip.
- *Shipping.* Once packed orders are sent out on the right vehicle, at the right time, with the correct documentation, so customers receive their orders on time.

POWERING YOUR E-COMMERCE BUSINESS

PURCHASING MANAGEMENT

As you sell goods, you need to keep your e-commerce business restocked. Purchasing management helps you decide what inventory to purchase, how much to purchase and when.

- *Reorder Planning:* As products get sold you need to plan when to replenish products that are getting close to their reorder points. Reorder points are generally preset thresholds based, for each product, on the product's safety stock level, the rate at which the product is sold or used and the lead time that it takes to get the product into the warehouse after a purchase order is placed with the vendor. The process of reorder planning seeks to balance the amount of inventory you purchase against the return on investment of tying up capital in inventory.
- *Placing Purchase Orders:* This involves first determining which pre-qualified suppliers can give you the best price and terms on the inventory you are seeking to purchase. Then once you have determined which suppliers to purchase from, you need to create purchase orders with the inventory line items you need to be filled by the supplier or vendor.
- *Receiving and Settlement:* Once the goods are shipped by the supplier, they need to be tracked through the Supply Chain and then correctly received and booked into inventory at the right cost. If you are ordering goods from overseas suppliers, the supplier's price must be marked up by the Landed Costs which include shipping and insurance costs, clearing and forwarding costs, import duties and tariffs, local transportation costs, etc. Settlement involves ensuring that all receipts of goods as well as all Landed Costs are properly matched to purchase orders and the suppliers and/or vendors are paid.

POWERING YOUR E-COMMERCE BUSINESS

CUSTOMER RELATIONSHIP MANAGEMENT (CRM)

E-commerce platforms have very limited CRM capabilities. Your ERP solution can provide this critical CRM capability. CRM helps you keep track of your customers' and prospects' details, profiles, interactions, and overall relationships. Tracking all this information allows you make more sales, improve your marketing and provide better customer service.

- *Closing More Sales:* With CRM, salespersons can record all the feedback from customer interactions and have it always at hand. Information is not lost, important follow up can be calendared and tracked, and feedback captured, and all of this greatly improves the likelihood of a successful sale. Also, salespersons can manage their sales funnels to turn prospects into leads, then into opportunities, then into deals and then finally into closed sales.
- *Marketing:* CRM allows incoming leads to be prioritized and properly categorized using a pipeline approach to sales. This process can be improved with calendaring and setting up the regular communications necessary to progress leads to sales opportunities.
- *Customer Service:* By tracking all customer interactions, CRM can help support personnel better respond to questions. Also, all support personnel can see the same customer record and so anyone can respond knowledgeably to the customer's inquiries.

POWERING YOUR E-COMMERCE BUSINESS

REPORTS AND BUSINESS INTELLIGENCE (BI)

With an ERP solution, you can get extensive reports and BI capabilities. These can be used to analyze and improve your e-commerce operations too. For example, you can use BI to optimize the inventory carried for the online store to minimize investment and maximize turns to improve ROI. You can analyze your picking, packing and shipping to improve fulfillment and improve the customer experience. Also, you can use BI to analyze your e-commerce sales and determine how you can improve. You can analyze your customers' buying behavior to uncover many hidden cross-sell and up-sell opportunities. For example, many customers buy several products together, and once you identify this, you can search for and find those customers that are buying only some of those products but not others. These are then up-sell opportunities that you can pursue through discounts or coupons. If products that are typically bought together but some are rising and some are falling, this might signal, for example, that customers are substituting one product for another. With an early-warning alert like this, you can adjust your purchasing to better position yourself.

HOW ERP CAN HELP BUILD YOUR E-COMMERCE BUSINESS

SUMMARY

Accolent ERP is a Cloud-based solution that delivers complete inventory management, order processing and order management, warehouse management, purchasing management CRM and reporting and business intelligence. Accolent ERP is already linked directly to many online e-commerce platforms such as Magento, Shopify, Woo Commerce, and online marketplaces such as Amazon, eBay and Walmart. Accolent ERP also offers an online Self-Service Portal that allows your customers to place orders, and get their negotiated pricing, payment terms, account statements, reports on their purchases, etc. Contact us today to learn how Accolent ERP can help you get your e-commerce business up and running quickly and efficiently, so you can start selling online.

CONTACT US TODAY TO LEARN MORE

ADS Solutions is a leading provider of Cloud ERP software to small and medium-sized businesses.
Accolent ERP is optimized to serve the needs of distributors across multiple industries including building materials suppliers. Contact us for a quote or to schedule a demo.

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